

GENERAL PURPOSES COMMITTEE



Date: Tuesday, 15 March 2016

Democratic and Members' Services

Quentin Baker

LGSS Director: Law, Property and Governance

10:00hr

Shire Hall

Castle Hill

Cambridge

CB3 0AP

**Kreis Viersen Room
Shire Hall
Cambridge
CB3 0AP**

AGENDA

Open to Public and Press

CONSTITUTIONAL MATTERS

1. Apologies and Declarations of Interest

Guidance for Councillors on declaring interests is available at

<http://tinyurl.com/cccd-dec-of-interests>

2. Minutes - 2nd February 2016 and Action Log

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3. Petitions

KEY DECISIONS

**4. Integrated Resources and Performance Report for the Period
Ending 31st January 2016**

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5.	Total Transport Pilot Scheme	45 - 62
OTHER DECISIONS		
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The General Purposes Committee comprises the following members:

Councillor Steve Count (Chairman) Councillor Mac McGuire (Vice-Chairman) Councillor Anna Bailey Councillor Ian Bates Councillor David Brown Councillor Paul Bullen Councillor Edward Cearnis Councillor Steve Criswell Councillor Roger Hickford Councillor John Hipkin Councillor David Jenkins Councillor Lucy Nethsingha Councillor Tony Orgee Councillor Peter Reeve Councillor Michael Tew Councillor Ashley Walsh and Councillor Joan Whitehead

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact

Clerk Name: Michelle Rowe

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Clerk Email: michelle.rowe@cambridgeshire.gov.uk

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Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer no later than 12.00 noon three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitution <http://tinyurl.com/cambs-constitution>.

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GENERAL PURPOSES COMMITTEE: MINUTES

Date: Tuesday, 2nd February 2016

Time: 2.05p.m. – 4.10p.m.

Present: Councillors Bailey, Cearns, Count (Chairman), Criswell, Divine (substituting for Councillor Bullen), Harty (substituting for Councillor I Bates), Hickford, Hipkin, Jenkins, McGuire, Nethsingha, Orgee, Reeve, Schumann (substituting for Councillor D Brown), Tew, Walsh and Whitehead

Apologies: Councillors Bates, D Brown and Bullen

197. DECLARATIONS OF INTEREST

There were no declarations of interest.

198. MINUTES – 14TH JANUARY 2016 AND ACTION LOG

The minutes of the meeting held on 14th January 2016 were agreed as a correct record and signed by the Chairman. The Action Log and following updates were noted:

- Item 189: the Chief Finance Officer (CFO) reported that detailed proposals to be presented to the Committee regarding the associated costs of implementing the new Operating Model for Business Planning were still ongoing. **Action Required.**
- Item 194: the Chairman reported that the Greater Cambridge Greater Peterborough Partnership were happy to sign the Accountable Body Agreement subject to confirming the budgets to fund local authority functions in supporting the Local Enterprise Partnership (LEP). The LEP budgets for 2016-17 were currently being finalised. **Action Required.**

199. PETITIONS

No petitions were received.

200. MUNICIPAL BONDS AGENCY UPDATE

The Committee received an update on the Municipal Bonds Agency (MBA). The Council had become a shareholder in the MBA following approval at a Council meeting to invest £400k equity. A local authority in order to be able to borrow from the MBA had to accept the terms of the Framework Agreement and grant joint and several guarantee, which meant guaranteeing all the existing finance obligations of the MBA and future obligations which were entered into. Counsel's opinion as to whether local authorities could lawfully enter into the Framework Agreement and Guarantee and borrow from the Agency had been sought and was attached as a confidential appendix. Counsel had concluded that local authorities did have the power, in principle, to enter into the arrangement envisaged by the Framework Agreement. Attention was drawn to the risks which were minimal.

In welcoming the report, Members asked a number of questions which received the following responses:

- acknowledged that borrowing costs were at an historic low. However, the Public Works Loan Board (PWLb) was charging local authorities above the base rate. There were therefore still margins of approximately 0.1% for local authorities to have even though rates were low. Borrowing would be open to local authorities, initially shareholders, and the risk of default would be predicated on an assessment carried out by the Bonds Agency.
- the MBA was asking local authorities to identify their borrowing needs before going to the market. Apart from individual local authority borrowing limits and the ability to repay, there would be no cap.
- a reduction in the borrowing rate of 0.1% would result in a saving of £0.5million applied to the whole borrowing base.
- acknowledged that there was a corporate risk but it was a low level risk based on the scale of exposure and likelihood.
- Cambridgeshire County Council would be the first authority to take this proposal through its governance arrangements. However, it had been well received by other local authorities with 56 seeking to become shareholders.
- no shareholder would be exposed to an authority defaulting on a loan. The liability would lie with the borrowers and would be based on the proportion of overall borrowing. However, it was important to bear in mind what would happen if a local authority defaulted on a loan. The authority would first be required to look at its current expenditure, revenue streams and call on its reserves. The Section 151 officer might then be required to issue a Section 144 Statement which would mean the authority was effectively bankrupt. This statement would freeze expenditure apart from contractual commitments. The authority would be required to consider where it could stop spending taking into account its statutory responsibilities. It was important to bear in mind that there was a significant amount of governance review before default and possible government intervention.
- the provision detailed in 4.5 to mitigate the risk identified in the report would apply to every loan application.

It was resolved unanimously to:

1. Recommend to Council that they note:
 - a) The risks of entry into the Framework Agreement and Guarantee, and undertaking borrowing from the UK Municipal Bonds Agency; and
 - b) The Counsel opinion of Jonathan Swift QC
2. Recommend to Council that they approve entry into the Framework Agreement and accompanying Schedules (Document 3 of the Documents Package within confidential Appendix A: Documents Package) listed:

- c) Schedule 1: Form of Authority Accession Deed
 - d) Schedule 2: Form of Guarantee
 - e) Schedule 3: Loan Standard Terms
 - f) Schedule 4: Form of Loan Confirmation
3. Subject to the above, delegate authority to the Council's Section 151 Officer and Monitoring Officer to execute all the necessary contractual arrangements, including the Framework Agreement, Guarantee and Schedules listed in recommendation number 2.

Councillor Reeve declared a non-statutory disclosable interest under the Code of Conduct, as Deputy Chairman of the Local Government Association.

201. MINIMUM REVENUE PROVISION POLICY

The Committee received an update on the Minimum Revenue Provision Policy for 2015-16 and the weighted average useful life of the assets on the Council's balance sheet. Members were reminded that they had considered a report on the MRP at their meeting in December which had included two options - a straight line basis over 50 years or an annuity method over 50 years. Officers had been asked to calculate an estimate for the average life of assets held on the Council's balance sheet so that this could be used in the calculation for the annual provision, rather than 50 years. Attention was drawn to section 2.6 detailing useful lives for various categories of asset used in the annual calculation. The evaluation of the assets on the Council's balance sheet as at 31st March 2015 had resulted in an estimated average life (remaining) of 43 years. It was noted that this funding had not been included in the base budget for 16/17 onwards instead it would be put in the transformation fund to help reduce operating costs. Following a request from Councillor Nethsingha, the CFO tabled a graph detailing the impact of the annuity method on a year by year basis

In considering the report, Members made the following comments:

- queried how officers calculated the asset life. The CFO acknowledged that they had to make a judgement and use what they felt was appropriate. He added that he hoped new build would last longer than 44 years.
- highlighted the need to recalculate at 50 years and not 45 when reviewing every five years. The CFO acknowledged that this was a decision for Committee.
- expressed concern that the authority was effectively moving the debt burden to the future. However, it was acknowledged that the authority's financial situation made this necessary. The Chairman informed the Committee that the life span of these assets meant that future generations would also benefit from capital assets such as new schools and better roads. It therefore seemed more appropriate funding them should be recovered over their lifespan. However, he reminded the Committee he had asked that a specific question be put to the committee to review this policy again in five years to ensure the policy, methodology and asset lives used were all still appropriate.

- queried the wording of the recommendation. The CFO informed the Committee that it could change the policy at any time during the financial year and this recommendation applied to this financial year 2015/16. The fundamental review would take place in five years, however the Chairman added that the policy would automatically be reviewed every year as part of Communities and Local Government Regulations.

It was resolved unanimously to:

- recommend full Council approve the Minimum Revenue Provision Policy for 2015-16.

202. BUSINESS PLAN 2016-17

In pursuant to S.33(2)(c) of the Localism Act 2012, the monitoring officer exercised his discretion to grant a dispensation to all elected members of Cambridgeshire County taking part in the debate on the council's business plan during the General Purposes Committee meeting on the 2nd February 2016.

The Chairman received confirmation from every Policy and Service Committee Chairman/woman and the Vice-Chairman of the Economy and Environment Policy and Service Committee that all of their committees development of business planning proposals to date had taken into consideration associated Community Impact Assessments and that due regard had been given to the three aims of the Public Sector Equality Duty.

The CFO presented the Council's Business Plan covering the period 2016-17 in detail, and 2017-18 through to 2020-21 in outline for Committee recommendation to Council for approval. He drew attention to the reinstatement of proposals by Policy and Service Committees at Section 2.3. He reminded Members that the Business Plan was based on the Government's grant settlement which was still provisional. It was likely that the settlement would be confirmed within the next few days. It was important to note that no significant changes were expected despite pressure from Shire Councils which had lost out disproportionately to city and urban authorities.

The Committee was reminded that it had notified the Secretary of State that the Council was 'not minded' at this state to set the additional Adult Social Care precept on Council Tax. Given the late notification, the cost of the National Living Wage which the Council had expected the Government to grant fund would therefore be funded by the 2015-16 underspend. It was noted that an assumption had been made that the Council would not accept the Government's offer in future years.

Members were informed that there were still proposals, some of which had a high risk of deliverability, which needed to be worked on. It was noted that there would be some reshaping of the budget after it had been approved. The Chairman added that this would not make any difference to the total amount of budget spend agreed by Council in February.

Councillor Walsh proposed the following amendment – That the Section 151 Officer writes to the Secretary of State of the Department for Communities and Local

Government that Cambridgeshire County Council was minded to accept the Social Care Precept at 2% for 2016-17. The Chairman informed the Committee that this amendment would effectively rescind the recommendation agreed by the Committee at its last meeting.

In accordance with Part 4 - Rules of Procedure, Part 4.4 - Committee and Sub-Committee Meetings, Section 17.1 Motion to Rescind a Previous Decision of the Council's Constitution, the amendment to rescind the decision made at the last meeting of General Purposes Committee could not be moved as it was not supported by at least half of the members of the Committee.

Councillor Reeve proposed an amendment, seconded by Councillor Tew, to not increase Council Tax by 1.99% but instead use reserves giving the residents of Cambridgeshire a Council Tax freeze. On being put to the vote the amendment was lost.

In considering the report, Members made the following comments:

- queried whether the decision to not accept the Social Care Precept would be binding for future years. The CFO reported that it was not binding. However, the Government had not yet published regulations in relation to this issue. It was suggested that the fact it would be reviewed every year should be reflected in Section 2 (page 75), fifth bullet, of the Business Plan. With the agreement of the Committee, the Chairman proposed that this amendment be delegated to officers. **Action Required.**
- the need to clarify on paragraph two of page 79 the situation regarding the last spending review. **Action Required.**
- the need to provide more detail regarding the effective use of assets as set out on page 61. The CFO added that the Council would be producing a Strategic Estates Strategy. **Action Required.**
- highlighted the need for the Council to take the extra 2% for social care. Some members expressed disappointment that the Council was not taking this funding particularly as it had been publicising the financial crisis facing the Council. It was also asking Parish Councils to step up to the plate but was not doing its own bit in relation to taking the funding for social care which was needed by both the Council and the health system. It was hoped that some members would reconsider their position when the Council reached a budget impasse.
- queried why lollipop people were not included in table 2.3. It was noted that they were being funded via a different route. The Chairman asked for this information to be included before Council on 16 February. **Action Required.**
- highlighted the fact that officers, following the decision not to accept the Social Care Precept, had pulled back on cutting a number of areas originally put forward as they were not achievable such as Recycle for Cambridgeshire and Peterborough (RECAP). The Chairman clarified that some proposals in the Business Plan still had a risk and those reinstated had been member led through the committee

system. The Chairman of RECAP reported that he had requested that RECAP be put back in as £18k could help reduce landfill costs of £8m.

- highlighted the fact that it was incumbent on all political groups to work together to achieve a compromise position. Given the nature of the cuts, it should not be an ill natured debate. The Leader of the Labour Group reported that he would consider a compromise option.
- highlighted a number of areas in the Business Plan. One Member drew attention to the fact that the Council was now in the position of considering the unthinkable as its choices were stark but it had a statutory responsibility to set a balanced budget. He drew attention to the need to ensure that cuts affected the most vulnerable least. He highlighted the increase in population of 25% over the next 25 years with a change in the age profile with the number of over 65s doubling over the next 20 years, which would create an unprecedented demand on social care services for the elderly. He reported that the Council had to achieve £123m of savings over the next five years which would involve it taking tough decisions on which areas to prioritise. There were now minimal efficiencies to be made and the budget challenge would have to be met through service reductions. He also drew attention to significant cuts forecast to the Revenue Support Grant which was expected to be obsolete by 2019-20. Finally he expressed concern that despite all these issues the Council was not accepting the Social Care Precept of 2%.
- reported that the Council was not asking Government for 2%, it would instead be taxing its residents. Consultation had identified that only 25% of people were prepared to pay above a 4% increase in Council Tax. One Member reported that many households could not afford to pay an increase in Council Tax. He queried whether the City Council's lack of ability to collect Council Tax was due to that reason. He acknowledged comments about efficiencies but highlighted the fact that it was now more about transforming services. The Chairman stressed the importance of keeping tax burdens low but highlighted the fact that Cambridgeshire remained underfunded. As Leader of the Council, he would continue to make the case for Cambridgeshire but as Leader of the Conservative Group he had to be mindful of the tax burden on local residents.
- highlighted the lack of clarity around the impact of cutting £63k to community transport providers to fund half the fare of those users who had bus passes. Councillor Bailey, a member of the Total Transport Steering Group, reported that she had investigated funding for three providers covering Fenland, Huntingdonshire and East Cambridgeshire. She was concerned that it was not clear what this cut would mean to providers and users. She drew attention to the way community transport users had been consulted about this budget reduction as some had clearly thought the service was being withdrawn. She reported that she was not advocating that the Council should fund community transport in total as many users were ex motorists who were use to funding their own transport. It appeared that providers had received late notice and no consultation and it was not clear how it would impact on their ability to continue. The Chairman drew attention to the Community Impact Assessment on page 328 which detailed the number of people who had been consulted. He requested that more work take place to investigate the loss to operators before the budget was agreed. **Action Required.**

Before putting the recommendation to the vote, as permitted under Part 4 - Rules of Procedure, Part 4.4 - Committee and Sub-Committee Meetings, Section 18 Voting of the Council's Constitution, all members of the committee requested a recorded vote.

It was resolved not to:

1. Consider the Business Plan, including supporting Budget, Community Impact Assessments, Consultation Responses and other material, in the light of all planning activities undertaken to date. *(Note – the Chairman took a vote on the recommendations on block. As detailed in the above minute, this recommendation was actioned)*
2. Recommend to Council the following:
 - a. That approval be given to the Service/Directorate cash limits as set out in each Service/Directorate table in Section 3 of the Business Plan.
 - b. That approval be given to a total County Budget Requirement in respect of general expenses applicable to the whole County area of £764,225,000 as set out in Section 2 Table 5.3 of the Business Plan.
 - c. That approval be given to a recommended County Precept for Council Tax from District Councils of £253,238,306.80 (to be received in ten equal instalments in accordance with the fall-back provisions of the Local Authorities (Funds) (England) (Amendment) Regulations 1995), as set out in Section 2, Table 5.3 of the Business Plan.
 - d. That approval be given to a Council Tax for each Band of property, based on the number of "Band D" equivalent properties notified to the County Council by the District Councils (217,164), as set out in Section 2, Table 5.4 of the Business Plan reflecting a 1.99% increase in the County Council element of the Council Tax:

Band	Ratio	Amount (£)
A	6/9	£778.02
B	7/9	£907.69
C	8/9	£1,037.36
D	9/9	£1,167.03
E	11/9	£1,426.37
F	13/9	£1,685.71
G	15/9	£1,945.05
H	18/9	£2,334.06

- e. That approval be given to the report of the Chief Finance Officer on the levels of reserves and robustness of the estimates as set out in Section 2 of the Business Plan.

- f. That approval be given to the Capital Strategy as set out in Section 6 of the Business Plan.
 - g. That approval be given to capital expenditure in 2016-17 up to £185.8m arising from:
 - Commitments from schemes already approved; and
 - The consequences of new starts in 2016-17 shown in summary in Section 2, Table 5.9 of the Business Plan.
 - h. That approval be given to the Treasury Management Strategy as set out in Section 7 of the Business Plan.
 - i. That approval be given to the Prudential Borrowing Prudential Indicators as set out in Appendix 3 of Section 7 of the Business Plan.
3. Endorse the priorities and opportunities as set out in the Strategic Framework.

Authorise the Chief Finance Officer, in consultation with the Leader of the Council, to make technical revisions to the Business Plan, including the foregoing recommendations 2a to 2i to the County Council, so as to take into account any changes deemed appropriate, including updated information on District Council Tax Base and Collection Funds, Business Rates forecasts and Collection Funds and any grant changes.

[Councillors Bailey, Count, Criswell, Harty, Hickford, McGuire, Orgee, Schumann voted in favour; Councillors Cearns, Divine, Hipkin, Jenkins, Nethsingha, Reeve, Tew, Walsh and Whitehead voted against]

[Note – the Business Plan will now proceed to full Council on 16 February 2016 without a recommendation from General Purposes Committee]

203. CUSTOMER SERVICES TRANSITIONAL FUNDING

The Committee was asked to consider the use of transitional funding to underpin the current operation of the Contact Centre. Attention was drawn to the background to the Contact Centre, which was identified as 'First Point of Contact' in the Council's new Operating Model. The Council was proposing to review how the Centre operated. A business case would be put together on an 'Invest to Transform' basis to bring forward the re-design of the Contact Centre as part of the Council's wider work in supporting its customers to receive the information or support they required the first time they contact the Council. It was expected that a period of up to a year would be required to review future resource requirements which would be considered by the Committee. In the meantime, some transitional funding was required to underpin the current operation of the Centre. Diminishing resource and increased workload had impacted on performance.

In considering the report, Members made the following comments:

- queried whether the Contact Centre would receive any of the £330k allocated by Adults Policy and Service Committee for a multi-disciplinary team to be established

in the Centre. The Director Customer Service and Transformation reported that this funding would not be allocated to Customer Services Advisors. Although work with Adults Services would require Customer Services Advisors to have a deeper and more developed role.

- expressed concern at the pace of change particularly as it could take a year to complete the review. Members were informed that it was expected that a bid for transformation funding would be submitted within the next couple of months. The CFO reported that a year was the maximum timescale; it was expected to be completed before then. It was noted that the use of the transformation fund would be considered by the Investment Review Group which would then recommend proposals to GPC for approval.
- highlighted the need for the Centre to take on work for other partners such as the Clinical Commissioning Group.
- highlighted the fact that transformation was not necessarily quick or always cheaper. The CFO reported that the Contact Centre was a good example of where the Council could invest resources in the front end to reduce operating costs in the back end and avoid high cost professionals undertaking routine activities.
- queried the role of the Learning and Development/Quality Assurance Co-ordinator. It was noted that the job was being re-evaluated. Members were informed that the role had been removed in 2012 to contribute to savings. Given the interest from Services for the Centre to be 'the first point of contact', the role was needed to train operators particularly as the operational management team were busy managing the vast number of projects.
- queried whether people were being steered to the Contact Centre first rather than digital first. The Chairman drew attention to section 1.4 where officers were reviewing how residents made first contact. The Committee was informed that the Centre did not deliver functionality if services were available online. Officers were confident that the digital strategy was working in practice.

It was resolved to:

- Support the use of transitional funding of £382,309 to underpin the current operation of the Contact Centre, whilst a business case for the transformation of the Contact Centre is developed as part of a wider review of our Customer Strategy.

204. CORPORATE RISK REGISTER UPDATE

The Committee considered a report detailing the current status of corporate risk. The Risk Register had been reviewed by Strategic Management Team, Group Leaders and Audit and Accounts Committee. It was scheduled to be reviewed by the officer group who would consider all comments raised.

With reference to Actions 1a and 1b, it was noted that the action status was green but the risk score was red. It was also suggested that the CFO should be identified as the owner of this risk. In relation to Risk 29, it was suggested that it should be 'Failure to

reduce inequalities in the county' rather than address. The Chairman highlighted the distinct lack of action in relation to this risk. He also informed the Committee that the Children and Young People Policy and Service Committee would be reviewing the Children Risk Strategy as it had some concerns. Finally he queried the need to change actions associated with pandemic to epidemic.

It was resolved unanimously to note the position in respect of corporate risk.

205. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 30TH NOVEMBER 2015

The Committee received a report detailing the financial and performance information to assess progress in delivering the Council's Business Plan. It was noted that the overall revenue budget position had improved since the last meeting and was now showing a forecast year end underspend of £3.6m. The CFO reported that he expected this underspend to be in excess of £5m by the end of March. However, it was important to note that the increase was primarily due to spending on Mental Capacity Act/Deprivation of Liberty Safeguards which had been at a significantly lower level than anticipated due to the shortage of available assessors nationally. The Capital Programme was also showing a forecast year end underspend.

The Chief Executive highlighted the further work needed to review key performance indicators to make them outcome based. It was noted that there were some indicators where the Council had no direct impact. It was proposed to hold a workshop setting outcome based indicators relating to work. The Chairman highlighted the need to review the RAG rating as the amber rating was not seen in a positive light. He drew attention to the proportion of children in year 12 taking a place in learning where the target was 96% and the Council had achieved a creditable 94.4% but an amber rating implied the Council was somehow not performing.

It was resolved unanimously to analyse resources and performance information and note the remedial action currently being taken and consider if any further remedial action is required.

206. FINANCE AND PERFORMANCE REPORT – NOVEMBER 2015

The Committee was presented with the November 2015 Finance and Performance report for Corporate Services and LGSS Cambridge Office. The CFO reported that the projected overspend in the LGSS Managed budget was due to delays in finalising Castle Court which had now been completed.

It was resolved to review, note and comment upon the report.

207. GENERAL PURPOSES COMMITTEE AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES, PARTNERSHIP LIAISON AND ADVISORY GROUPS, AND INTERNAL ADVISORY GROUPS AND PANELS

The Committee considered its agenda plan, training plan and appointments to outside bodies, partnership liaison and advisory groups, and internal advisory groups and panels. In relation to its next meeting on 15th March, it was noted that item 5 had been

moved to May and item 6 would be rescheduled. An item on the Total Transport Pilot Scheme had been added.

It was resolved unanimously to:

- a) review its Agenda Plan attached at Appendix 1; and
- b) review and agree its Training Plan attached at Appendix 2.

Chairman

**GENERAL PURPOSES
COMMITTEE**

Minutes-Action Log



Introduction:

This log captures the actions arising from the General Purposes Committee on 2nd February 2016 and updates members on the progress on compliance in delivering the necessary actions.

This is the updated action log as at Wednesday 26th February 2016.

Minutes of 2nd February 2016

Item No.	Item	Action to be taken by	Action	Comments	Completed
198.	Minutes – 14th January 2016 and Action Log	C Malyon	Detailed proposals to be presented to the Committee regarding the associated costs of implementing the new Operating Model for Business Planning.	To be presented following the General Purposes Committee/Strategic Management Team workshop on 24 November 2015.	Ongoing

Item No.	Item	Action to be taken by	Action	Comments	Completed
198.	As above	C Malyon	Delegate responsibility to the S151 Officer in consultation with the Chairman and Vice Chairman for GPC to develop and finalise an Accountable Body Agreement between Greater Cambridge Greater Peterborough Local Enterprise Partnership and Cambridgeshire County Council.	The Greater Cambridge Greater Peterborough Partnership are happy to sign the Agreement subject to confirming the budgets to fund local authority functions in supporting the LEP. The LEP budgets for 2016-17 are currently being finalised.	Ongoing
202.	Business Plan 2016-17	C Malyon	There are a number of actions detailed in the minutes which need to occur before Council on 16 February 2016.	These actions were addressed in the report to Council.	Yes

Item No.	Item	Action to be taken by	Action	Comments	Completed
	Carry over from meeting of 14 January 2016	S Grace	The business case for outsourcing blue badges including benchmarking to be presented to Committee in March	Further work is taking place contacting other local authorities. Different delivery methods means benchmarking is not necessarily straightforward. However, these different approaches are revealing potential opportunities for efficiencies. Informal discussions have taken place with other providers and Procurement is now advising on what would be the appropriate process / timeline should we proceed with outsourcing. This work will not be concluded for consideration by GPC in March. We would recommend an options appraisal be developed first for further consideration by SMT and Group Leaders and that this form part of the wider work looking at the future design of the Contact Centre.	Ongoing
	Carry over from meeting of 22 December 2015	J Maulder	The reasons given in exit interviews should be reported to the Staffing and Appeals Committee. The Chairman suggested that this be undertaken on a trial basis to identify the workload level required.		Ongoing

INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST JANUARY 2016

To: **General Purposes Committee**

Date: **15th March 2016**

From: **Chief Finance Officer**

*Electoral
division(s):* **All**

Forward Plan ref: **N/A** *Key decision:* **Yes**

Purpose: **To present financial and performance information to assess progress in delivering the Council's Business Plan.**

Recommendations: **That General Purposes Committee is recommended to:**

- a) Analyse resources and performance information and note the remedial action currently being taken and considers if any further remedial action is required.**
- b) Approve that the Insurance Fund be increased by an additional provision of £1.15m in 2015/16 to cover the MMI Scheme of Arrangement Levy that will become payable in the near future (see section 3.2.5).**

<i>Officer contact:</i>
Name: Chris Malyon
Post: Chief Finance Officer
Email: Chris.Malyon@cambridgeshire.gov.uk
Tel: 01223 699796

1. PURPOSE

- 1.1 To present financial and performance information to assess progress in delivering the Council's Business Plan.

2. OVERVIEW

- 2.1 The following table provides a snapshot of the Authority's forecast performance at year end by value, RAG (Red, Amber, Green) status and direction of travel (DoT).

Area	Measure	Forecast Year End Position (Dec)	Forecast Year End Position (Jan)	Current Status	DoT (up is improving)
Revenue Budget	Variance (£m)	-£3.9m	-£4.9m	Green	↑
Basket Key Performance Indicators	Number at target (%)	39% (7 of 18)	44% (8 of 18) ¹	Amber	↑
Capital Programme	Variance (£m)	-£47.5m	-£53.6m	Amber	↓
Balance Sheet Health	Net borrowing activity (£m)	£412m	£410m	Green	↑

¹ The number of performance indicators on target reflects the current position.

- 2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year end underspend of £4.9m (-1.4%), which is an increase of £1.0m since last month. The increase mainly relates to further underspends identified within ETE and CFA, which are partially offset by an increase in LGSS Managed's forecast overspend in relation to the proposed additional insurance provision. See section 3 for details.
- Key Performance Indicators; the corporate performance indicator set has been refreshed for 2015/16. Some of the measures within this new set are still being developed and should be available in the coming months. There are 20 indicators in the Council's new basket, with data currently being available for 18 of these. Of these 18 indicators, 8 are on target. See section 5 for details.
- The Capital Programme is showing a forecast year end underspend of £53.6m (-26.1%), which is an increase of £6.1m since last month. The majority of the increase is due to further slippage within ETE's, CFA's and LGSS Managed capital programmes. See section 6 for details.

- Balance Sheet Health; The original forecast net borrowing position for 31st March 2016, as set out in the Treasury Management Strategy Statement (TMSS) is £453m. This projection has now fallen to £410m, down by £2m from last month. This is largely as a result of changes in the net expenditure profile of the capital programme and changes in expected cash flows since the Business Plan was produced in February 2015. See section 7 for details.

3. REVENUE BUDGET

3.1 A more detailed analysis of financial performance is included below:

Key to abbreviations

ETE	– Economy, Transport and Environment
CFA	– Children, Families and Adults
CS Financing	– Corporate Services Financing
DoT	– Direction of Travel (up arrow means the position has improved since last month)

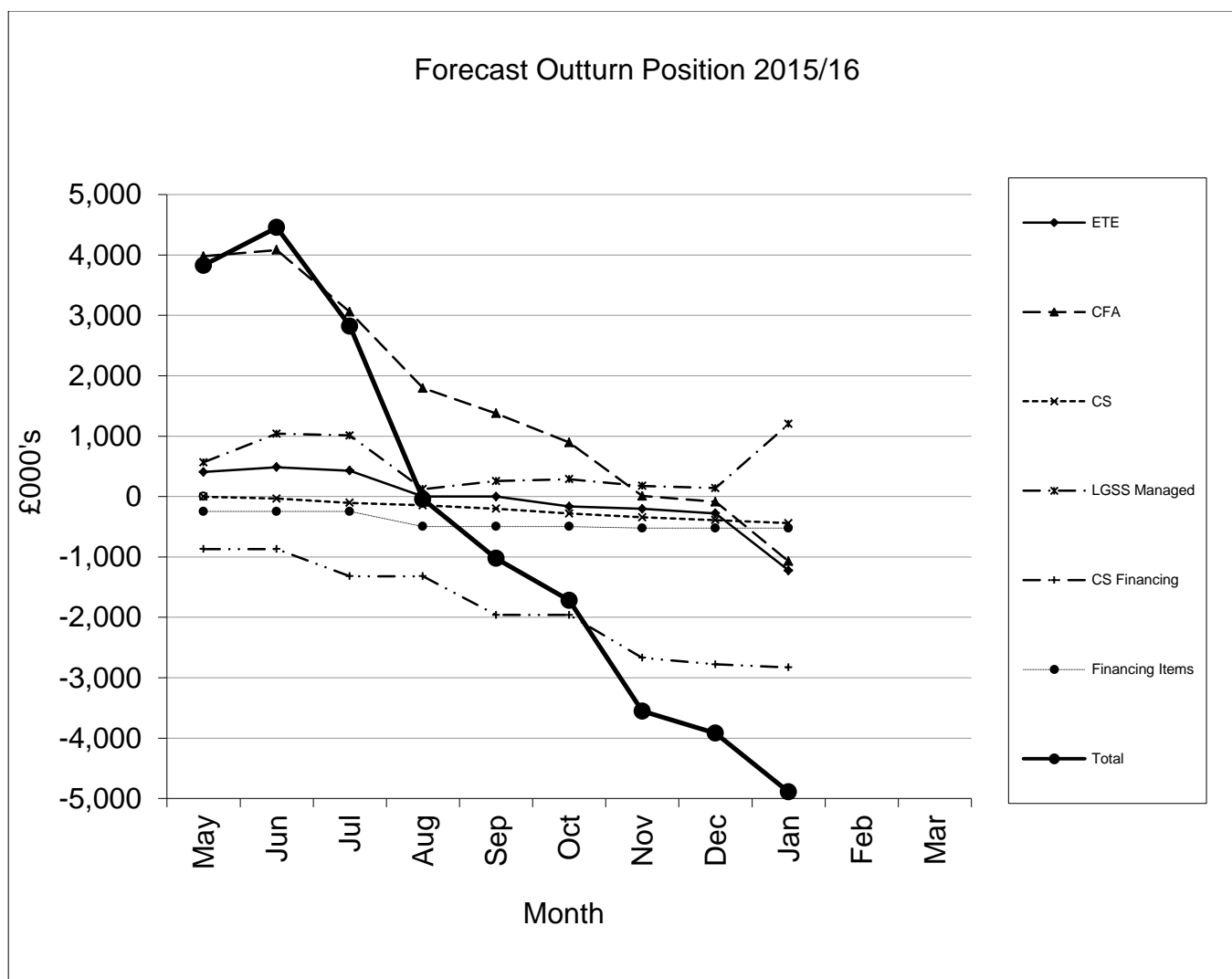
Original Budget as per BP ¹ £000	Service	Current Budget for 2015/16 £000	Forecast Variance - Outturn (Dec) £000	Forecast Variance - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) %	Current Status	DoT
63,308	ETE ²	64,118	-278	-1,226	-1.9%	Green	↑
244,270	CFA	244,859	-88	-1,073	-0.4%	Green	↑
0	Public Health	0	0	0	0.0%	Green	↔
5,672	Corporate Services	6,166	-389	-442	-7.2%	Green	↑
9,145	LGSS Managed	10,465	140	1,202	11.5%	Amber	↓
35,460	CS Financing ³	35,460	-2,780	-2,830	-8.0%	Green	↑
357,855	Service Net Spending	361,067	-3,394	-4,369	-1.2%	Green	↑
2,165	Financing Items	-1,308	-523	-523	-40.0%	Green	↔
360,020	Net Spending	359,759⁴	-3,917	-4,891	-1.4%	Green	↑
	<i>Memorandum Items:</i>						
9,864	LGSS Operational	10,125	0	0	0.0%	Green	↔
369,884	Total Net Spending 2015/16	369,884					

¹ The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

² ETE includes Winter Maintenance and the Waste PFI Contract, where specific arrangements for under / overspends exist. Excluding these the underlying forecast outturn position for ETE is a £791k underspend.

³ The forecast variance outturn does not include the £9.7m budget saving in 2015/16 following the proposed change in Minimum Revenue Provision (MPR) policy, which was presented to Full Council on 16 February 2016 for approval.

⁴ For budget virements between Services throughout the year, please see [Appendix 1](#).



3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** £1.226m (-1.9%) underspend is forecast at year end.

- | | £m | % |
|--|--------|--------|
| • Winter Maintenance – as a result of the very mild winter this year, a forecast underspend of £0.6m is being reported. | -0.579 | (-30%) |
| • For full and previously reported details go to the ETE Finance & Performance Report . | | |

3.2.2 **Children, Families and Adults:** £1.073m (-0.4%) underspend is forecast at year end.

- | | £m | % |
|--|--------|-------|
| • Adult Social Care (ASC) Directorate – this directorate is reporting a forecast underspend of £2.3m, which is an increase of £0.5m from last month. The increase is mainly due to: | | |
| ○ Learning Disability Services – the forecast overspend has decreased by £0.3m this month. This is the result of a | +2.261 | (+4%) |

combination of changes in external care spending and updates and corrections to forecasts for in-house Provider Services and for a direct payments contract.

- **Older People & Adult Mental Health Directorate** – this directorate is reporting a forecast underspend of £3.8m, which is an increase of £0.8m from last month. The increase is due to:
 - **Director of Older People & Adult Mental Health Services** – -1.915 (-22%)
the forecast underspend has increased by £0.3m this month. Vacancy savings collected in quarter three significantly exceeded previous periods, reflecting difficulties, at that point, recruiting to posts, and the Council's first year directly managing the Reablement staff (there was no cost reduction for vacancies from the previous provider). It is hoped that current efforts to improve recruitment and retention will result in a reduction in vacancies in future.
 - **Older People and Mental Health** – across Older People's Localities and Older People Mental Health the forecast underspend has increased by £0.4m, principally due to: increased client contribution levels (reflecting an upturn in completed financial assessments); decreasing spending on domiciliary care in the south of the County (alongside a high number of hospital admissions); decreasing commitments in Older People Mental Health; and reductions in agency spending. -1.881 (-2%)
- For full and previously reported details go to the [CFA Finance & Performance Report](#).

3.2.3 **Public Health:** a balanced budget is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [PH Finance & Performance Report](#).

3.2.4 **Corporate Services:** £0.442m (-7.2%) underspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

3.2.5 **LGSS Managed:** £1.202m (11.5%) overspend is forecast at year end.

	£m	%
<ul style="list-style-type: none"> • Insurance Provision – Municipal Mutual Insurance (MMI) was a key provider of insurance to the public sector for many years, including Cambridgeshire County Council (CCC). In 1992 MMI ceased insurance business as a result of its failing financial strength. Subsequently it entered into an agreed Scheme of Arrangement with policyholders where it would 'run off' existing policies and continue to meet claims payments on behalf of the insured. Under the scheme if MMI achieved solvent run off any assets left at the end would be shared amongst scheme creditors, 	+1.150	-

including CCC. If, however, solvent run off was not achieved the creditors would become liable for the payment of a levy.

In 2014 MMI reached the position where solvent run off would not be achieved and the Scheme of Arrangement levy was invoked. MMI's financial position has continued to deteriorate and the Council has recently received notice of an expected extension to the levy from the current 15% up to 34%. It is expected that the additional levy will become payable towards the end of the current financial year or early in 2016/17.

GPC is asked to approve that the Insurance Fund be increased by an additional provision of £1.15m in 2015/16 to cover the MMI Scheme of Arrangement Levy that will become payable in the near future.

Further details can be found in [appendix 3](#).

- **County Farms** – the forecast underspend has increased by £105k this month, to £300k. This increase is due to a reduction in the forecast spending on County Farms maintenance due to postponement of some planned maintenance schemes and fewer calls than anticipated on the unplanned maintenance budget. -0.300 (-9%)
- For full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

3.2.6 **CS Financing:** £2.830m (-8.0%) underspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

3.2.7 **LGSS Operational:** a balanced budget is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#)

***Note:** exceptions relate to Forecast Outturns that are considered to be in excess of +/- £250k.*

4. KEY ACTIVITY DATA

- 4.1 The latest key activity data for: Looked After Children (LAC); Special Educational Needs (SEN) Placements; Adult Social Care (ASC); Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest [CFA Finance & Performance Report](#) (section 2.5).

5. PERFORMANCE TARGETS

Corporate Priority	Indicator	Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber, or Red)	Direction of Travel (up is good, down is bad)
Developing our economy	Percentage of Cambridgeshire residents aged 16 - 64 in employment	ETE	High	30/09/15	%	80.9	80.3 (2015/16 target)	Green	↑
	Additional jobs created	ETE	High	30/09/14	Number	14,000	3,500 (2015/16 target)	Green	↑
	'Out of work' benefits claimants – narrowing the gap between the most deprived areas (top 10%) and others	ETE	Low	31/05/15	%	Most deprived areas (top 10%) = 11.8% Others = 5.1% Gap of 6.7 percentage points	Most deprived areas (top 10%) ≤12 Gap of <7.2 percentage points *	Green	↔
	The proportion of children in year 12 taking up a place in learning	CFA	High	31/12/15	%	95.8	96.0	Amber	↓
	Percentage of 16-19 year olds not in education, employment or training (NEET)	CFA	Low	31/12/15	%	3.4	3.6	Green	↔
	The proportion pupils attending Cambridgeshire Primary schools judged good or outstanding by Ofsted	CFA	High	31/12/15	%	79.7	75	Green	↔
	The proportion pupils attending Cambridgeshire Secondary schools judged good or outstanding by Ofsted	CFA	High	31/12/15	%	47.4	75	Red	↔

Corporate Priority	Indicator	Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber, or Red)	Direction of Travel (up is good, down is bad)
	The proportion pupils attending Cambridgeshire Special schools judged good or outstanding by Ofsted	CFA	High	31/12/15	%	86.6	75	Green	↔
Helping people live independent and healthy lives	Percentage of closed Family Worker cases demonstrating progression	CFA	High	31/12/15	%	75.2	80	Amber	↓
	The proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into re-ablement / rehabilitation services	CFA	High	2014/15	%	69.8	TBC – <i>new definition for 15/16</i>	TBC	TBC
	The proportion of Adult Social Care and Older People's Service users requiring no further service at end of re-ablement phase	CFA	High	31/12/15	%	55.0	57	Amber	↓
	Reduced proportion of Delayed Transfers of care from hospital, per 100,000 of population (aged 18+)	CFA	Low	30/11/15	Number	466	406.3 per month (4,874.5 per year)	Red	↑
	Number of ASC attributable bed-day delays per 100,000 population (aged 18+)	CFA	Low	30/11/15	Number	118	94	Red	↑
	Healthy life expectancy at birth (males)	Public Health	High	2011-2013	Years	66.4	N/A – Contextual indicator	Green (compared with England – local value to be assessed at year end)	↑ (compared with previous year)
	Healthy life expectancy at birth (females)	Public Health	High	2011-2013	Years	65.5	N/A – Contextual	Amber (compared	↓

Corporate Priority	Indicator	Service	What is good?	Date	Unit	Actual	Target	Status (Green, Amber, or Red)	Direction of Travel (up is good, down is bad)
							indicator	with England – local value to be assessed at year end)	(compared with previous year)
	Absolute gap in life expectancy between the most deprived 20% of Cambridgeshire's population and the least deprived 80% (all persons)	Public Health	Low	2013-2015 (Q2 2015)	Years	2.5	N/A – Contextual indicator	N/A – Contextual indicator	↔
Supporting and protecting vulnerable people	The number of looked after children per 10,000 children	CFA	Low	31/12/15	Rate per 10,000	44.8	32.8 to 38.5	Red	↓
	The proportion of support plans created through the common assessment framework (CAF) that were successful	CFA	High	31/12/15	%	76.9	80	Amber	↓
An efficient and effective organisation	The percentage of all transformed transaction types to be completed online	CCC	High	01/10/15 to 31/12/15	%	70.2	75	Amber	↓
	The average number of days lost to sickness per full-time equivalent staff member	CCC	Low	31/01/16	Days (12 month rolling average)	6.17	7.8	Green	↑

* 'Out of work' benefits claimants - narrowing the gap between the most deprived areas (top 10%) and others – the target of ≤12% is for the most deprived areas (top 10%). At 6.7 percentage points the gap is the same as last quarter, but is narrower than the baseline (in May 2014) of 7.2 percentage points.

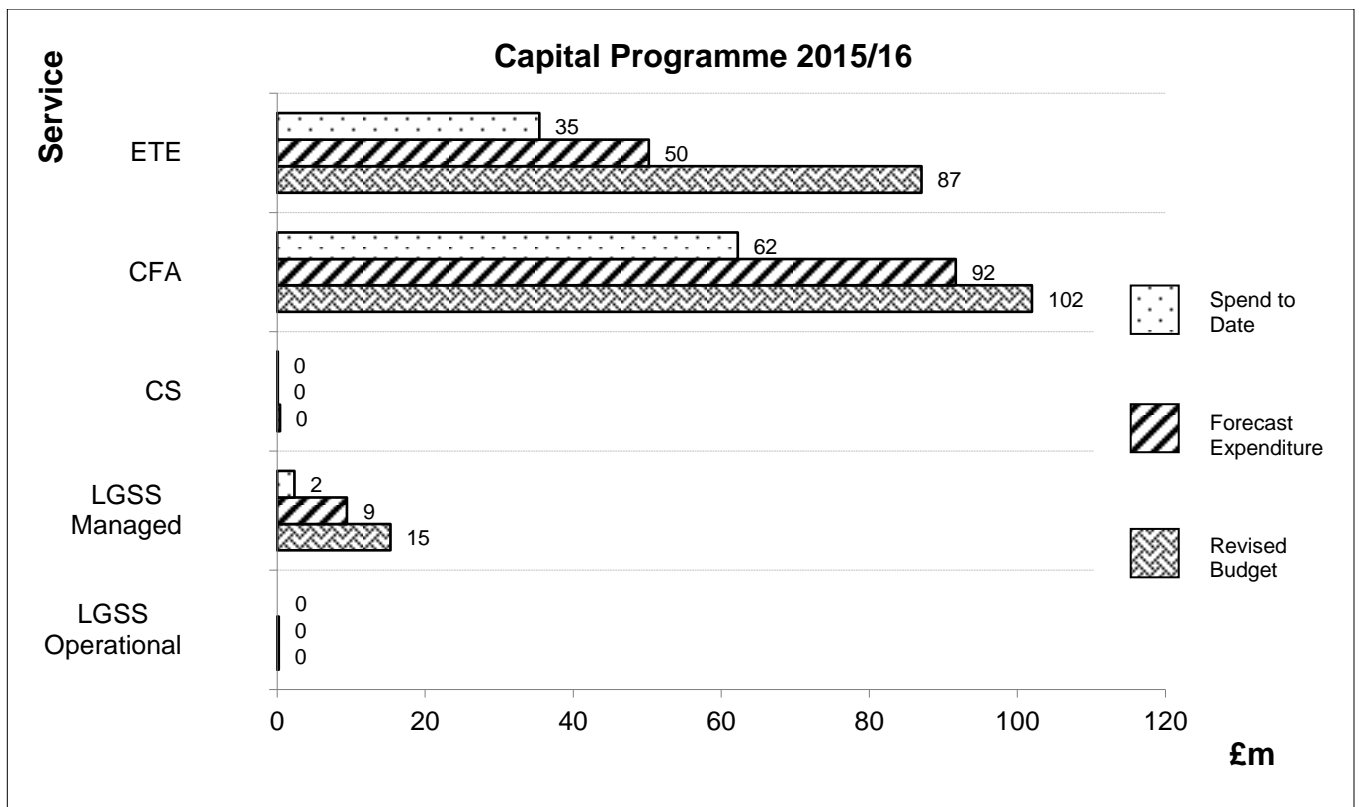
5.2 Key exceptions: there are no exceptions to report this month; for full and previously reported details go to the respective Service Finance & Performance Report:

- [ETE Finance & Performance Report](#)
- [CFA Finance & Performance Report](#)
- [PH Finance & Performance Report](#)
- [CS & LGSS Finance & Performance Report](#)

6. CAPITAL PROGRAMME

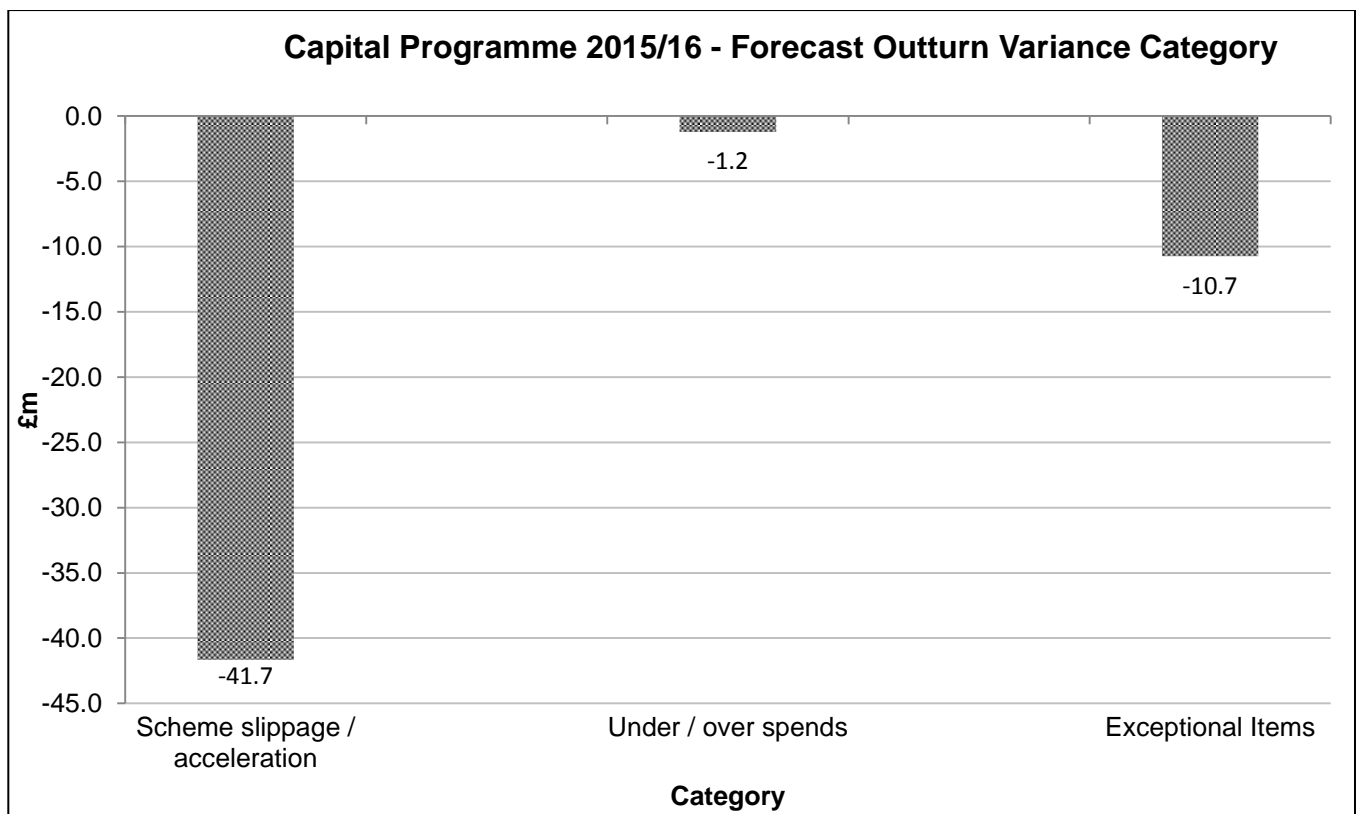
6.1 A summary of capital financial performance by service is shown below:

2015/16						TOTAL SCHEME	
Original 2015/16 Budget as per BP £000	Service	Revised Budget for 2015/16 £000	Forecast Variance - Outturn (Dec) £000	Forecast Variance - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) %	Total Scheme Revised Budget (Jan) £000	Total Scheme Forecast Variance (Jan) £000
102,192	ETE	87,341	-34,005	-37,122	-42.5%	517,813	0
104,854	CFA	101,988	-8,344	-10,319	-10.1%	569,059	4,464
300	Corporate Services	386	0	-267	-69.2%	640	0
11,385	LGSS Managed	15,331	-5,150	-5,886	-38.4%	81,452	-9,061
-	LGSS Operational	209	0	0	0.0%	600	0
218,731	Total Spending	205,255	-47,499	-53,594	-26.1%	1,169,564	-4,597



Note: The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted.

The following graph provides an indication of the cause for the 2015/16 capital forecast outturn variance:



Note: The 'Exceptional Items' category could include, for example, post Business Plan (BP) amendments.

6.2 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.5m or greater are identified below.

6.2.1 **Economy, Transport and Environment:** £37.1m (-42.5%) underspend is forecast at year end.

	£m	%
<ul style="list-style-type: none"> • Ely Crossing – the forecast underspend has increased by £2.55m this month. Although the Department for Transport (DfT) is positive on the allocation of funding for this scheme, it will not be guaranteed until the final business case has been approved and, as such, any earlier spend would be at some risk. Therefore the payments for land purchase amounting to £2.3m will now be incurred in 2016/17. This also impacts on the consultancy costs as the procurement is out to tender rather than being designed, which amounts to a postponement of costs of £0.2m to 2016/17. 	-9.4	(-95%)

The procurement process is underway and the land acquisition process completed, so land can be acquired as necessary. A process for confirming the business case has been agreed with the DfT and sign off of the release of funding is expected in May/June, with a contractor expected to be appointed in June.

- **Huntingdon - West of Town Centre Link Road** – the final outstanding costs for the purchase of land, including a large plot next to the Link Road is still under negotiation. No further payments can be made for the purchase of the land until a price is agreed. As such, the completion of this land purchase is now expected to be in the next financial year, which has resulted in a reduction of the 2015/16 forecast spend of £730k this month. However, future year spend will still be subject to negotiation and agreement of the land costs.
- For full and previously reported details go to the [ETE Finance & Performance Report](#).

6.2.2 **Children, Families and Adults:** £10.3m (-10.1%) underspend is forecast at year end.

	£m	%
<ul style="list-style-type: none"> • Primary Schools - New Communities – the forecast has improved by £0.6m this month. This is mainly due to: <ul style="list-style-type: none"> ○ Alconbury 1st Primary – this scheme is forecasting a £0.6m of slippage due to a lack of progress made in relation to the erection of the frame. Lifting works involving mobile cranes were stopped due to high winds for 9 days. • Secondary Schools - New Communities – the forecast underspend has increased by £0.9m this month. This is mainly due to: <ul style="list-style-type: none"> ○ Southern Fringe Secondary – slippage of £0.8m is forecast in 	-0.5	(-3%)
	-1.4	(-8%)

2015/16 following identification from the contractor that works are running two weeks behind schedule, meaning payments for completed phases will be delayed.

- **Devolved Formula Capital (DFC)** – £0.7m of slippage is forecast in 2015/16. This is school managed expenditure and the forecast reflects DFC being a three year rolling funding stream and historical trends. -0.7 (-31%)
- **Condition, Maintenance and Suitability** – the forecast overspend has increased by £0.6m this month due to projects requiring remedial work. +1.3 (+38%)
- For full and previously reported details go to the [CFA Finance & Performance Report](#).

6.2.3 **Corporate Services:** £0.3m (-69.2%) underspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

6.2.4 **LGSS Managed:** £5.9m (-38.4%) underspend is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

6.2.5 **LGSS Operational:** a balanced budget is forecast at year end. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

6.3 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.5m or greater are identified below:

6.3.1 **Economy, Transport and Environment:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details go to the [ETE Finance & Performance Report](#).

6.3.2 **Children, Families and Adults:** £4.5m (1%) total scheme overspend is forecast.

- | | £m | % |
|---|------|-------|
| • Condition, Maintenance and Suitability – the total scheme forecast overspend has increased by £0.8m this month due to projects requiring urgent attention to ensure the school remained operational. | +1.5 | (+3%) |

- For full and previously reported details go to the [CFA Finance & Performance Report](#).

6.3.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

6.3.4 **LGSS Managed:** £9.1m (-11.1%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

6.3.5 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details go to the [CS & LGSS Finance & Performance Report](#).

6.4 A breakdown of the changes to funding has been identified in the table below:

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding¹ £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	38.2	4.3	-17.5	1.5	26.5	25.1	-1.5
Basic Need Grant	4.9	1.5	0.0	0.0	6.4	6.4	0.0
Capital Maintenance Grant	6.3	0.0	0.0	-1.2	5.1	5.1	0.0
Devolved Formula Capital	1.1	1.1	0.0	0.0	2.2	1.6	-0.7
Specific Grants	11.5	2.4	0.0	2.1	16.0	6.9	-9.1
Section 106 Contributions & Community Infrastructure Levy (CIL)	35.8	-1.2	-16.2	0.1	18.5	13.2	-5.3
Capital Receipts	4.5	0.0	0.0	0.0	4.5	4.9	0.3
Other Contributions	29.6	0.7	0.0	-19.9	10.4	3.9	-6.5
Prudential Borrowing	86.8	19.5	3.3	5.9	115.5	84.6	-30.9
Total	218.7	28.4	-30.4	-11.8	205.3	151.7	-53.6

¹ Reflects the difference between the anticipated 2014/15 year end position, as incorporated within the 2015/16 Business Plan, and the actual 2014/15 year end position.

6.5 Key funding changes (of greater than £0.5m): there are no new exceptions to report this month. For previously reported key funding changes go to the respective Service Finance & Performance Report (appendix 6):

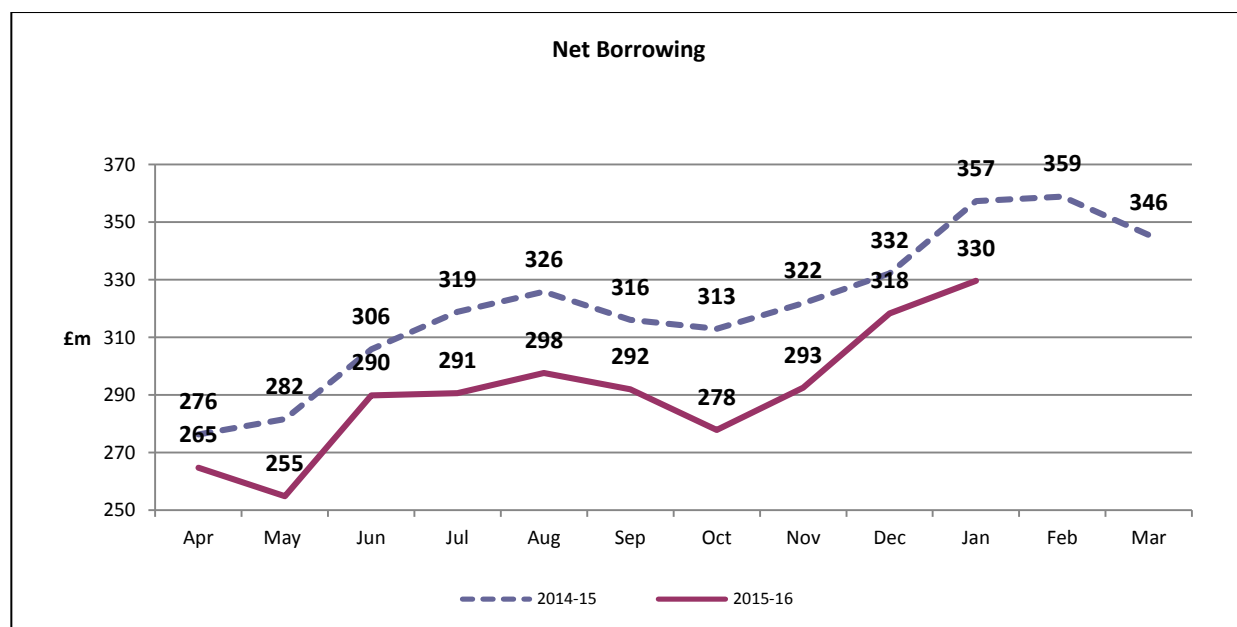
- [ETE Finance & Performance Report](#)
- [CFA Finance & Performance Report](#)
- [CS & LGSS Finance & Performance Report](#)

7. BALANCE SHEET

7.1 A more detailed analysis of balance sheet health issues is included below:

Measure	Year End Target	Actual as at the end of January
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£0.6m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£1.9m
Invoices paid by due date (or sooner)	97.5%	99.7%

7.2 The graph below shows net borrowing (borrowing less investments) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of January were £28.5m and gross borrowing was £358.1m, giving a net borrowing position of £329.6m.



7.3 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](#).

7.4 A schedule of the Council's reserves and provisions can be found in [appendix 2](#).

8. EXTERNAL AND CONTEXTUAL ISSUES

On 17 December 2015 central government announced the provisional finance settlement for local government for 2016/17. The main funding from government (the Settlement Funding Assessment) it was announced to be reduced by approximately £20m (20%) in 2016/17 compared with 2015/16; this compared to our forecasts which predicted a reduction of £15m, leaving the council approximately £5m worse off in terms of government funding than expected. The final finance settlement issued on 8 February 2016 announced some 'transitional funding' to support councils that had a disproportionate reduction government funding. This amounts to around £3.2m of one-off funding for the two years 2016/17 and 2017/18.

Government confirmed the threshold for raising Council Tax without a referendum to be 2%. In addition to this, government announced that councils with Adult Social Care responsibilities would be able to raise Council Tax by a further 2%, which is expected to be the principle applied in all five years of the Parliament. It is forecast that implementing an additional 2% Council Tax rise would generate £4.8m. However, no funding was announced that would offset the pressure caused by the implementation of the National Living Wage, which we expect to be around £5m in 2016/17.

Full Council met on 16 February 2016 to consider the 2016/17-21 Business Plan where it was agreed to freeze general Council Tax in 2016/17. However, the Council has taken the opportunity to raise Council Tax by 2% in relation to the social care precept, which is specifically for Adult Social Care (ASC).

9. ALIGNMENT WITH CORPORATE PRIORITIES

9.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

9.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

9.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

10. SIGNIFICANT IMPLICATIONS

10.1 Resource Implications

This report provides the latest resources and performance information for the Council and so has a direct impact.

10.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

10.3 Equality and Diversity Implications

There are no significant implications within this category.

10.4 Engagement and Consultation Implications

No public engagement or consultation is required for the purpose of this report.

10.5 Localism and Local Member Involvement

There are no significant implications within this category.

10.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
ETE Finance & Performance Report (January 16) CFA Finance & Performance Report (January 16) PH Finance & Performance Report (January 16) CS and LGSS Cambridge Office Finance & Performance Report (January 16) Performance Management Report & Corporate Scorecard (January 16) Capital Monitoring Report (January 16) Report on Debt Outstanding (January 16) Payment Performance Report (January 16)	1 st Floor, Octagon, Shire Hall, Cambridge

APPENDIX 1 – transfers between Services throughout the year (only virements of £1k and above (total value) are shown below)									
	CFA	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	LGSS Operational	Financing Items	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	244,270	0	63,308	35,460	5,672	9,145	9,864		2,165
Green Spaces budget from CS to ETE			11		-11				
Scrutiny Members Training budget to Members Allowances 15/16						15	-15		
City Deal budget from ETE to LGSS Managed			-717			717			
ETE Operational Savings – LEP subscription			50						-50
Green Spaces staff budget from CS to ETE			43		-43				
Travellers Support budget from CS to ETE			51		-51				
Allocation of Supporting Disadvantaged Children in Early Years Grant and SEND Preparation for Employment Grant to CFA	63								-63
Microsoft Support Extension - Windows 2003						33			-33
Reablement to LGSS Operational	-34						34		
Mobile Phone Centralisation	-286		-55		-3	372	-28		
Reversal of Mobile Phone Centralisation for pooled budgets in 2015/16	17					-17			
CS Operational Savings – various					602				-602
Property budget for 9 Fern Court from CFA to LGSS Mgd.	-7					7			
Allocation of Staying Put Implementation Grant to CFA (Qtr 1)	27								-27
City Deal funding 2015/16						200			-200
Transfer from CFA to Finance for Adults Accountant post	-30						30		
ETE Operational Savings – various			388						-388
Independent Living Fund (ILF) - 1st half year instalment	519								-519
LGSS Operational Savings – K2							36		-36
Independent Living Fund (ILF) – Qtr 3	259								-259
ETE Operational Savings – Business Planning savings			75						-75

Transfer of legal budget to LGSS Law									202		-202
CFA Mobile Phone Centralisation reversal	6							-6			
Allocation of Staying Put Implementation Grant to CFA (Qtrs 2 & 3)	54										-54
ETE Operational Savings – Park & Ride			200								-200
ETE Operational Savings – various			745								-745
ETE Operational Savings – various			18								-18
Current budget	244,859	0	64,118	35,460	6,166	10,465	10,124	-1,307			
<i>Rounding</i>	<i>1</i>	<i>-</i>	<i>1</i>	<i>-</i>	<i>-</i>	<i>-1</i>	<i>1</i>	<i>-1</i>			

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2015	2015-16		Forecast Balance at 31 March 2016	Notes
		Movements in 2015-16	Balance at 31 Jan 16		
	£000s	£000s	£000s	£000s	
General Reserves					
- County Fund Balance	16,001	25	16,026	19,762	
- Services					
1 CFA	0	0	0	1,073	Includes Service Forecast Outturn (FO) position.
2 PH	952	0	952	542	
3 ETE	3,369	-1,591	1,778	1,384	Includes Service FO position.
4 CS	1,020	-603	417	859	Includes Service FO position.
5 LGSS Operational	1,003	-36	967	400	Includes Service FO position.
Subtotal	22,345	-2,205	20,140	24,020	
Earmarked					
- Specific Reserves					
6 Insurance	2,578	0	2,578	2,578	
Subtotal	2,578	0	2,578	2,578	
Equipment Reserves					
7 CFA	744	159	903	98	
8 ETE	893	-332	561	650	
9 CS	50	0	50	50	
10 LGSS Managed	642	0	642	167	
Subtotal	2,329	-173	2,156	965	
Other Earmarked Funds					
11 CFA	7,533	-1,497	6,036	3,143	Includes liquidated damages in respect of the Guided Busway.
12 PH	2,081	-61	2,020	1,300	
13 ETE	7,404	-700	6,704	5,701	
14 CS	527	-55	472	579	
15 LGSS Managed	198	214	412	233	
16 LGSS Operational	130	0	130	0	
17 Corporate	63	-63	0	0	
Subtotal	17,936	-2,162	15,774	10,956	
SUB TOTAL	45,187	-4,540	40,648	38,519	
Capital Reserves					
- Services					
18 CFA	6,272	12,205	18,477	1,778	Section 106 and CIL balances.
19 ETE	15,897	42,228	58,125	26,370	
20 LGSS Managed	481	3,402	3,883	422	
21 Corporate	33,547	16,822	50,369	41,311	
SUB TOTAL	56,197	74,658	130,854	69,881	
GRAND TOTAL	101,384	70,118	171,502	108,400	

In addition to the above reserves, specific provisions have been made that set aside sums to meet both current and long term liabilities that are likely or certain to be incurred, but where the amount or timing of the payments are not known. These are:

Description	Balance at 31 March 2015	2015-16		Forecast Balance at 31 March 2016	Notes
		Movements in 2015-16	Balance at 31 Jan 16		
	£000s	£000s	£000s	£000s	
<u>Short Term Provisions</u>					
ETE	669	0	669	0	
ICS	1,043	-43	1,000	950	
LGSS Managed	3,316	0	3,316	3,485	
subtotal	5,028	-43	4,985	4,435	
<u>Long Term Provisions</u>					
LGSS Managed	4,718	0	4,718	4,718	
subtotal	4,718	0	4,718	4,718	
GRAND TOTAL	9,746	-43	9,703	9,153	

APPENDIX 3 – Insurance Provision

1 Background

- 1.1 Municipal Mutual Insurance (MMI) was a key provider of insurance to the public sector for many years. In common with many authorities Cambridgeshire County Council (CCC) insured almost all of its insurable risks with MMI for a considerable number of years.
- 1.2 In 1992 MMI ceased insurance business as a result of its failing financial strength. Subsequently it entered into an agreed Scheme of Arrangement with policyholders where it would 'run off' existing policies and continue to meet claims payments on behalf of the insured. Under the scheme if MMI achieved solvent run off any assets left at the end would be shared amongst scheme creditors, including CCC. If, however, solvent run off was not achieved the creditors would become liable for the payment of a levy. Policyholders who did not join the Scheme of Arrangement were effectively rendered uninsured for any claims relating to MMI policies that were received subsequent to 1st October 1992.
- 1.3 A combination of the financial environment that MMI has operated in of recent years and continuing growth in abuse and disease claims has meant that in 2014 MMI reached the position where solvent run off would not be achieved and the Scheme of Arrangement levy was invoked.
- 1.4 MMI's financial position has continued to deteriorate and the Council has recently received notice of an expected extension to the levy from the current 15% up to 34%. This could result in the requirement to fund a further 19% of paid claims paid and become liable for up to 34% of all future payments made by MMI under the Council's insurance policies with them.
- 1.5 It is expected that the additional levy will become payable toward the end of the current financial year or early in 2016/17.

2 Cambridgeshire's Position

- 2.1 Cambridgeshire had something of a poor record of claims history for the period that MMI were the Council's insurers. The Council received group claims in respect of historical child abuse claims in addition to claims associated with abusive treatment of pupils by staff at a former Council School. Both these matters have resulted in significant claims payments and to this day generate the occasional new claim notification.
- 2.2 As a result of this claims history the Council benefitted from indemnity by MMI to the value of £14.1m since October 1992.
- 2.3 As stated above the Scheme levy was first invoked in 2014 and has resulted in the payment of a levy amount of £2.1m since. The impact of the extension of the levy to 34% results in a potential additional exposure to the Council of £2.6m on paid claims.
- 2.4 The Council operates an insurance fund, as at the end of 14/15 financial year this stood at £8.5m, with claims provisions totalling £4.5m and further reserves for

incurred but not reported claims of £2.5m. Within the fund there was an allowance made for additional levy payments in the sum of £1.45m.

- 2.5 The imposition of an additional levy at 19% exceeds the amount of reserve held within the insurance fund for such eventuality. It is therefore proposed to increase the provision by a further £1.15m to ensure the ongoing financial strength of the Council's insurance provision in future years.

TOTAL TRANSPORT PILOT PROPOSAL

To: **General Purposes Committee**

Meeting Date: **Tuesday 15 March 2016**

From: **Executive Director: Economy, Transport and Environment**

Electoral division(s): **Those divisions substantially affected by the proposal are;**

- **Ely North & East**
- **Ely South & West**
- **Haddenham**
- **Littleport**
- **Soham & Fordham villages**
- **Sutton**

In addition a small number of individual residents of the following divisions may be affected, in so far as all transport to Highfield Special School is included in the proposal and some pupils reside outside of the pilot area.

- **Chatteris**
- **Cottenham, Histon & Impington**
- **Forty Foot**
- **King's Hedges**
- **March East**
- **March West**
- **Romsey**
- **Somersham & Earith**
- **Waldersey**
- **Waterbeach**
- **Willingham**

Forward Plan ref: **2016/007** *Key decision:* **Yes**

Purpose: **The Committee is asked to consider the proposal for a Total Transport service in the northern half of East Cambridgeshire, replacing the currently separate arrangements for all transport services supported by the Council. This includes: home-to-school/college transport, social care transport, dial-a-ride services (DAR), and contracted local bus routes.**

Recommendation: It is recommended that the Committee affirms its support for the introduction of a Total Transport service within the stated pilot area from 1 September 2016, subject to:

- a) the outcome of a public consultation, inviting views on the detailed proposals
- b) a formal procurement exercise to establish the exact cost of delivering the new service
- c) a further paper at the Committee's May 2016 meeting, setting out the results of (a) and (b) and inviting a final decision from the Committee

<i>Officer contact:</i>	
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1. BACKGROUND

- 1.1. In early 2015 the Council was awarded central government funding of £460,000 to research, design, implement and evaluate a pilot Total Transport service.
- 1.2. The principle behind Total Transport is simple – that, on the ground, it doesn't make sense for different vehicles to collect neighbouring residents who are making similar journeys but for different purposes (for example, healthcare, education, or social care).
- 1.3. Currently, the Council issues separate contracts for different transport services, and pays for each on a standalone basis. A minibus may therefore be booked with one company to undertake a school journey at full price, with a second company being contracted by the Council's social care team to do a nearby journey, also at full price. Bringing both of these requirements into one place would allow a single contract to be issued at a lower combined cost than the two separate prices. This principle, and variations of it, applies to many services across the pilot area, and indeed the county.
- 1.4. In other situations, there may only be one contracted service from a given location. The current separate arrangements often mean that residents who do not meet the relevant eligibility criteria for that specific service cannot travel, even if they are willing to pay and there is space on the vehicle. A more open and integrated approach to transport would allow mixed client groups on the same vehicle, when it is safe and reasonable for this to happen, creating new travel opportunities.
- 1.5. In rural areas in particular, integrating the provision of transport in the way set out above would allow scarce resource to be used more efficiently. This can produce financial savings, and also improve the offer to residents. It does require a change in approach, however, and it would raise issues including revised journey times for some current service users, as well as concerns about managing mixed client groups.
- 1.6. In establishing a pilot area, the intention was to identify a reasonably distinct geographical area that included special schools, mainstream schools, day centres, healthcare facilities, and a mixed geography of rural areas and market towns. The northern half of East Cambridgeshire District was selected, centred on Ely and including both Littleport and Soham.
- 1.7. The Council's combined transport spend in the pilot area was slightly under £3m per annum, as of 1 October 2015. This represented almost 720,000 trips per year. The biggest single spending category was mainstream home-to-school transport, followed by special educational needs (SEN) home-to-school transport, which together accounted for over 70% of spend.
- 1.8. The development of the pilot proposals has been overseen by a project group including the Head of 0-19 Place Planning and Organisation (mainstream schools); the Head of Commissioning Enhanced Services (SEN schools); the Head of Passenger Transport (local bus and community transport); and nominated representatives of adult social care services and public health. It has been chaired by the Service Director: Strategy and Development, and has fed into a wider, director-level Programme Board.

- 1.9. The Total Transport Member Steering Group (previously Cambridgeshire Future Transport Member Steering Group) has met roughly once a month since spring 2015 and has provided insight and steer on the content of the proposals. It includes representatives of all groups; the chair and vice-chair are Councillors van de Ven and McGuire respectively. A draft version of this paper was presented at the meeting of 29 February 2016, to which members representing the divisions substantially affected by the proposal were invited.
- 1.10. During January 2016 surveys of specific user groups were undertaken, to gain feedback on some of the possible changes. The analysis was presented to the project group and member steering group and has influenced the content of the proposal now presented.

2. MAIN ISSUES

- 2.1 The proposal is for a new Total Transport service, comprising four elements: fixed bus routes; a flexible minibus service; a social car scheme; and a Booking & Information Centre. These are considered in more detail from section 2.3 to 2.15 below. They replace existing services, including; school buses, community transport (dial-a-ride), subsidised local bus routes, and adult social care transport.
- 2.2 Existing commercial bus services, specifically Stagecoach routes 9/X9 and 12, are not affected by this proposal. Similarly route 15/15A/15B (Ely circular) will not be impacted, as it is separately funded by East Cambridgeshire District Council under a specific developer agreement.
- 2.3 Three networks of **fixed bus routes** are envisaged, centred on Ely College, Soham Village College, and Witchford Village College; each network would also include services for their partner primary schools, where required. The majority of routes would be open to school pupils only, and routes / schedules would be set to allow the most efficient use of vehicles.
- 2.4 The Council's current *Home to School/College Travel Assistance Policy* commits to arrival times being "well in advance of registration" and departure times being "within 20 minutes of the end of the school teaching day" (point 1.3 of section A). The current expectations are often for vehicles to arrive/depart within 10 minutes of the start/end of the school day. The proposed new networks would extend the range of arrival and departure times.
- 2.5 Under the Council's *Home to School/College Travel Assistance Policy* there is no requirement to provide separate vehicles for primary and secondary age pupils. It is therefore proposed to use shared vehicles across primary and secondary age ranges in the pilot area, when this offers the most efficient option.
- 2.6 Based on current modelling, fewer than 20% of routes would involve earlier/later times than at present and/or primary/secondary sharing.
- 2.7 In specific locations, routes would be extended to the local town centre and made available to the general public (i.e. as a local bus service). Following feedback from the original surveys undertaken in January 2016, it is proposed to do this only where there is a clear benefit and local support (for example

requests from residents or through the Parish Council or local member). It is currently envisaged that such routes would operate from areas around both Little Downham/Pymoor and Prickwillow/Queen Adelaide into Ely, and possibly from Wicken into Soham.

- 2.8 In addition to the above services, the Ely Zipper service would continue in broadly its present format, but with local discussion to agree actions to improve its long-term viability, including the use of the vehicle to support a school journey. The importance of a regular service to/from Ely is recognised.
- 2.9 A new **flexible minibus service** would bring together all types of small vehicle transport into a new single service. This would allow the benefits of integration to be maximised, whilst still recognising the distinct needs of certain clients. This service would be scheduled at the Booking & Information Centre (see 2.14 below), which would have oversight of all transport requests and would also be able to allocate users to social car journeys instead.
- 2.10 The regular core of the service would be journeys to and from Highfield Special School. There would consequently be very limited availability for other users of the service from 7:30am to 9am and from approximately 3pm to 4:30pm. This would require adjustments to the existing journey and session times of the majority of adult social care users. This offers opportunities to introduce greater flexibility – both shorter and longer sessions, and at different times (for example including an evening meal instead of lunch) – and this may offer advantages for some service users as well as maximising the use of day centre premises. There would inevitably be an impact on both service users and staff, which may not always be welcome.
- 2.11 The service would increase the choice for existing dial-a-ride and local bus users, as for the majority of areas there is currently a single inbound and outbound journey each day (or indeed once a week, on market days only). For local bus users there would be a need to pre-book travel; the option of making on-going regular bookings would remove the need for repeated phone calls, however.
- 2.12 The Clinical Commissioning Group (CCG) has expressed its support for using the flexible minibus service to transport patients to and from the Princess of Wales Hospital in Ely, subject to agreeing financial arrangements that incur no net additional cost to the CCG. Negotiations would continue to achieve this aim, reinforcing the integrated nature of the service and the benefit of the single point of contact through the Booking & Information Centre.
- 2.13 The Council currently funds a **social car scheme** in the pilot area (and elsewhere in the county). It is envisaged that this element of the service would continue largely unchanged. Work with the provider would take place to recruit more volunteers and to encourage a focus on longer distance journeys, which are both more difficult and/or more expensive for residents to make in other ways. The flexible minibus service would be considered the first choice for local journeys, unless an individual has a particular need that cannot be met in this way.
- 2.14 A new **Booking & Information Centre** would provide a single point of contact for local residents wishing to access Total Transport services. This would be based locally in the community that it serves and when procuring this facility

attention would be paid to added value options (such as the ability to link directly with other community or voluntary services).

- 2.15 Modern scheduling software would be procured by the Council for use in the Booking & Information Centre. This would improve efficiency by allowing the potential duplication of journeys for different purposes to be identified. It would also support improved reporting and monitoring, allowing the Total Transport service to be refined over time.
- 2.16 The success of the pilot project would be judged against three criteria: the impact on the Council's total spending on transport in the pilot area; the number of trips carried out; and the satisfaction of service users. It is not necessarily expected that the number of trips would increase, however if the current patronage is maintained (whilst spending is reduced) this would be considered successful.
- 2.17 It is anticipated that once the Total Transport service in the pilot area is established and has been evaluated, options for rolling out this model across the county will be considered.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

The following bullet points set out details of implications identified by officers:

- The flexible minibus service may help younger residents access apprenticeships, jobs or training placements. This would benefit both individuals and businesses, by supporting access to a wider pool of employees or apprentices, including those for whom the cost and/or unavailability of transport are currently prohibitive.
- Increased ability to travel to local shops and service providers may support the economy of East Cambridgeshire, by allowing residents to purchase from local businesses rather than relying on internet shopping or simply being unable to access town and village centres.

3.2 Helping people live healthy and independent lives

The following bullet points set out details of implications identified by officers:

- The flexible minibus service would help residents to access services, including healthcare, social activities, work, education and day-to-day facilities (e.g. supermarkets). This would assist in reducing both the practical and emotional effects of isolation, particularly in remote rural areas. Benefits would apply across age ranges and levels of need.
- Existing services (including traditional dial-a-ride and patient transport) can achieve some of the same benefits. However eligibility criteria can act as a barrier to these services, and there will always be individuals who fall just the wrong side of the line. The flexible minibus service would remove these barriers, empowering all residents to access the services they need.

- Providing a transport service for all local residents (i.e. not segregated by age or mobility, for example) would support community cohesion and resilience. It may add value through increasing awareness of different needs, and supporting local solutions (both as a result of this awareness and by providing the means to access any new activities).
- Reducing duplication of journeys would minimise unnecessary vehicle emissions, offering a positive environmental and health benefit.

3.3 Supporting and protecting vulnerable people

The following bullet points set out details of implications identified by officers:

- Developing a sustainable model of integrated transport provision would help to protect access to services in the face of financial constraints.
- Focusing on a smaller number of contracts and services would increase the opportunity for a consistent standard of delivery, including accessibility and training requirements. Further, the scheduling software envisaged would allow needs and resources to be matched accurately, in a way that is not always possible with existing systems.
- Providing a single point of contact for all transport requirements would remove real or perceived obstacles to accessing services, making the user experience more straightforward.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The following bullet points set out details of significant implications identified by officers:

- It is expected that the new Total Transport service would be provided for less than the combined cost of the current separate services. This would be confirmed by the procurement exercise in recommendation (b).
- Integrating services would deliver best value for money, by avoiding duplication of journeys for purely administrative or eligibility reasons.
- The work on Total Transport to date has highlighted that having sufficient staff time to monitor, review and model services is key to maximising efficiency. Given the relatively high cost of transport (a single school bus can easily cost in excess of £30,000 per annum), investment in an appropriate level of staff resource is justifiable. This has been incorporated into the operational plans for the new service.

4.2 Statutory, Risk and Legal Implications

The following bullet points set out details of significant implications identified by officers:

- The Council has statutory obligations to provide certain types of transport, for example home to school transport for eligible pupils. The proposed services would continue to meet these legal obligations, with changes only being made to the method of delivery.
- Changing transport provision may generate criticism from some residents. The second consultation proposed in recommendation (a) is intended to mitigate this risk to a certain extent, but communicating and working with individuals over the implementation period would be key to the success of the pilot (but resource intensive).
- Total Transport is a national initiative, and the Council would therefore be implementing a model that is in line with current Department for Transport expectations.

4.3 Equality and Diversity Implications

The following bullet points set out details of significant implications identified by officers:

- A Community (Equality) Impact Assessment has been carried out. This identifies both negative and positive impacts, but with an overall improvement in this area. This is included in **Appendix 1**.

4.4 Engagement and Consultation Implications

The following bullet points set out details of significant implications identified by officers:

- Initial surveys have been undertaken, during January 2016. A further consultation exercise is proposed in recommendation (a), with details set out in **Appendix 2**.
- A cross-service project group has overseen the development of these proposals. In addition, a full draft of this report has been shared for comment in advance with 5 service directors and 16 other officers (primarily at head of service level).
- Meetings have been held with the two main community/voluntary providers affected by this proposal. As the new service would be subject to tender (partly replacing an existing grant), there is a possibility that a contract would not be secured by these organisations.
- Local and other members have been engaged in the development of these proposals, particularly through the Total Transport Member Steering Group.

4.5 Localism and Local Member Involvement

The report above sets out details of significant implications in 1.9, 1.10, 2.7, 2.14 and in recommendation (a)

4.6 Public Health Implications

The following bullet points set out details of significant implications identified by officers:

- The 2015 Transport and Health Joint Strategic Needs Assessment (JSNA) report identified that access to healthcare required particular attention. The new services, particularly the flexible minibus service, would provide new travel options for local residents needing to travel to their GP or the Princess of Wales Hospital, for example. Those with mobility issues, those living in rural areas, and those without access to private transport would benefit in particular.
- The commitment of the CCG to support the provision of patient transport through the flexible minibus service represents a positive starting point for greater cooperation and integration between the Council and the CCG in respect of transport.

Source Documents	Location
Cambridgeshire County Council: Home to School/College Travel Assistance Policy (July 2015)	Room 020, Shire Hall, Cambridge www.cambridgeshire.gov.uk
Department for Education: Home to School Travel and Transport Guidance (July 2014)	Room 020, Shire Hall, Cambridge
Cambridgeshire Joint Strategic Needs Assessment (Transport and Health)	Room 020, Shire Hall, Cambridge www.cambridgeshireinsight.org.uk/jsna

APPENDIX 1 - COMMUNITY (EQUALITY) IMPACT ASSESSMENT

Directorate / Service Area

CFA and ETE

Service / Document / Function being assessed

Total Transport

(note this is a pilot project, replacing existing school transport, social care transport, community transport and passenger transport services in a defined area)

Officer undertaking the assessment

Name: Toby Parsons

Job Title: Transport Policy and Operational Projects Manager

Contact details: 01223 743787

Aims and Objectives of Service / Document / Function

To meet the Council's statutory and policy commitments in supporting the travel requirements of those needing to access services (including education, social care and healthcare) and of those wishing to travel for general purposes from rurally isolated areas. The intention is to support interventions that are already needed, and to take preventative steps that reduce the likelihood that future interventions will be needed (e.g. supporting individuals to maintain their independence).

What is changing?

The Council currently supports different types of transport service to meet specific needs, for example distinct home to school transport contracts and specific community transport grants. The current focus is on the needs of one group of service users; neither the planning nor the delivery of services is integrated across different groups.

The new service will consider all transport needs together and will seek to deliver an integrated model that improves efficiency. This may allow the impact of reduced budgets on the level of service to be softened.

From a practical perspective, the proposal is to: review and amend the fixed bus routes (including school services) that currently exist; replace the current range of small vehicle services with a new flexible minibuss service; support the development of the social car scheme; and establish a new booking & information centre, to provide a single point of contact.

Who is involved in this impact assessment?

The assessment has been prepared by the Total Transport team, based on feedback received from service users (through surveys undertaken in January 2016) and in anecdotal format via email or phone. It is underpinned by an analysis of the data relating to current transport.

What will the impact be?

Age	Positive and negative
Disability	Positive and negative
Gender reassessment	Neutral
Marriage and civil partnership	Neutral
Pregnancy and maternity	Positive
Race	Neutral
Religion or belief	Neutral
Sex	Neutral
Sexual orientation	Neutral
Rural isolation (local requirement)	Positive
Deprivation (local requirement)	Neutral

What are the positive impacts?

For the four categories identified above (age; disability; pregnancy and maternity; and rural isolation) the main positive impact is increased opportunity to access flexible door-to-door services. A greater choice of times would exist than at present, with more flexibility as to possible destinations. This would support journeys to social and support activities (lunch clubs; parent and toddler groups; activity

sessions; etc), as well as assisting with affordable transport to work or volunteering placements.

The establishment of a service open to all local residents would assist with community cohesion, by raising awareness of different needs and interests. Both this greater understanding of what takes place in the local community and the increased ability to access new activities and groups may support the development of local ways of meeting need.

What are the negative impacts?

The changes required to times of transport to/from social care settings may be unsettling for service users; there may also be an impact on their carers.

The replacement of existing local bus routes would require individuals to pre-book journeys, which may be considered an obstacle to travelling. Further, if concessionary bus passes are not accepted on the flexible minibus service (this would be a discretionary decision by the Council) then pass holders who can currently travel for free would incur new costs.

What issues or opportunities need to be addressed?

The flexible minibus service and the social car scheme, in particular, could be developed over time, drawing on the data available through the new Booking & Information Centre. The ability to plot all journeys in one place would improve efficiency and would allow demand to be reviewed as a whole, rather than in a fragmented way. It would be important that sufficient resource were in place to maximise the benefits available; close involvement with service users, community groups, local members, etc would be needed, all of which requires time.

What is the impact on community cohesion?

There is potential for a positive impact on community cohesion, as set out above (i.e. greater awareness of needs within local communities, and increased ability to access new groups and activities). Continued engagement with service users, community groups and local members would be important.

APPENDIX 2 – CONSULTATION

Background

As noted in point 1.10 of the full report, surveys of specific user groups were undertaken in January 2016. Over 300 responses were received, and the views expressed helped to shape the proposals now put forward.

At the meeting of Group Leaders on 25 February 2016, the importance of a robust and comprehensive consultation programme prior to final acceptance of the proposals was underlined by members.

Consultation Content

It is intended that there will be a core set of questions which respondents will be invited to answer. Analysis of these responses will produce a quantitative report of public views.

These questions will focus on the following areas;

- The design of the **fixed bus routes**, including points such as the approach to mixed client groups and the introduction of smartcards to manage capacity.
- The design of the **flexible minibus service**, including points such as the reserving of capacity at school times (requiring changes to times for other client groups).
- The design of the **social car scheme**, including the sort of journeys that users would be interested in providing/travelling on.
- The design of the **booking & information centre**, including the notice periods users would be willing to give for bookings, and the preferred methods of contact.
- The **specific proposals** (e.g. the individual school routes to be converted to local bus services) that may be controversial, based on the outcome of the original survey.

In addition, respondents will be invited to submit comments. This qualitative research will allow both analysis of common themes and consideration of individual case studies.

In all consultation work, the respondent's location and pattern of service use will be identified if possible. This will allow results to be filtered based on these factors, as it is expected that there may be variation between responses of groups of different service users, for example.

Consultation Methods

The Council is committed to using online tools wherever possible, and it is therefore intended to publish an **online survey** (via the SmartSurvey tool). The link to this survey will be promoted as the simplest way of responding, and all schools in the pilot area will be asked to send it to parents/carers through their standard e-updates.

It is recognised that many potential respondents may not be comfortable with an online survey, however. **Printed leaflets** will be produced, with a freepost return address, to allow residents to complete a hard copy of the survey. These will be distributed via the following routes;

- Existing **day centres** (Bedford House and Ely Community Centre), where staff will be asked to actively make them available to all users.
- Where the Council holds names and addresses of existing service users (including concessionary pass holders within the pilot area), a leaflet will be sent **by post**.
- Operators of existing local bus routes, community transport services, and social care journeys will be asked to offer leaflets to all **passengers**.
- **Public locations**, such as the District Council offices and libraries, will be asked to stock leaflets.
- **Parish Councils, District Councillors** and **County Councillors** will be invited to take leaflets where they have opportunities to arrange for their delivery, or to identify other groups/individuals to whom leaflets should be sent.

In order to promote awareness of the survey and the proposed new service, posters will be produced and made available for local notice boards and the like. In a similar vein, appropriate press releases and social media items will be issued in order to generate awareness.

Public drop-in sessions will be arranged, for local residents and other interested parties to discuss the proposals. It is intended that at least one will be held in each of Ely, Littleport and Soham, as well as Little Downham and Prickwillow (as these are areas with specific proposals relating to a local bus service operating very differently from now). These will be scheduled to fit as best as possible with existing transport options, meaning they are likely to be in the middle of the day (potentially prompting an adverse reaction from those at work at these times).

Consultation Cost

The approaches set out in section 3 of this appendix involve a relatively significant commitment of both staff resource and budget. The cost of posting survey forms out

to concessionary pass holders, in particular, will run into several thousand pounds, once printing, postage and reply costs are taken into account.

The Total Transport funding received from central government included a £20k budget line for consultation and stakeholder engagement. It is proposed to use this amount to pay for the approaches set out in section 3 above. This will leave relatively little, if any, funding remaining for future consultation (although there is a separate budget of £10k for project evaluation).

Consultation Targets

The current data for the pilot area indicates just over 700,000 single trips per year. Many individual users will make 380 trips per year (i.e. two trips on each schoolday); others will make weekly return journeys on a local bus service; some may be very irregular users. It is therefore difficult to estimate the number of unique users.

The best interpretation of the available data is that there are between 2,000 and 3,000 unique users in the pilot area. There will also be an unknown number of potential users, who do not or cannot access services at the moment, but who may be able to use the Total Transport model. Finally, there will be individuals who do not travel themselves but who are affected by transport (e.g. as a carer).

Noting all of the above, a target of 750 responses would represent a likely participation rate of at least 25% of current service users. Around two thirds of all replies would be expected to come from home-to-school transport users (or their parents / carers), based on the relative trip numbers of each user group.

In order to paint a realistic picture of public opinion, it will be necessary to secure both robust statistical data (from the analysis of the formal survey questions) and individual comments. Both angles will be considered in preparing the final report to General Purposes Committee in May.

Consultation Timings

The deadline for submission of papers to the May meeting of GPC is expected to be around the middle of May. The full analysis of the consultation process will need to be completed by then, although the SmartSurvey tool makes the statistical part of this instantaneous (subject to paper responses having been uploaded).

It is therefore anticipated that the closing date for consultations will be no later than Friday 13 May. The preferred launch date for the survey would be immediately after the GPC decision on 15 March. If content were pre-prepared and the consultation were started on Friday 18 March, that would allow 28 working days during school term time and a total of 54 days in all.

APPENDIX 3 – IMPACT ON DIFFERENT GROUPS

The proposed Total Transport services are intended to deliver a more comprehensive service within the financial constraints facing the Council. They involve changes to existing services and to the way in which resources are used; there is no injection of new funding or capacity.

The following table therefore gives specific examples of how different service users and local residents might be affected, both positively and negatively.

Secondary school pupil with free home to school bus pass from Pymoor to Ely College	Journeys would be at a similar time to now, but the bus would be open to members of the public wanting to travel to and from Ely. Those wishing to stay late at school would be able to book a flexible minibus journey at a later time, subject to capacity and paying any required fare.
Primary school pupil with free home to school bus pass from Wicken to St Andrew's	Journeys would be at a similar time to now, but in the afternoon the bus would be shared with pupils from Soham Village College. A passenger assistant would be present to monitor behaviour, and options such as having separate primary and secondary areas on the vehicle would be considered.
SEN pupil with place on taxi from Stretham to Highfield	Journeys may be with a different operator (although once a new routine is established, this would be kept as consistent as possible). More pupils would travel on a slightly larger vehicle, as minibuses would be used rather than taxis wherever possible.
Local resident in Prickwillow, using bus 129 to Ely each Thursday	The current Thursday-only bus service would stop, although there would be a journey available at school times. Residents would also be able to use the flexible minibus service, offering more choice of times and days, but requiring booking in advance.
Adult with social care transport from Littleport to Bedford House (day centre)	Journeys would be at a slightly different time, operating to Bedford House after the morning school runs (so first pick-ups between 9am and 9:30am). Return journeys would be complete by 3pm or would start around 4:30pm, prompting users to make a choice between shorter or longer days. The same flexible minibus service would also be available for other journeys, for example to the doctor or to visit relatives in the pilot area.

Resident of Coveney who uses community transport (dial-a-ride) to the shops	The flexible minibus service would offer a very similar way of travelling, but with greater choice of times (not just one journey per day).
Resident of Haddenham who travels on Ely Zipper to town	The Ely Zipper would continue largely unchanged, other than some small adjustments to the timetable (for example, to include a school journey). Users would be encouraged to support the service actively in their communities, to help it become more sustainable.
Young adult from Isleham wanting to start part-time job locally	The flexible minibus service would be able to provide journeys to and from work, subject to capacity and payment of the appropriate fare (noting that no evening or weekend service is anticipated).

**CAMBRIDGESHIRE PUBLIC SERVICES NETWORK PARTNERSHIP AND
CONTRACT RENEWAL**

To: **General Purposes Committee**

Meeting Date: **15th March 2016**

From: **Noelle Godfrey, Programme Director Connecting
Cambridgeshire
Ian Farrar, Director of IT, LGSS**

Electoral division(s): **All**

Forward Plan ref: **N/a** *Key decision:* **No**

Purpose: **This paper sets out the background to the Cambridgeshire Public Services Network (CPSN) Contract and supporting partnership which enables the delivery of network connectivity and related IT infrastructure services to Cambridgeshire County Council buildings and to Cambridgeshire schools.**

It includes a timeline for the current CPSN contract expiry and a proposal for the procurement of a follow on contract.

Recommendation: **The Committee are recommended to :**

- a) Approve the County Council's continued engagement in the CPSN shared service partnership.**
- b) Endorse CCC as lead authority on behalf of the partnership to undertake procurement activities for a PSN framework based contract to replace the current CPSN contract.**
- c) Approve the investigation of charging mechanisms which will enable Cambridgeshire schools continuing involvement in any future network connectivity contract whilst minimising any financial risk to the Council.**

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1. BACKGROUND

1.1 Introduction

Operationally the Council is critically dependant on network connectivity in order to function efficiently and the strategic direction towards a “digital first” approach has increased this dependency in recent years.

The CPSN Partnership was formed in 2009 with twofold objectives:

- To reduce the cost of network connectivity via economies of scale achieved through aggregation and geographically based shared provision
- To act as a strategic enabler for delivering more joined up public services, including shared service arrangements, shared buildings and new service delivery models.

The County Council acted as lead authority for the procurement and let a framework contract to Virgin Media Business on behalf of the CPSN Partnership in 2011. Each party then initiated their own call-down contract against the framework.

The CPSN contract is overseen on behalf of the partnership by a shared Service and Contract Management function, which is joint funded by the partnership and organisationally hosted by the LGSS (Local Government Shared Service) on behalf of the County Council.

1.2 Operation of the CPSN Contract

Overall the CPSN contract has been extremely successful, for the Council, Cambridgeshire schools and the wider partnership. As well as providing network connectivity and related services (such as Wi-Fi) it has acted as a foundation for a range of shared services across the partnership.

Over the life of the CPSN contract the combined savings for Cambridgeshire County Council and schools combined exceed £18m (a 50% saving on the previous PFI based contract). Cambridgeshire schools, with over 250 circuits in total, are the largest overall beneficiaries but also the biggest contributors to CPSN, which enables economies of scale to be realised across the whole partnership. Since 2009 the number of organisations within the CPSN Partnership has more than doubled, with current membership including:

- CCC & Cambridgeshire Schools
- All Cambridgeshire District Councils, including Hunts DC, South Cambs DC, Cambridge City, Fenland DC, East Cambs DC.
- Peterborough City Council
- Cambridgeshire and Peterborough Fire and Rescue
- Bedfordshire and Luton Fire and Rescue
- Northamptonshire County Council (& Northants Districts via LGSS)
- Cambridgeshire Constabulary (also linked to Herts & Beds constabulary)
- Cambridge & Peterborough Foundation Trust

The steer from the CCC leadership in 2011 was to minimise the Council's investment in the CPSN network to avoid any unnecessary or speculative investment and ensure the lowest cost "fit for purpose" connectivity and related services.

This has been broadly achieved, with forecast savings maintained and a major infrastructure upgrade undertaken within the existing budget.

2.0 MAIN ISSUES

2.1 Contract Expiry

The current contract expires in June 2018, so arrangements to procure a replacement need to get underway shortly. In recent years government have developed a national framework for use by all public service organisations which may offer the quickest and potentially most competitive method of procuring a replacement contract.

The continuing growth of the LGSS Shared Service owned by the Council in partnership with Northamptonshire County Council also presents an opportunity to explore an alternative procurement solution, perhaps in parallel, to enable a more open competition and with the potential for additional savings, and to benefit from further economies of scale.

2.2 Timelines

In order to give sufficient time to transition from the current CPSN contract to a new arrangement the following indicative timetable has been calculated, taking into account the shorter potential timescales offered by the national PSN framework:

Requirements gathering & Statement of Requirements	Feb-June 2016
Tender publication & supplier selection processes	June – Oct. 2016
Contract award, completed by	December 2016

2.3 Financial and operational risks

The financial and operational risks if a new contract is not procured in a timely manner are significant. If there is insufficient time to undertake a thorough procurement process the Council could be in a position of having higher costs and/or a lack of appropriate connectivity to support the business of the authority.

Any new contract needs to take into account newly emerging network and communications technology and to offer inbuilt flexibility to deal with the increasing and ongoing volatility in public service provision. Acting as lead authority per se will not incur additional significant financial risk to the Council.

2.4 Partnership implications

The CPSN partnership board has proved to be an effective mechanism to date in supporting partnership working and a range of shared service arrangements. With wide spread of public service representation across

Cambridgeshire, it could provide additional value for further partnership work in future.

2.5 Schools connectivity and funding/charging mechanisms.

Schools participation in the current CPSN contract arrangements makes a significant contribution to the economies of scale achieved, however schools funding arrangements have continued to change since the framework contract was let in 2011 and there is a risk that the current “block” agreement cannot be replicated in any future framework contract. A key element of the early stages of any procurement activity is to explore the options for schools participation and to calculate any associated financial risks.

A CPSN Partnership board sub-group has been convened to consider the nature of and the options for procuring a new contract when CPSN expires. In general there is consensus about the need to maintain the CPSN partnership as a mechanism to secure a replacement contract as the cost premium for any single organisation “going it alone” is likely to be significant, particularly in more rural locations across Cambridgeshire.

It will be necessary for a single organisation to act as the lead authority. Across the Partnership CCC and Cambridgeshire Schools (assuming a new charging mechanism can be agreed) will continue to form the largest block in terms of numbers and encompass the most diverse and complex connectivity requirements. Therefore it is proposed that the Council acts as the lead authority for the procurement, working in conjunction with the CPSN Partnership Procurement Sub-group and supported by the CPSN Service and Contract Management Team (with legal, procurement and other specialist resource as required).

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The report above sets out details of significant implications in paragraphs 2.5 and 2.7 above

4.2 Statutory, Risk and Legal Implications

The procurement process will follow the current relevant procurement and financial regulations of the Council.

4.3 Equality and Diversity Implications

Not applicable.

4.4 Engagement and Consultation Implications

Not applicable.

4.5 Localism and Local Member Involvement

Not applicable.

4.6 Public Health Implications

Not applicable.

Source Documents	Location
None	<i>N/A</i>

SCHEME OF FINANCIAL MANAGEMENT

To: **General Purposes Committee**

Meeting Date: **15th March 2016**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **N/A** *Key decision:* **N/A**

Purpose: **To present the updated Scheme of Financial Management.**

Recommendation: **General Purposes Committee is recommended to:**

- a) Review the updated Scheme of Financial Management (Appendix A).**
- b) Recommend to Council that it approves the revised Scheme of Financial Management for inclusion in the Council's Constitution.**
- c) Recommend to Council that it delegates authority to the Chief Finance Officer, in consultation with Group Leaders, to approve any changes as may be necessary from time to time to reflect and take account of changes in legislation, guidance, Council policy, decisions of the Council and any drafting changes or improvements to the Scheme of Financial Management (see section 2.5).**

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1. BACKGROUND

- 1.1 The Scheme of Financial Management (SoFM) sets out the Council's financial regulations. The regulations are required by law and by the Council's Constitution (Part 4: Rules of Procedure). They detail the responsibility of officers in ensuring the proper administration of the Council's financial affairs and should be read in conjunction with the Scheme of Delegation to Officers, which is contained within Part 3 (Responsibility for Functions) of the Council's Constitution.
- 1.2 The Chief Finance Officer is designated under Section 151 of the Local Government Act 1972 to be responsible for the proper administration of the Council's affairs. The SoFM is therefore a vital document to ensure the CFO meets this obligation.

2. MAIN ISSUES

- 2.1 The Scheme of Delegation to Officers, which is contained within Part 3: Responsibility for Functions of the Council's Constitution, is being updated to reflect the necessary changes of the proposed on boarding of Milton Keynes into LGSS as a partner.
- 2.2 As such, the SoFM has been reviewed to ensure it is consistent with the updated Scheme of Delegation to Officers and to provide supporting documentation due to its linkages with the Council's Constitution. The revised Scheme of Delegation to Officers will make reference to the SoFM rather than include threshold figures in order to avoid the need to update different sections of the Constitution with the same information.
- 2.3 Recent updates to the SoFM include:
 - Barclays Scheme of Operation – *hyperlinked within section 4.2 and 22.3;*
 - Debt Policy to incorporate the LGSS Collections Strategy – *section 12;*
 - merging of the 'Finance Management Arrangements For Services' guidance into the SoFM (previously this was a separate document) – *section 30;*
 - a review of the Retention of Financial Records, including the inclusion of the 'Capital Working Papers and Documentation' period of retention – *Appendix B;* and
 - a general review of the document to ensure that any thresholds are consistent with those quoted within the Council's Constitution.
- 2.4 The latest SoFM can be found in **Appendix A**.
- 2.5 It is recommended that the Chief Finance Officer has delegated power to approve such amendments to the Council's SoFM and related documents, in consultation with Group Leaders, as may be necessary from time to time to reflect and take account of changes in legislation, guidance, Council policy, decisions of the Council and any drafting changes or improvements. This shall not include any changes of substance.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There are no significant implications within this category.

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
Scheme of Financial Management	1 st Floor, Octagon, Shire Hall, Cambridge

APPENDIX A: SCHEME OF FINANCIAL MANAGEMENT

FINANCIAL REGULATIONS

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FINANCIAL REGULATIONS

1.0 GENERAL CONTEXT

- 1.1 These Regulations are required by law and by the Council's Constitution (Part 4.6 - [Financial and Contract Procedure Rules](#), which is contained within Part 4 – Rules of Procedure). They detail the responsibility of officers in ensuring the proper administration of the Council's financial affairs.
- 1.2 The Chief Finance Officer is designated under the Section 151 of the Local Government Act 1972 to be responsible for the proper administration of the Council's financial affairs. He / she is also responsible under Section 114 of the Local Government Finance Act 1988 to report formally any instance of unlawful expenditure (potential or actual) to the authority's members and external auditors.
- 1.3 The Regulations should be read in conjunction with the [Scheme of Delegation to Officers](#) (Part 3D, which is contained within Part 3 – Responsibility for Functions) including, in particular, the Finance limits of Delegated Powers to Executive Directors and Service Director (Customer Service and Transformation).

2.0 FINANCIAL CONTROL – GENERAL

- 2.1 Each Executive Director or Service Director (Customer Service and Transformation) must immediately inform the Chief Finance Officer of any matters arising, decision or course of action or proposed decision, proposed course of action or entry of an item of account relating to his / her Service/Corporate Directorate, which may give rise to a report under Section 114 of the 1988 Act (see Regulation 1.2 above).
- 2.2 The [Statement of Financial Responsibilities](#) (Appendix A) details the responsibilities and reporting, to conform with Sections 114 and 151, to be discharged by the following officers:
- (i) [Chief Executive](#)
 - (ii) [Chief Finance Officer](#)
 - (iii) [Executive Directors and Service Director \(Customer Service and Transformation\)](#)
 - (iv) [Strategic Finance Managers](#)
 - (v) [Service Directors](#)
 - (vi) [Head Of Audit and Risk Management](#)

This appendix also includes the delegated authority to the General Purposes Committee.

- 2.3 Each Executive Director or Service Director (Customer Service and Transformation) shall ensure that all the documents that comprise the overall Scheme of Financial Management are observed throughout his / her Service. Where a Service wishes to operate more detailed schemes of local financial management, these must be consistent with Financial Regulations

and be approved by the Chief Finance Officer. Any such schemes are subsidiary to the overall Scheme of Financial Management, which takes precedence. Schemes of local financial management currently approved under this section are:

- Education - Scheme of Financial Management for Schools

2.4 No Service shall:

- (a) cause or allow its expenditure, whether of a revenue or capital nature, to exceed its financial allocation, including any subsequent variations made available to it;
- (b) divert financial provision from one heading to another heading in the revenue estimates, or from one project to another in the capital estimates, except in accordance with the rules for virement as specified in the [Finance Management Arrangements for Services](#) (section 30.0).

2.5 Each Executive Director or Service Director (Customer Service and Transformation) is responsible for the control of workers and the security, custody and control of all other resources including plant, buildings (except where they are the responsibility of the Chief Finance Officer materials, cash and stores appertaining to his / her Service.

2.6 Financial and management responsibilities must be aligned, so that managers are responsible for the financial consequences of their decisions. A single Budget Holder must be assigned to each budget i.e. cost centre. The discharge of budget management responsibilities will be appraised through the Council's Scheme of Performance Management.

3.0 FINANCIAL SYSTEMS / RECORDS

3.1 The Chief Finance Officer is responsible for the operation of the County Council's accounting system, the form of accounts and the supporting financial records.

3.2 The e-Business Suite shall be the prime system upon which final assessments of financial performance shall be made, and statutory accounts, grant claims and budgets must be reported from data held on e-Business Suite. Services must seek authorisation from the Chief Finance Officer before implementing local financial systems and will use the Council's e-Business Suite system as the overall accounting record. The sole approved exception relates to schools, who are authorised to operate local bank accounts in accordance with the Council's Scheme of Financial Management for Schools.

3.3 Services must reconcile any local accounting records to the Council's central financial information system throughout the course of the financial year.

3.4 All documents, invoices, etc., pertaining to transactions on central and local accounting systems must be retained in accordance with the requirements set out in [Appendix B \(Retention of Financial Records\)](#).

4.0 BANKING / CASH MANAGEMENT / TRUST FUNDS

- 4.1 The Chief Finance Officer has delegated responsibilities for the Treasury Management function (management of debt and the borrowing and investment of money) and arranging and operating the Council's banking facilities. This means that no other officers are empowered to open any kind of bank account, to invest or borrow any money, or to enter into any credit arrangement. The exception on bank accounts is where schools are given permission to open accounts in accordance with the Council's Scheme of Financial Management for Schools.
- 4.2 All of the Council's bank accounts should be maintained in accordance with the [Scheme of Operation](#) approved by the Chief Finance Officer.
- 4.3 The County Council adopts the key recommendations of CIPFA's *Treasury Management in the Public Services: Code of Practice* (the Code), as described in Section 4 of that Code.

Accordingly, the Council will create and maintain:

- a treasury management policy statement, stating the policies and objectives of its treasury management activities
- suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs.

The County Council delegates responsibility for the implementation and monitoring of administration of treasury management decisions to the Chief Finance Officer, who will act in accordance with the organisation's policy statement and TMPs, and CIPFA's *Standard of Professional Practice on Treasury Management*.

- 4.4 The Chief Finance Officer has delegated responsibility for the management of Trust Funds. This covers all types of funds held on behalf of personal clients or charities, whether acting in the capacity of an appointee, a trustee, or a nominated receiver. A record of all such arrangements must be held by relevant Finance Units and all related tax affairs must be dealt with expeditiously on the client's behalf.

5.0 APPRAISAL OF NEW SCHEMES / PROJECTS

- 5.1 Any new revenue or capital scheme or project costing more than £160,000 shall be appraised as to its financial, human resources, property and economic consequences before detailed budgetary provision is made. The appraisal should cover:-

- (a) ongoing revenue impact over life of project;
- (b) net present value;
- (c) sensitivity to changes in key assumptions;
- (d) analysis of risks and impact;
- (e) statement of how project will be managed and reviewed;
- (f) statement that project is affordable and finance available.

The appraisal is to be approved by the relevant Strategic Finance Manager.

- 5.2 This requirement applies to those projects which arise from a change in policy or which will result in a change in working practice or a change in the method of service delivery.

Project justifications for capital schemes will be prioritised within the framework and assessment process as set out in the Council's Capital Strategy.

6.0 FINANCIAL CONTROL – CAPITAL

- 6.1 The inclusion of an item in a Service Block's approved capital programme shall confer authority on the relevant Executive Director or Service Director (Customer Service and Transformation) to incur that expenditure provided that:

- (a) the scheme has been appraised in accordance with [Regulation 5](#).
- (b) where the scheme is to be financed from earmarked funds from Government, approval to capital expenditure has been obtained from the relevant Government department;
- (c) the method of financing has been determined;
- (d) budget provision exists to meet any revenue consequences;
- (e) property transactions do not exceed the values set out in the [Scheme of Delegation to Officers](#) (Part 3D, see A5, A6 – which is contained within Part 3 – Responsibility of Functions).

- 6.2 Budgets that trade have no power to borrow externally to meet capital expenditure requirements. Any expenditure arising must be financed directly from revenue or from accumulated reserves.

- 6.3 The Chief Finance Officer has delegated power to sanction any virement between capital schemes, provided that the amount does not exceed a fixed sum (as detailed in [appendix I](#)).

- 6.4 Only in exceptional circumstances and where the proposals are incapable of being met within the existing provision, may supplementary capital estimates be sought from the General Purposes Committee. Any such request must be prepared in consultation with, and with the agreement of, the Chief Finance Officer. A report shall be made by the relevant Service Executive Director or Service Director (Customer Service and Transformation) and the Chief Finance Officer to the Council's Strategic Management Team before

any request for a supplementary estimate is put to the General Purposes Committee.

7.0 FINANCIAL CONTROL – REVENUE

- 7.1 The inclusion of an item in a Service Block's approved revenue estimates for the financial year shall confer authority to incur that expenditure.
- 7.2 No expenditure may be incurred that cannot be met from the amount provided under the relevant head of the approved estimate, or by an approved virement, without the approval of the General Purposes Committee. This regulation applies equally to any proposed reduction in income.
- 7.3 Supplementary estimates require the prior approval of the General Purposes Committee. These may only be requested in exceptional circumstances where the proposals are incapable of being absorbed within approved financial provision or deferred to a later year. Any such request must be prepared in consultation with, and with the agreement of, the Chief Finance Officer. A report shall be made by the relevant Service Executive Director or Service Director (Customer Service and Transformation) and the Chief Finance Officer to the Council's Strategic Management Team before any request for a supplementary estimate is put to the General Purposes Committee.

Virement

- 7.4 The overall rules on virement are set out in the [Financial and Contract Procedures Rules](#) (Part 4.6, which is contained within Part 4 – Rules of Procedure). The Chief Finance Officer has delegated power to sanction any virement between the main revenue budget headings in a Service Block, provided that the amount does not exceed a fixed sum, currently £160,000. Main budget headings are defined as the objective analysis of expenditure incorporated in the published Budget Report for each Service Block.
- 7.5 Where a virement between heads of expenditure is such as to impose a revenue burden in future financial years, the annual cost of the proposed expenditure shall be financed from within the relevant Service's/Corporate Directorates' base budget unless additional finance has been provided in future years.
- 7.6 The transfer of Directorate-based funds from reserves to revenue must be approved in accordance with the rules for virement as specified in the [Finance Management Arrangements for Services](#) (section 30.0).

8.0 TRADING ACTIVITY

- 8.1 Services that trade both internally and externally are treated like any other revenue budget, whereby any expenditure incurred must not exceed the funding available i.e. their income. Any overspend at year-end must be absorbed within the relevant Service's budget block. Any underspend at year-end can be used to offset pressures elsewhere within the relevant Service's budget block.

- 8.2 The only distinction with 'trading units' is in terms of annual returns and planning purposes where the Service Reporting Code of Practice (SERCOP) guidance is to be followed. A section is defined as a Trading Unit for this purpose where it meets one of the 5 criteria set out in [Appendix C](#).
- 8.3 At year-end the reporting requirement for Statement of Accounts (SoA) states that any external trading must be reported separately within the Income & Expenditure Account with an appropriate disclosure note. Therefore where a budget trades both internally and externally, the external element needs to be separately identifiable.
- 8.4 Further guidance for managers whose budget has a significant reliance on external income can be found in [Appendix D](#).
- 8.5 Budgets that trade and rely solely on their income generation to fund their expenditure are recharged a corporate overhead charge based on the marginal cost of their activity. [Appendix E](#) shows a summary of the corporate services for which these budgets are charged for in this way.
- 8.6 Budgets that trade must not compete for work with other internal providers; they are, however, allowed to compete for external work, subject to the prior approval of the Chief Finance Officer and the LGSS Director of Law, Property and Governance (considerations to be considered before taking on external contracts are detailed in [Appendix D](#)). In addition, services that undertake work outside the normal responsibilities of the Council, i.e. for external customers, must inform the Council's Chief Finance Officer in advance of submitting an offer to carry out such work and must obtain such insurance cover as the Head of Audit and Risk Management prescribes.
- 8.7 Each budget holder who is responsible for a budget that trades should continually monitor the trading performance of his / her unit and immediately alert the relevant Executive Director or Service Director (Customer Service and Transformation) and the Chief Finance Officer should doubts about the financial performance of the unit emerge. The budget's financial results, outturn projections, and explanations of significant variances from the original plan are to be reported by Finance to SMT monthly and the General Purposes Committee bi-monthly (or monthly if deemed necessary).

9.0 FEES AND CHARGES

- 9.1 Financial and Contract Procedure Rules require that all scales and levels of charges must be reviewed annually. All Executive Directors and Service Director (Customer Service and Transformation) shall present a report to their respective service committees on the proposed fees and charges for the next financial year as part of the Business Planning process.
- 9.2 The Business Planning process will assume that all fees and charges are increased in line with the latest inflation indices, therefore any charges not increased in line with inflation will create a revenue pressure that will need to be absorbed within the cash limit for that service block.

10.0 TRANSFORMATION BIDS

- 10.1 Transformation bids should be submitted as part of the Business Planning (BP) process, by completing the Investment Proposal Template.
- 10.2 Additional one-off budget will be made available via the BP process to support innovative projects that underpin service improvements and deliver future efficiencies. The additional budget will be repaid via budget savings to be achieved in subsequent years.
- 10.3 The objective of transformational bids is to encourage projects across Cambridgeshire County Council that will:
- Improve the cost effectiveness of services
 - Provide value for money
 - Achieve long-term savings and efficiencies
- 10.4 Guidance on transformational bids can be found [here](#).

11.0 PARTNERSHIPS

- 11.1 Before entering into a Partnership the respective manager should consult the [Partnership Toolkit](#). This toolkit aims to improve the governance of any partnership you get involved in.

12.0 DEBT POLICY**Introduction**

- 12.1 The Debt Policy is issued by the Section 151 Officer for Cambridgeshire County Council in accordance with the Council's Constitution. They are corporate procedures and will be followed by all parties involved in the recovery of monies owed to the County Council.
- 12.2 Variations and exceptions to this policy can only be approved by the Section 151 Officer. Where leasehold or tenancy agreements prescribe, alternative debt recovery arrangements are in place and are managed by the Property Service Area.
- 12.3 Departments must use upfront payments in all appropriate circumstances for all services provided before issuing invoices to minimise the potential for debts to occur.
- 12.4 All invoices issued by departments must be raised in the Oracle Financials System (Oracle ERP) either directly or via an interface feed from a line of business system within a maximum period of 14 days from the date the service commenced / was delivered. Invoice raising should be in accordance with the prescribed procedure ensuring that where appropriate customer purchase order numbers are shown. Once the invoice is recorded in Oracle the credit will be posted to General Ledger (GL). The management information produced from GL will, therefore, reflect the Council's accounting policy.
- 12.5 The Section 151 Officer will arrange for the debt to be collected through the LGSS Transactions Collections Team (hereafter referred to as 'the

collections team'). Raising an invoice should lead to payment being received, however the relevant collections team will chase all unpaid invoices in line with the approved Debt Policy and Collections Process.

Payment and Credit Terms

- 12.6 Payment terms for accounts raised are either immediate or 28 days. If any other payment terms are required these must be presented to the Section 151 Officer, with a business case, to seek agreement prior to the issuance of an invoice.
- 12.7 If Cambridgeshire County Council have had no dealings with a customer before or if the customer has a record of poor payment then consideration should be given to requesting payment before the goods or service are supplied. A paid invoice can be supplied after the event, if required.

This section will not apply to debts accrued as a result of community care services provided as a result of an Adult Social Care Community Care assessment.

Invoicing

- 12.8 The Oracle Financials Accounts Receivable system contains customer name and address information for raising invoices, however, it is the responsibility of departments to ensure that the information is correct and up to date before raising an invoice.
- 12.9 If an original invoice over £100 is returned due to an incorrect address the Data Management Team will instigate a customer trace with any costs incurred charged to the originating department.
- 12.10 If the invoice is under £100 it will be cancelled and the department informed. When a new address is known and confirmed with the Data Management Team a new invoice will need to be raised by the department. Details on Customer set up and maintenance and how to raise an invoice can be found on the LGSS Intranet site.
- 12.11 Invoices produced by LGSS will not be returned to departments upon printing, nor will attachments be sent out with invoices. The most practical approach is to send correspondence or attachments under separate cover and say that an invoice will follow.
- 12.12 Departments are advised not to raise official invoices for amounts below £50 as the cost of collection will outweigh the income being collected. In these circumstances departments should collect payment before goods/services are delivered.
- 12.13 If a debt has arisen as the result of an overpayment to a creditor, the first consideration should be given to deducting monies from further payments due, however if this is not possible then an invoice should be raised without delay.
- 12.14 Where departments are asked for assistance in identifying unidentified cash they should respond within 10 working days.
- 12.15 Any unidentified cash, unapplied after six months, will be transferred into central funds. If this is subsequently identified prior to year-end closure, then a transfer to the departmental budget may be effected.

Debt Collection Timetable

- 12.16 The collection process will commence on or around 14 days after the date upon which an invoice was issued, although telephone calls will be made, subject to available resources, where significant debts are raised. The timetable below may alter depending on the individual circumstances of specific cases and if the customer makes / is in contact with the relevant collections team (or department):

Day 14 – if no payment or contact received the customer is issued with the first letter requesting payment within 7 days.

Day 28 – if no response or payment has been received the customer is issued with the second and final letter requesting payment known as the 'pre action letter of claim' stating we will look to commence legal proceedings if payment is not forthcoming within a final period of 10 days.

During the above stages, efforts will be made to contact customers by telephone if the raising department has provided these to the relevant collections team. At all times, the collections team will adopt a fair and reasonable approach towards the customer taking account of their circumstances and ability to pay. Any disputes with customers and / or departments that cannot be resolved by the collections team will be escalated initially to the LGSS Revenues and Assessment Manager for a decision. If agreement cannot be reached then a referral to the LGSS Head of Transactions and Head of Finance Professional will be made whose decisions will be final.

Often the threat of action plus the formal nature of the request is sufficient to at least prompt a response from the customer.

Day 38 - The debt will be assessed using the 'Y' strategy (contained within the Collections Process – see 12.30) to determine what options will be taken including if external collection or legal action is viable or whether write off appears to be the only remaining option.

Securing Debt Arrangements

- 12.17 Any request to pay by instalments must be referred to the collections team who will contact the debtor to obtain details of their income/expenses and offer. The collections team alone will have the delegated powers to accept or reject any offer made. If the offer is not considered reasonable then they will inform the debtor and try to negotiate a better offer, however they may refer the debt for legal action if no better offer is forthcoming.

Debts Referred to External Collection Agents and Legal

- 12.18 Only debts that have been identified via the 'Y' strategy (contained within the Collections Process – see 12.30) as viable will be referred to External

Collection Agents or Legal Services to commence action. The collections team will contact the issuing department, if required, for any documentation necessary to complete the submission pack to these Agents and Legal Services.

- 12.19 Legal proceedings result in the Council incurring additional costs. The Council's policy is that the legal costs should be included in the claim against the customer. Any legal costs that are not recovered from the customer will be charged back to the department who originated the invoice.
- 12.20 Any commission costs accrued for recovering debt through the External Collection Agent will be charged back to the department who originated the invoice on a monthly basis.

Disputes – Invoices Placed ‘On Hold’

- 12.21 Where an invoice has been queried and placed on hold the originating department must keep the collections team informed of progress. If the query cannot be answered within the 5 day limit then the originating department must give the relevant collections team an indication of when the query will be settled. The originating department has a maximum of 15 working days from the date of query to resolve the matter.
- 12.22 The LGSS Collections Manager can decide to cancel any invoice that is on hold where queries are not being progressed as follows:-
- (a) Debts below £1,000 will be cancelled back to the originating department.
 - (b) Debts above £1,000 or over will be reported monthly to the LGSS Head of Transactions and Head of Professional Finance for advice / action.

Cancelling an Invoice

- 12.23 Once an invoice has been printed it must not be changed or cancelled. If it is subsequently found to be incorrect a credit note must be raised in Oracle to either cancel the complete invoice or part thereof. These should be generated by the invoice originating department via a request to the LGSS Data Management Team.
- 12.24 It should be noted that this relates only to those circumstances where the debt, as raised, is incorrect. If cancellation is required in other circumstances the invoice must be written off (see the Write Off section below for further details). Care should be taken in raising invoices to ensure that the need for cancellations is kept to a minimum.

Write Off

- 12.25 An invoice that remains outstanding after Collection Action will be subject to a write off process. Authority to write off the debt rests with the collections team subject to the delegated limits details below.
- 12.26 Delegation for Write Off:

Debts over £25,000

Debts over £25,000 will be reported to the General Purposes Committee. The LGSS Head of Transactions will prepare details of any such debts for

the Section 151 Officer to seek authority of the General Purposes Committee to Write Off.

Debts £5,000 to £25,000

Each month the LGSS Collections Manager will prepare schedules by department of debt recommended for write off for authorisation by the Section 151 Officer. The schedules will include the reason for requesting a write off and confirmation that the collections process has been exhausted and confirmation from a departmental senior officer from the service area to the write off.

Debts £2,000 to £5,000

Each month the LGSS Collections Manager will prepare schedules by department of debt recommended for write off for authorisation by the LGSS Head of Transactions. The schedules will include the reason for requesting a write off and confirmation that the collections process has been exhausted and confirmation from a departmental senior officer from the service area to the write off.

Debts £500 to £2,000

Each month the LGSS Collections Team will prepare schedules by department of debt recommended for write off for authorisation by the LGSS Revenues and Assessment Manager. The schedules will include the reason for requesting a write off and confirmation that the collections process has been exhausted.

Debts below £500

Each month the LGSS Collections Team will prepare schedules by department of debt recommended for write off for authorisation by the LGSS Collections Manager. The schedules will include the reason for requesting a write off and confirmation that the collections process has been exhausted.

- 12.27 The Finance Business Partners in each department will be provided a copy of the appropriate schedules for information, of those debts to be written off.
- 12.28 Write Offs will be charged in accordance with the Write Off Accounting Policy as determined by the Section 151 Officer. The current policy will be to write off back to the original invoice or equivalent codes irrespective of the financial year the invoice was raised in.
- 12.29 The LGSS Collections Strategy (Process Flow) can found in [appendix F](#).
- 12.30 The full Debt Policy, including the Collections Process, can be found in the [LGSS Collections Policy](#).

13.0 AUDIT

- 13.1 Under the Scheme of Delegation, the Head of Audit and Risk Management shall:
- (a) maintain an adequate and effective internal audit of all the activities of the Council.
 - (b) have authority to visit all Services/Corporate Directorates, establishments and Trading Units of the Council and have a right of access, at all times, to such documents, other records, computer systems, and Council property as appear to him / her necessary for the purpose of the audit.
 - (c) be entitled to require from any officer such information and explanation as he / she thinks necessary to satisfy himself / herself on any matter.
- 13.2 Each Executive Director or Service Director (Customer Service and Transformation) shall bring immediately to the notice of the Head of Audit and Risk Management and/or Chief Finance Officer any suspected or apparent financial irregularity affecting the Council. If the irregularity is confirmed, the Chief Executive shall be advised.
- 13.3 Internal Audit shall examine arrangements to ensure standards of internal control are adequate.
- 13.4 Attention is drawn to the statutory role of the Council's external auditors, which involves the same rights of access and entitlement as those set out for Internal Audit in Regulation 13.1.

14.0 RISK MANAGEMENT AND INSURANCE**Strategy**

- 14.1 The Head of Audit and Risk Management has delegated powers to establish and maintain a systematic strategy, framework and processes for managing risk. Part of the strategy is to identify the risks facing the organisation and analyse what types of protection are required to manage adverse risks.
- 14.2 Effecting insurance is one element of that strategy for the limited range of risks, including damage to assets and potential civil liability, which can be underwritten by insurance policies and give a measure of financial protection.
- 14.3 This strategy does not obviate the need for each Executive Director or Service Director (Customer Service and Transformation) to manage all forms of business and operational risk in connection with the running of their services and activities.

Insurance Programme

- 14.4 The Head of Audit and Risk Management, in consultation with the Chief Finance Officer, has delegated powers on behalf of all services to effect and manage insurance cover for specific risks and to decide what is the most appropriate package of internal (self-funded) and external insurance. This statement must be qualified by noting that School Governing Bodies are able

to exercise choice over how they purchase insurance (subject to meeting minimum standards and limits of indemnity laid down by the Council) and are not bound to remain within the centrally arranged insurance policies or self-funded provisions if they wish to effect separate arrangements. The County Council's rights and interests must be named on all insurance policies held, irrespective of who has made the original arrangements.

- 14.5 For centrally arranged policies, the Head of Audit and Risk Management is responsible for preparing specifications, obtaining quotations, procuring cover, negotiating claims and maintaining the necessary records in line with the insurance strategy and for ensuring that the contracting process is conducted in accordance with the prescribed requirements.
- 14.6 The Head of Audit and Risk Management or his / her nominee shall make contractual arrangements with specialist advisers, including insurance brokers, financial actuaries, loss adjusters, solicitors and insurance companies as necessary in respect of all insurance matters involving the centrally arranged policies and self-funded arrangements.
- 14.7 The Head of Audit and Risk Management shall keep a register of all insurance policies held and a full record of what property and risks are covered thereby.
- 14.8 A brief statement of the main policies taken out by the Council is given below. A Budget Holder must contact LGSS Insurance if he / she thinks additional cover may be required. This will help protect the council from the risk of buying insurances that are unnecessary, too costly, not with the insurers who are appropriate, and avoid duplication of existing insurance arrangements.

Centrally arranged policies are: -

- (a) Fire and associated risks for all buildings which the Council owns, or for which it has accepted legal responsibility by way of a lease or licence.
- (b) All public and employers' liabilities, including libel and slander, professional indemnity, officials' indemnity and land charges.
- (c) Personal accident cover for risk of assault on employees of the County Council and for injury to Council Members and authorised volunteers.
- (d) Motor vehicles – comprehensive cover on all County Council vehicles, together with contingent liability cover for use of privately owned vehicles used on official business.
- (e) Pecuniary loss (money, fidelity guarantee and cheques indemnity).
- (f) Costs of reinstatement and recovery of ICT infrastructure and systems.

The Insurance and Risk Manager should be contacted at insurance@cambridgeshire.gov.uk if further details are required such as the actual policy number, name of the current underwriters or any other information on the scope of cover or policy terms and conditions.

- 14.9 Enquiries about insurance matters must be channelled through the Insurance and Risk Management Section which can provide all necessary advice.

Record of equipment subject to inspection

- 14.10 Each Executive Director and Service Director (Customer Service and Transformation) shall maintain suitable systems to record engineering plant and lifting equipment, which is subject to statutory inspection by an insurance company or other approved contractor, and for monitoring that inspection is carried out in the periods prescribed.

Notification of Changes of Risk

- 14.11 Each Budget Holder shall give prompt notification to the Head of Audit and Risk Management of all new risks, property, vehicles and other assets or contractual obligations which require to be insured and alterations that may affect existing insured risks (including closure of buildings, sale of vehicles or disposals of other insured assets).
- 14.12 Where any contracts or partnership agreements are under negotiation with external bodies for services to be provided, Budget Holders must ensure that the potential risk exposure is analysed and suitable clauses included to apportion risk appropriately between the contracting parties involved, Advice must be sought on the appropriate levels of indemnity and type of risks to be insured. Some information is provided in The Purchasing Guide. The advice of the LGSS Director of Law, Property and Governance should be sought to ensure that these issues have been addressed correctly before any contract is signed.
- 14.13 Provision of indemnities which may assume legal liability for the actions of another party must not be accepted without full consultation with the Council's legal advisers and if accepted must also be notified to the Insurance and Risk Management Section.

Reporting of incidents, losses and potential claims

- 14.14 Budget Holders must make a written report of any event, loss, liability or damage that may result in an insurance claim and give full and timely assistance with the conduct of any investigation that may follow. Advice must be sought immediately from the Insurance Section if there is a suspicion that a civil legal action is in prospect.
- 14.15 Civil procedure rules and protocols must be strictly adhered to in order to avoid cost penalties or unnecessary litigation expenses. Employees and other persons must not attempt to negotiate a settlement, give interviews, make statements or offer to pay compensation in any way that may prejudice any civil legal action that may be brought against the Council subsequently.
- 14.16 The same incident may lead to an investigation for an alleged breach of or failure to comply with some part of the Health and Safety at Work Act and the regulations made hereunder.

Use of motor vehicles

- 14.17 All workers using their own private vehicles on behalf of the Council shall maintain appropriate insurance cover for business use.

- 14.18 The Council has access to a stock of pool cars, which are available to all employees. Please refer to the [Pool Car](#) guidance notes for further information.

15.0 INTERNAL CONTROLS / ASSURANCE AND POWERS

- 15.1 Under [Article 11](#) of the Constitution (contained within Part 2 – Articles of the Constitution) the LGSS Director of Law, Property and Governance is designated as the ‘Monitoring Officer’ whose functions include:
- (a) Ensuring lawfulness and fairness of decision making in consultation with the Head of Paid Service (Chief Executive) and Chief Finance Officer.
 - (b) Advising whether decisions are within budget and policy framework.
 - (c) Provide advice on the scope of powers and authority to take decisions, including matters of financial impropriety and probity.

16.0 PURCHASING OF GOODS / WORKS / SERVICES IN E-BUSINESS SUITE

Introduction

- 16.1 The County Council is a major purchaser of goods, works and services. It is at the point of ordering that the County Council is committing expenditure. Therefore the relevant Budget Holder must ensure that:
- (a) all orders are completed properly and appropriately authorised
 - (b) the extent of the commitment is known
 - (c) budgets are not exceeded without appropriate authority
 - (d) only goods / works / services as ordered and received are receipted on the e-Business Suite System
 - (e) purchases are lawful (i.e. within the powers of the County Council)
 - (f) purchases are only made for County Council purposes - workers are not permitted to use County Council orders for private purchases.
 - (g) value for money is obtained, with [Contract Procedure Rules](#) being strictly adhered to.

Note that the financial regulations 16.2 to 16.22 set out below apply to all employees of the County Council.

Where an agency / partnership arrangement exists such that there is an approved business case to allow a third party to exercise financial control on behalf of the County Council, the same principles detailed here apply, however a series of limitations as to their permitted responsibilities must be applied, and can be found [here](#).

All proposals for such arrangements must be agreed by the Chief Finance Officer, and advice sought from Internal Audit and the Legal Section, as appropriate.

Overview of the Business Rules Underlying the Use of e-Business Suite

- 16.2 The e-Business Suite allows for the electronic processing and authorisation of transactions relating to the purchase of goods / works / services.
- 16.3 The e-Business Suite also enables a set of control rules to enforce separation of duties in the purchasing of goods/works/services.
- 16.4 For purchasing goods / work / services in e-Business Suite, three roles are required:
- (a) Requisitioner
 - (b) Approver
 - (c) Goods Receipter
- 16.5 The above roles are set in e-Business Suite through the configuration of user profiles and responsibilities, linked to each user's personal identification (ID). To provide separation of duties within the e-Business Suite system, the profiles and responsibilities are set such that the Requisitioner cannot also be the Approver.
- 16.6 To ensure the appropriate authorisation of goods / works / services and that an adequate separation of duties is maintained, *workers must not in any circumstances share their e-Business Suite password, nor give other users the opportunity to log on under their ID.*
- 16.7 The e-Business Suite operates such that if the goods / work / services recorded as received agree to those ordered per e-Business Suite, and the invoice subsequently matches the details already recorded on e-Business Suite, the invoice will be processed for payment, without further pre-payment check and authorisation by the Budget Holder.
- 16.8 Therefore, the Budget Holder must ensure that an e-Business Suite purchase requisition is completed and authorised for all purchases made (except where a Government Procurement Card is being used and in specific areas approved by the Chief Finance Officer), and the receipt of those goods / works / services must be recorded on e-Business Suite.
- 16.9 Once a purchase requisition has been approved, the transaction is processed as an e-Business Suite order, and the order issued to the supplier. The Budget Holder is not required to print the order and add a manual signature.

Approval Limits

- 16.10 Maximum authorisation limits for employees are linked to the individual's job role, rather than the individual. This ensures that users do not carry access to new jobs.
- 16.11 The maximum authorisation limits are set across the following five bands:
- Band 1 (unlimited) – Chief Executive, Executive Directors, Service Director (Customer Service and Transformation) and Chief Finance Officer.
 - Band 2 (up to £500k) – HS3 to Director C
 - Band 3 (up to £150k) – MB4 to HS2
 - Band 4 (up to £50k) – MB1 to MB3

- Band 5 (up to £5k) – from Scale 5 to SO2

Raising Orders For Goods / Work / Services

- 16.12 Approved County Council suppliers must be used for all purchases made. Where no approved supplier can provide the goods / works / services, the Budget Holder must submit a formal application to the Procure to Pay for approval, before the goods / works / services are ordered.
- 16.13 The County Council's [Contract Procedure Rules](#) must be followed in respect of all purchases. The Council has decided that all contracts must be in writing or placed using e-Business Suite or a Government Procurement Card.
- 16.14 Oral (telephone) orders and orders made over the internet must be made only with the prior knowledge and approval of the Budget Holder. The order must be confirmed immediately afterwards by raising an official e-Business Suite order clearly annotated "Confirmatory Order" in the product description box. (Note that the latter is only possible for non-catalogue orders, i.e. it is not possible for orders from an e-Business Suite catalogue such as ESPO). Confirmation orders are not necessary if a Government Procurement Card has been used.
- 16.15 The Budget Holder must authorise all orders raised, unless he / she has reassigned authority on e-Business Suite under delegated authority.

Receipting of Goods / Work / Services

- 16.16 Goods / works / services when received must be certified as such on e-Business Suite.
- 16.17 Wherever possible, the officer recorded in the system as certifying the receipt of the services should be the person who actually verified them.
- 16.18 However, in all cases the officer recorded in the system as having receipted the goods / works / services is responsible for ensuring that they are receipted on e-Business Suite only where they have been physically received or carried out and examined as to quantity and quality, as ordered. Whenever practical the receipted should not rely on verbal assurances from another officer.

Variations between Orders and Goods / Works / Services Received

- 16.19 Where the goods / works / services received vary to that originally ordered, and this exceeds the agreed tolerance threshold, the Budget Holder must authorise the additional amount before the invoice can be paid. The Budget Holder must report any difference to Procure to Pay, so that the order can be varied and approval to the variation can be sought from the Budget Holder.

Payment of Accounts

- 16.20 The County Council is liable for payment of interest where invoices are not paid within 30 days of receipt or per the supplier's payment terms.
- 16.21 To reduce the delays in the processing and payment of invoices, all invoices received in respect of orders raised in e-Business Suite will be date-stamped and registered by Procure to Pay.

- 16.22 Where the invoiced amount does not match the order / goods receipted, allowing for agreed tolerances, the Requisitioner will be notified, and the Budget Holder must approve the variation.
- 16.23 Where an invoice relating to an e-Business Suite order is received by a department in error, the invoice must be date stamped before being forwarded promptly to Procure to Pay for processing.
- 16.24 The requirements of the Sub Contractors – Construction Industry Tax Scheme must be complied with.

17.0 PERSONAL EMPLOYEE EXPENSES

- 17.1 The County Council has a responsibility to provide HMRC with details of all benefits in kind provided or expenses reimbursed to its employees, and must ensure that National Insurance contributions are collected on all qualifying expenditure.
- 17.2 The Council uses a Mileage and Expenses E-Form, which allows employees to submit their expense claims electronically for their line manager's approval.
- 17.3 Employees need to submit their mileage and expenses e-form claims on a monthly basis. Employees must submit their expenses claim within a 2 month timeframe from the claim date. An employee must allow enough time for his/her manager to approve the e-form before the submission deadline.
- 17.4 The Budget Holder is responsible for:
- (a) Ensuring that payments are only made to bona fide employees who are eligible to receive payments at that time according to current rules laid down by the County Council.
 - (b) Ensuring that payments are in accordance with current rates.
 - (c) Making prompt, complete and accurate returns (P11D) to Employee Benefits in LGSS, of information needed for returns to HMRC such as cars provided to employees outside the normal lease car scheme, telephones, living accommodation etc., and any other possible taxable benefits.
- 17.5 All claims for reimbursement of expenditure by individuals must be processed via the e-form system and not via imprest, petty cash or bank accounts.
- 17.6 The approving manager needs to see the receipts before approving any e-form claim. All receipts need to be stored locally, by month (these will be required in the event of an HMRC Inspection). All receipts need to be stored for 6 years. If a manager leaves they must ensure that stored receipts are handed over to the new manager.
- 17.7 Further guidance can be found [here](#).

18.0 PAYROLL

- 18.1 It is the legal duty of the LGSS Director of People, Transformation and Transactions to make proper arrangements for the operation of PAYE and National Insurance procedures for all employees, including relief, fixed term and part time employees.
- 18.2 The Council's payroll service is responsible for processing temporary data, administration and validation of the payroll run, production of payslips, P60's, cheques, BACS and production of a costing file for interface to the general ledger. Payroll also supply information to various statutory bodies including HMRC and act as the first point of contact in dealing with payroll queries.
- 18.3 The County Council has a Payroll Services Manager to monitor payroll and work with the HR, Pensions and Finance Units to ensure high quality service delivery.
- 18.4 The rules for determining whether an individual is treated as an employee or as self-employed for tax purposes are complex, and there are severe penalties for failing to deduct tax where it is due. Budget Holders should refer to the detailed guidance available in the HR Web Pages on the Intranet (Contracts of Employment – [Checklist Worker's Legal Status](#)). The Payroll Services Manager can advise in cases of doubt.
- 18.5 It is the Budget Holder's responsibility to ensure that: -
- (a) Payments are correct, authorised and accounted for properly.
 - (b) Payments are made only to bona-fide employees of the Authority and to valid beneficiaries of the Pension and Compensation Schemes.
 - (c) Allowances and deductions are authorised, correct and are properly accounted for and the persons in receipt of allowances are eligible for them.
 - (d) Payments are lawful (i.e. within the powers of the County Council).
 - (e) Payments are within budget.
 - (f) Changes in terms of employment and requests for payment are notified to HR or Payroll (as applicable) at the due time in accordance with the [payrun schedule](#).
- 18.6 The Budget Holder must ensure that the appointment of all employees is in accordance with the policies of the Council, at the approved grades and rates of pay (see [Recruitment](#)).
- 18.7 No officer may authorise any notification to HR or Payroll concerning amendments to his / her own pay.
- 18.8 The Council's HR service must be notified as soon as possible, using either the [Employee Change](#), [Employee Leaver](#) or [Establishment](#) form, of all matters affecting payroll payments, such as appointments, dismissals, resignations and retirements, or any other change of circumstances affecting remuneration.
- 18.9 The Budget Holder must ensure that Payroll is forwarded correctly completed timesheets / claims for payment of at the due time. Particular

attention should be paid to entering the correct employee assignment number to ensure not only that the correct record is paid (and costed accurately) but that payment is statutory compliant in respect of Income Tax and National Insurance deductions.

- 18.10 All documents sent to Payroll should identify clearly to whom they relate, i.e. by showing the name, payroll reference number and/or job title and place of work.
- 18.11 The Council will seek to avoid under/over payment of salary. However, where this may occur please refer to the Payroll Corrections Policy.

19.0 GRANTS

- 19.1 Grant claim forms should be completed in accordance with claim instructions.
- 19.2 Claims should be signed in accordance with claim instructions. However, the authority of the Chief Finance Officer to sign grant claims is delegated to the Strategic Finance Managers.
- 19.3 The Head of Audit and Risk Management should be notified in advance of any grant claim being submitted where there is a requirement for an audit of the expenditure.
- 19.4 Budget Holders should advise their relevant Finance Team of any competitive grant applications submitted.
- 19.5 On receiving notification from the funding provider that an application has been successful, the Budget Holder must notify their Finance Team of the forthcoming income.
- 19.6 It is the Budget Holder's responsibility to ensure that a specific budget code is assigned to the income.
- 19.7 The Budget Holder must also check that the amount awarded matches the amount that was applied for by referring to the copy of the application that has been retained on file by the budget holder.

20.0 INCOME

- 20.1 It is the Budget Holder's responsibility to ensure that procedures for the collection or invoicing of income due are operating such that:
 - (a) All income due is identified and accounted for properly.
 - (b) Invoices for income due (or credit notes) are raised as soon as the chargeable goods or services are provided. Invoices should be raised using e-Business Suite, or where e-Business Suite is not available, the Revenues and Benefit team must be notified.
 - (c) All monies received are brought into account promptly, correctly, accurately and completely.
 - (d) All income collected is held securely, banked promptly and intact.

- (e) VAT is accounted for correctly. (For further information, see [VAT for Budget Holders](#)).
 - (f) Instruction to cancel an invoice must be approved by the budget holder and notified to the Revenues Team.
 - (g) Invoice write-offs must follow the procedures in [12.25 - 12.28](#) of the Scheme of Financial Management.
- 20.2 Employees should be aware of the [Council's Anti-Money Laundering Policy](#). This applies particularly to employees regularly handling cash. The Money Laundering Reporting Officer should be contacted in accordance with this Policy if a money-laundering activity is known or suspected. The County Council will not accept settlement in cash of any transaction above the value of €15,000 equivalent (approximately £10,000).
- 20.3 Official County Council documentation for receipting and raising invoices must be used. Corporate Directorates is responsible for the ordering, issue and control of all receipt and invoice forms, unless alternative arrangements have been agreed with the Chief Finance Officer.
- 20.4 All monies received must be receipted on an official County Council receipt book or otherwise adequately recorded at the time of receipt.
- 20.5 For remittances where receipts are not always issued (e.g. settlement of debtors invoices) an accounting record (such as a remittance list) must be made immediately on receipt.
- 20.6 Where the Unit has access to the e-Business Suite, all income received must be recorded on the e-Business Suite using the lodgement facility. Where the e-Business Suite is not available, the Revenues and Collections team must be notified.
- 20.7 Each Officer responsible for paying money into a bank account must enter onto the copy paying-in slip sufficient information to identify each transaction including the amount of the cheque and a reference (such as receipt number or debtor name) to connect the cheque with the service provided. On the back of each cheque the Officer should enter sufficient detail to identify the Department or establishment.
- 20.8 On handing cash over to another person, all employees should ensure that they receive a suitable formal acknowledgement such as a receipt.
- 20.9 To ensure adequate separation of duties within the cash collection and banking process, different people should undertake the following activities:
- (a) collecting or receiving money;
 - (b) recording and banking receipts;
 - (c) reviewing and reconciling receipts to cash banked; this must be a different person from the persons carrying out (a) and (b);
 - (d) authorisation of debt write offs; this must be a different person from the persons carrying out (a) and (b);
 - (e) custody of saleable stock and materials.

21.0 CASH SECURITY

- 21.1 All Officers involved in cash handling have a duty to ensure that practice and procedures properly safeguard cash holdings in their possession, but not at any risk to their own person.
- 21.2 Budget Holders must ensure that written procedures exist covering the aspects of cash security covered below, and what action workers are to take in emergencies, e.g. attempted theft; fire alarms etc.
- 21.3 Budget Holders must ensure that adequate arrangements are made to safeguard monies pending banking. Such arrangements include:
- (a) Use of locked cashboxes held in a safe or locked drawer or cabinet.
 - (b) Restricted access to the keys for the above.
 - (c) Locking cash away when unattended.
 - (d) Not counting cash or accessing the safe etc. in view of visitors and members of the public.
 - (e) Where large amounts are collected, considering the physical security of the cashier's office (e.g. access arrangements to the cashiers area; screens; alarm systems etc).
- 21.4 Budget Holders must ensure that banking arrangements minimise monies held, do not exceed insurance levels and minimise the risk to staff undertaking the bankings. Such arrangements include:
- (a) Measures to minimise actual cash (e.g. use of cheques and debit / credit cards).
 - (b) Regular bankings, at least weekly, and daily whenever cash exceeds £5,000.
 - (c) Use of night safe facilities when banks are not open.
 - (d) Varying the timing and route of visits to the bank, and the staff undertaking the bankings.
 - (e) Not utilising conspicuous bags etc. to transport monies.
 - (f) Use of security services for cash sums in excess of £5,000.
 - (g) Budget Holders must not allow levels of cash held to exceed the maximum permitted limits (£5,000) set under the insurance policy for monies held in a safe during working hours and overnight.

22.0 IMPREST ACCOUNTS

- 22.1 Imprest Bank Accounts are used for items of expenditure for which it is not practical/cost-effective to pay through the normal payments system. Generally, such payments will be small in value, or one-off purchases. Payments to regular suppliers should be made through e-Business Suite or local Bank Accounts (Schools only). The Council requires that Imprest Accounts should be held at an absolute minimum. Government Procurement Cards ([see Financial Regulation 23](#)) must be used where an establishment regularly purchases individual items with a value of less than £50.

22.2 The Budget Holder (account holder) is responsible for ensuring that:

- (a) Imprest cash and chequebooks are safeguarded from theft and misuse, that access is restricted, and that they are locked away when not in use.
- (b) Expenditure incurred through Imprest accounts is bona-fide, lawful and in accordance with the requirements of the service.
- (c) Expenditure is within budget limits.
- (d) There are adequate procedural notes specifying the respective responsibilities of staff involved in the operation of the Imprest Account.

The Payables & Systems Data Management Team, within LGSS, will monitor the use of Imprest Accounts.

22.3 The opening of Imprest Accounts must be authorised in accordance with the [Scheme of Operation](#) approved by the Chief Finance Officer. The Payables & Systems Data Management Team must be notified of any wish to close, amend or transfer an Imprest Account.

Inappropriate Expenditure

22.4 The following expenditure must not be made through Imprest Accounts:

- (a) Payment of salaries or wages to employees or payments which could be considered as such by HMRC e.g. honoraria.
- (b) Payments to contractors in the Construction Industry (for more information, see Subcontractors – Construction Industry Tax Deduction Scheme).
- (c) Payment of any expenses to County Council employees.
- (d) Payment for items which can be acquired using a [Government Procurement Card](#) (see [GPC User Guide](#)).
- (e) Payment of cash to ‘casual’ workers or young people.
- (f) Payments or rewards to employees that are unacceptable e.g. paying for an employee’s retirement do.

Supporting Documentation

22.5 Claims must be submitted and approved via the Internet Procurement system. They should be submitted sufficiently regularly to ensure the account does not become overdrawn (normally at least monthly).

22.6 Claims must be supported by adequate documentation to support the expenditure incurred. This should demonstrate that the expenditure is bona-fide, lawful and in accordance with the requirements of the service. The documentation should record:

- (a) The reason for / details of the expenditure
- (b) Date expenditure was incurred
- (c) Amount of expenditure
- (d) Signature of person incurring the expenditure.

- (e) Where expenditure incurred is large (over £30), a second member of staff must sign the supporting documentation.
- 22.7 Wherever possible the supporting documentation must be a VAT invoice / receipt to enable the VAT element to be reclaimed. Failure to obtain such a voucher means that budgets will have to bear the VAT element of any expenditure.

Separation of Duties

- 22.8 There must be a separation of duties between the persons:
- (a) Operating the Imprest and preparing the claim and reconciliation statement (signing the “Prepared By” statement)
 - (b) Signing the certification statement on the claim
- 22.9 The person operating the Imprest and preparing the claim and reconciliation must not be a cheque signatory.
- 22.10 The person signing the claim certification statement is responsible for:
- (a) Checking that the documentation supporting the claim is complete and satisfactory.
 - (b) Checking that the claim and reconciliation statement is correct both in principle and arithmetically.
 - (c) Physically checking the figures in the reconciliation statement, e.g. verify the accuracy of the cheques outstanding figure and the bank balance.
 - (d) Counting cash in hand, and ensuring it agrees to the amount entered on the claim.
- 22.11 Reimbursement of claims will normally be made direct to the Bank, the amount being notified to the Account Holder. No other monies are to be paid into the imprest account.

Imprest Levels

- 22.12 The Imprest Account must never go overdrawn. Any overdrawn accounts will be immediately referred to the Budget Holder, who must take the necessary remedial action. Government Procurement Cards should be used to ensure expenditure does not exceed Imprest levels.
- 22.13 Imprest Account levels should be monitored to ensure that they continue to provide sufficient funds to cover approximately 8 weeks average Imprest expenditure. Services/Corporate Directorates should specify procedures for approving Imprest levels. Temporary increases can be obtained to cover anticipated periods of exceptional expenditure.
- 22.14 Further guidance can be found [here](#).

23.0 GOVERNMENT PROCUREMENT CARDS

- 23.1 Government Procurement Cards are to be used for items of expenditure for which it is not practical / cost-effective to pay through the e-Business Suite system. Generally, such payments will be under £50, or one-off purchases,

or where it is inefficient to raise an order and pay an invoice (e.g. conference fees, books, subscriptions, rail travel).

- 23.2 Each Government Procurement Card is assigned to an individual cardholder who has personal responsibility for its proper operation, in accordance with this Regulation.
- 23.3 The Budget Holder is responsible for ensuring that all staff assigned a Government Procurement Card are operating procedures such that
- (a) Cards are safeguarded from theft and misuse.
 - (b) Expenditure incurred through the use of Government Procurement Cards is bona-fide, lawful and in accordance with the requirements of the service.
 - (c) Expenditure is within budget limits.
- 23.4 All cardholders must use their Government Procurement Card in accordance with the requirements laid down in the [GPC User Guide](#). The Procure to Pay team will monitor the use of Government Procurement Cards to ensure that the requirements are adhered to.
- 23.5 The allocation of Government Procurement Cards must be authorised by the Budget Holder and sanctioned by the Head of Procure to Pay. Transaction limits and monthly credit limits for each card must be approved by the Procure to Pay Manager.

Supporting Documentation

- 23.6 A transaction log must be maintained by all cardholders.
- 23.7 The Budget Holder is responsible for checking the transaction logs to the statement and authorising that the payments are within budget and lawful.
- 23.8 All expenditure must be supported by adequate documentation to substantiate the expenditure incurred. This should demonstrate that the expenditure is bona-fide, lawful and in accordance with the requirements of the service. The documentation should record:
- (a) The reason for and details of the expenditure
 - (b) Date expenditure was incurred
 - (c) Amount of expenditure
- 23.9 Wherever possible the supporting documentation should be a VAT invoice/receipt to enable the VAT element to be reclaimed. Failure to obtain such a voucher means that budgets will have to bear the VAT element of any expenditure.

24.0 STOCKS AND STORES

- 24.1 The County Council holds stocks and stores of some items needed on a day-to-day basis.

- (a) The Budget Holder is responsible for ensuring that adequate procedures and financial controls are in place to ensure the appropriate use of these assets, such that
- (b) Records and procedures are sufficient to identify transactions and the volume and value of all usable stocks / stores held.
- (c) Stocks and stores are properly secured.
- (d) Best value is obtained in the provision of stocks and stores

Stocks/Stores Records

24.2 The minimum stock records that must be maintained (whether manual or computerised) are:-

- | | |
|---------------------------------------|--|
| i. Stock Item No. (if applicable) | ii. Stock description |
| iii. Issues – Date and Quantity | iv. Details of who the stock issued by |
| v. Details of who the stock issued to | vi. Receipts – Date and Quantity |
| vii. Returns – Date and Quantity | viii. Recommended order quantities to replenish stocks |
| ix. Orders outstanding | |

24.3 The receipt and issue of all stocks and stores should be adequately authorised and recorded promptly.

24.4 Records should value stocks / stores following the Council's Accounting Policy, which requires that stocks be valued at the lower of cost or net realisable value.

Security

24.5 Stocks and stores (and stores records) should be held securely, properly insured and access should be restricted to authorised staff.

Stock Checks

24.6 A systematic approach to stock checking must be taken, including completing an independent physical count of stocks at least once a year. During the year, storekeepers should check stocks held to stock records on a regular basis. Results of stock checks and records of all adjustments should be maintained for inspection by Internal Audit.

24.7 Where Stock Accounts are maintained in e-Business Suite, a Stock Certificate must be completed at the end of each financial year ([see Appendix H](#)) and returned to the appropriate Finance Team.

Authorisation and Approval

24.8 Orders should be completed in accordance with the Financial Regulation on the purchasing of goods / works / services.

24.9 Separate people should carry out the three elements of stores management, i.e.:

- (a) authorisation (of orders to replenish stocks, write offs, or stock usage)

- (b) custody of stocks/stores and record keeping
 - (c) checking stocks to records
- 24.10 Where, as a result of a stock check, a deficiency is identified, amounts of up to £5,000 may be written off by the Chief Finance Officer. Where the adjustment is greater than £5,000 it must be approved by the General Purposes Committee in accordance with the Constitution. Full records of all adjustments must be retained for audit inspection.

Best Value

- 24.11 In general, stocks / stores should be maintained at minimum levels consistent with operational requirements.
- 24.12 Order quantities should be calculated to obtain economies in purchasing consistent with minimising investments in stocks as in 25.11
- 24.13 Where stocks have a limited shelf life or are liable to obsolescence, stores should be used on a first in first out basis.
- 24.14 Disposal of surplus or obsolete stocks / stores must be undertaken in accordance with the County Council's [Contract Procedure Rules](#).
- 24.15 Indicators of stores performance must be kept to provide information on effective stock management:-
- (a) Value of stock by type of stock and total value
 - (b) Results of physical counts
 - (c) Surpluses and deficiencies between physical and recorded stock balances
 - (d) Out of stock situations
 - (e) Stock turnover ratios
 - (f) Excessive and / or slow moving stocks
 - (g) Items written off and the reasons for write-off
 - (h) Disposals of equipment
 - (i) Frauds, theft discovering, and attempted security violations

25.0 SECURITY OF ASSETS

- 25.1 This Regulation applies to all assets (owned or leased), which cost more than £500 and to all portable and attractive items owned by the Authority.
- 25.2 Budget Holders are responsible for ensuring that:
- 25.3 Proper security is maintained at all times for all buildings, furniture, plant, equipment, vehicles, stores, stocks, cash etc. under their control. They should also aim to achieve maximum utilisation of such assets in the provision of services.
- 25.4 Appropriate inventory records are maintained, in accordance with the instructions in [Appendix G](#).

- 25.5 Surplus or obsolete materials, stores or equipment are disposed of in accordance with the County Council's [Contract Procedure Rules](#).
- 25.6 Inventory records should ordinarily be maintained using the standard County Council Inventory Book, obtainable from Facilities Management Section within Corporate Directorates. Any alternative method of recording inventories must be approved by Internal Audit.
- 25.7 Registers of key holders for buildings, safes etc. should be maintained. Keys should be issued to as few people as possible.
- 25.8 The Chief Finance Officer shall maintain a register of all properties held by the Authority, showing the purpose for which the property is held, the location, extent and plan reference, purchase details and the nature of the interest.
- 25.9 The LGSS Director of Law, Property and Governance shall arrange for the safe custody of title deeds in respect of land and properties.

26.0 INFORMATION SYSTEMS SECURITY

- 26.1 The County Council's Information Systems Security Policy must be followed.

27.0 FRAUD AND CORRUPTION

- 27.1 The County Council is committed to the elimination of fraud and corruption and is determined to protect itself from such unlawful activities, whether they are attempted from within or by an outside individual, group or organisation. The County Council's [Anti Fraud and Corruption Policy](#) must be followed.

28.0 WHISTLEBLOWING

- 28.1 The County Council is committed to the highest possible standard of operation, probity and accountability, and recognises that its workers are often the first to realise that there may be something wrong within the Council. Please follow the [Whistleblowing Procedure](#), rather than ignore the concern.

29.0 AUDIT REPORTING AND ESCALATION PROTOCOL

- 29.1 Audit Managers are responsible for ensuring that draft audit reports are issued within a maximum of 4 weeks of completion of the audit fieldwork. Recipients of audit reports are responsible for responding in writing to the factual accuracy of the draft report and providing a satisfactory response to recommendations within 4 weeks of issue. Reminders to draft reports are issued after 4 weeks. Final audit reports will be issued incorporating the management response within 2 weeks of receipt. For expediency, email is the preferred form of communication.
- 29.2 Where material recommendations are not accepted or no response is received within the timeframes specified, the Audit Manager will discuss with the client and, if still no acceptance or response, will report to the relevant Director.

- 29.3 If a satisfactory response is not received after referral at 30.2 above, the Audit Manager reports to the Head of Audit and Risk Management who decides on further action. (This may involve reporting to the Chief Finance Officer with recommendations for further action).
- 29.4 Where responses to draft reports have not been received within 2 months, this will be reported to the Audit and Accounts Committee.
- 29.5 Timescales will be accelerated where there is significant risk of material loss or error or where particularly sensitive or contentious issues are involved.
- 29.6 Audit Managers are responsible for bringing to the attention of the Head of Audit and Risk Management, significant audit findings and sensitive or contentious issues.
- 29.7 The Head of Audit and Risk Management briefs the Chief Finance Officer monthly on audit issues and findings. The Head of Audit and Risk Management is responsible for deciding on those issues sufficiently important to bring to the attention of the Chief Finance Officer between these meetings.
- 29.8 The Head of Audit and Risk Management is responsible for identifying and reporting major issues to the Chief Finance Officer and appropriate Corporate Leadership Team members.
- 29.9 A periodic 'audit issues' report is presented to the Audit and Accounts Committee. Between meetings of the Committee the Head of Audit and Risk Management is responsible for reporting major issues to the Chairman of the Committee.
- 29.10 Follow-up audits have been introduced to ensure proper implementation of audit recommendations where major weaknesses in systems have been identified. Progress on the implementation of recommendations is reported periodically to the Audit and Accounts Committee.

30.0 FINANCE MANAGEMENT ARRANGEMENT FOR SERVICES

30.1 SERVICE MANAGEMENT TEAMS

- 30.1.1 Collectively, Service Management Teams have a responsibility to ensure the right climate for financial management to meet their objectives. A crucial element of this is striking a balance between keeping control of the Office's overall position whilst giving individual managers the responsibility and managerial freedom to take decisions themselves.
- 30.1.2 Service Management Teams need to recognise that all Directorates within the Service make a vital contribution to the achievement of the Service Plan and key objectives. In determining annual budget cash limits, and allocating either budget cuts or new resources, the Service Management Team will seek to ensure, within the context of the political decision making process, a fair distribution of resources between Directorates. The framework within which this principle of budget allocation will apply is the Business Planning (BP) process.

30.1.3 Service Management Teams will receive a monthly Finance & Performance Report from their Strategic Finance Manager throughout the year (except for April) setting out the latest position and including (from May) an updated outturn projection for the Service. This will be based on the information from the e-Business Suite system as adjusted for any additional information available. It is a Service Management Team responsibility to monitor spending against the cash limits approved by Full Council. Other management teams throughout the Service should also consider such reports on a regular basis.

30.1.4 Each Service shall, at all times, endeavour to secure best value for money and shall:

- a) establish, wherever possible, cost targets and performance measures for its various services and functions;
- b) establish sound arrangements for the planning, appraisal, authorisation and control of its resources and ensure that these are working properly in order to achieve economy, efficiency, and effectiveness in its operations; and
- c) establish arrangements to achieve and report efficiency savings as required by the Council.

30.2 BUDGET REVIEWERS

30.2.1 Individually, members of the Service Management Team, and other line managers, will act as Budget Reviewers for their own areas of responsibility. As the line manager of Budget Holders, this reviewing role involves:

- a) Monitoring Budget Holders' management of budgets and delegation arrangements through regular supervision, periodic managerial (team) meetings and the annual appraisal system.
- b) Promotion of budget holder skills and abilities in financial management in order to reduce financial risk, in accordance with the Financial Training Plan.
- c) Communication to their staff of financial decisions taken at the Service Management Team.
- d) Agreeing with the Budget Holder any significant remedial action required to keep within budget, and to meet corporate targets in relation to prompt payment of invoices and debt collection.
- e) Reviewing debt management protocols and criteria.
- f) Authorising virement between their Budget Holders, on the e-Business Suite, in accordance with the [appendix I](#), to ensure, collectively, expenditure is kept within target, and taking advice from the Capital

Accountant in relation to virements of capital between programme areas.

- g) Reporting to Service Management Team, when the Strategic Finance Manager presents monthly finance & performance information, any significant action taken or required to keep on budget. Where, overall, a major budgetary problem is forecast, the Budget Reviewer must identify and report on options to bring expenditure back within budget.
- h) Ensure that Council targets relating to required efficiency savings are being achieved and reported.

30.3 BUDGET HOLDERS

30.3.1 Financial regulations operate on the principle that every budget head has one (and only one) Budget Holder.

30.3.2 The Budget Holder's role is to:

- a) Set the budget level of individual expenditure/income heads within the cash-limit allocated, using the e-Business Suite budgeting system, in accordance with instructions issued by LGSS Finance.
- b) Authorise orders for expenditure to be incurred, and arrange for income to be collected, against budgets held.
- c) Control budgets within the overall total allocated to them.
- d) Ensure that financial administration (including any records not kept on e-Business Suite) in connection with budgetary responsibilities is carried out efficiently in accordance with financial regulations, consistent with meeting corporate targets set for prompt payment of invoices and debt collection.
- e) Respond to the Debt Management referrals within the timescales set out in the Debt Management Escalation Protocol ([appendix F](#)).
- f) Develop personal and team skills in financial management and administration.
- g) Approve virement within their budget responsibility, as allowed by these regulations.
- h) Update monthly outturn forecasts on a regular basis, on e-Business Suite, in accordance with timetables, in conjunction as necessary with their financial adviser, and alert their Budget Reviewer to significant budgetary problems.
- i) Ensure correct profiles are used on the e-Business Suite, to aid budgetary control.

- j) Respond to Internal Audit reports on areas specific to their responsibility, within timescales agreed with the Head of Audit and Risk Management.
- k) Identify and report to their Budget Reviewer, efficiency savings made.
- l) Safeguard accounting documentation held to prevent loss, destruction or unauthorised alteration. Data maintained on computer must be physically and logistically protected and regularly backed-up to ensure that data can, if necessary, be recreated within a reasonable working period.

30.3.3 The Budget Holder is responsible for:

- a) Positively promoting a culture of probity and sound financial discipline and control as requirements of the organisation.
- b) Understanding and ensuring compliance with this Scheme of Financial Management.
- c) Complying with Service variations to the Finance Management Arrangements for Services.
- d) Timely implementation of agreed audit recommendations.
- e) The introduction and maintenance of adequate and cost effective systems of internal control within their area of responsibility.
- f) Initiating exception reports, where necessary, for the Strategic Finance Manager and / or Head of Audit and Risk Management.
- g) Reporting any potential overspending or underspending to their line manager in a timely manner.
- h) Training and developing themselves and their staff in relation to financial competencies in line with the Financial Training Plan.

30.4 Delegation of Financial Responsibility

30.4.1 Budget Holders may delegate further the processing of some of their budget-holding responsibilities, including the reassigned authority to authorise e-Business Suite orders under delegated authority, to nominated staff subject to approval by their Strategic Finance Manager. Application for such approval should be made, setting out which budgets are involved and to whom delegation is proposed.

30.4.2 Budget Holders must ensure that these delegated arrangements are clearly documented and communicated to staff concerned.

30.4.3 In any case, the formal ultimate responsibility for managing budgets rests with the designated Budget Holder. They must ensure that suitable controls

and appropriate financial administration are in place for them to fulfil their responsibilities.

30.4.4 Where Budget Holders delegate some responsibilities, they themselves are still accountable to their Budget Reviewer and must ensure that, through supervision and management team meetings, they are monitoring the budgetary situation.

30.5 LGSS FINANCE

30.5.1 LGSS Finance will provide information, support and advice to all Budget Holders, Budget Reviewers and other staff/managers to assist them in their financial responsibilities. Service Level Agreements with Budget Holders may be put in place to provide additional clarification of the role of Finance. These arrangements may take into account risk analysis of the area of budget activity and the level of expertise and support available to each Budget Holder.

30.5.2 The e-Business Suite system is the definitive record of financial transactions, supported by systems that feed into / interface with e-Business Suite, e.g. CRIP. Any local records used for budget management purposes should be reconciled by Budget Holders back to e-Business Suite.

30.5.3 As well as supporting Services, Finance will carry out an enforcement role in ensuring that Budget Holders adhere to this Scheme of Financial Management and any other corporate requirements. Finance must also provide information for overall corporate reports on the annual budget, in-year budget monitoring, and the final outturn.

30.5.4 Each Budget Holder will have a financial adviser allocated to them to act as a first point of contact in Finance and to provide the support required for the day-to-day management of budgets.

30.5.5 Customer feedback on the effectiveness of the Finance Section role will be sought. Finance must ensure that the Financial Training Plan and Budget Holder competencies are implemented.

30.6 BUDGET SETTING

30.6.1 The budget setting process is critical to successful financial management and, in strategic terms, will flow from the Corporate (including BP), Service and Directorate Plans, which set priorities for service changes and investment.

30.6.2 The Chief Finance Officer shall issue Notes of Guidance annually on the processes for preparing the BP and the Annual Budget.

30.6.3 At a more detailed level, instructions for Budget Holders on constructing their budget will be issued by LGSS Finance at the start of each BP process.

30.6.4 Budget Holders must make every effort to ensure that budgets they set meet commitments or likely commitments to be encountered. Setting budgets at a level which is known to be unmanageable is not permitted. Budget Holders who cannot contain such budgets within their overall cash limit must alert their Budget Reviewer at the earliest opportunity.

30.6.5 Budget Holders will be notified of their final budget allocations as soon as possible after the County Council's annual budget meeting in February and by 31 March at the latest.

30.6.6 The BP process is the prime process. In-year requests for supplementary estimates are not permitted, except in exceptional circumstances and after prior consultation with the Chief Finance Officer (see financial regulations [6.4](#) and [7.3](#)).

30.7 BUDGETARY CONTROL

30.7.1 A Service's overall budgetary position is the responsibility of either the Executive Director (ETE and CFA) or the Service Director (Customer Service and Transformation), and this responsibility cascades down through Service Management Team, Budget Reviewers and individual Budget Holders.

30.7.2 At each level, managers must ensure that budgetary targets are met and, if particular budgets are forecast to overspend, early warning should be given and remedial action taken within the immediate management group to address this situation. Only when collectively that overspend cannot be contained should the problem be referred to the next management level. The role of the Budget Reviewer is crucial in this process, especially where the scope for remedial action at Budget Holder level is limited.

30.7.3 In order to ensure that reports are giving a correct message, it is important that Budget Holders pay particular attention to the way their budgets are profiled in the accounting system and action changes to profiles if these do not accord with realistic spending patterns.

30.7.4 LGSS Finance may require additional information and explanation from Budget Holders and their Budget Reviewers where the Service Finance & Performance Report gives cause for concern. This should include the financial impact of any remedial action taken.

30.7.5 Financial projections of likely budget positions at the end of the year should also be reported to management teams on a regular basis. These forecasts are the responsibility of the Budget Holder, and this is facilitated by the e-Business Suite system, but the financial adviser may assist in their production and will undertake a verification of the final projection.

30.7.6 Should any remedial action be required to achieve a balanced budget, Budget Holders must use virement facilities on the e-Business Suite to transfer budget between heads within their control to reflect this.

30.7.7 Where virement between their Budget Holders is required, this must be actioned on the e-Business Suite by the Budget Reviewer, who must comply with the authorisation rules as set out in [appendix I](#).

30.7.8 In order to encourage optimum use of resources, carry-forwards of over/under spends will normally be considered at the end of the financial year for each Budget Holder. However, Service Management Team will make final decisions each year about carry forward arrangements in the context of the Corporate and Service spending position, taking into account such factors as:

- a) Assessment of efficiency savings, fortuitous underspends, or overspends resulting from unforeseen or uncontrollable commitments;
- b) Planned use of carried forward underspends; and
- c) The position of Budget Holders who have overspent. Any overspend carried forward must be the first call on budget available in the new financial year, and the Budget Holders will be required to provide LGSS Finance with an explanation of the overspend and a plan of how it will be recovered.

30.8 CAPITAL

30.8.1 The annual capital budget / programme is approved each year in February in the context of the BP process and of Government Credit Approvals / Grants, and in the case of ETE, the LTP settlement.

30.8.2 Every scheme in the programme will have an agreed budget and identified source of funding. All variations in the estimated cost of schemes and / or the sources of funding must be approved by Service Management Team.

30.8.3 For each scheme in the programme a manager will be designated as Budget Holder. The Budget Holder's responsibility is to monitor both progress and financial performance e.g. expenditure against the capital budget, and to alert the Capital Accountant and Strategic Finance Manager to significant financial control problems and/or slippage in the completion of the scheme.

30.8.4 A monthly capital monitoring report will be prepared and included in the Service Finance & Performance Report, which will be presented to their respective Committee bi-monthly. These capital monitoring reports will also feed into the corporate Integrated Resources and Performance Report, which is presented to SMT monthly and the General Purposes Committee bi-monthly.

30.9 AUTHORISATION OF VIREMENT PROPOSALS

31.9.1 Revenue and capital virement authorisation limits are set out in [appendix I](#)

Appendix A**STATEMENT OF FINANCIAL RESPONSIBILITIES****1. Chief Executive**

The Chief Executive will be responsible for:

- understanding the nature of reporting needed under Sections 151 and 114 and the delegation arrangements in place to ensure proper performance.
- establishing an effective monitoring and reporting framework to enable him to properly hold Executive Directors or Service Director (Customer Service and Transformation) accountable for the discharge of their responsibilities.
- positively promoting a culture of probity and sound financial discipline and control as requirements of the organisation.

2. Chief Finance Officer

The Chief Finance Officer is the Chief Finance Officer with the Section 151 and 114 responsibilities.

The Chief Finance Officer will be responsible for:

- setting adequate standards, protocol and procedures for budgeting, accounting, systems, and reporting and for establishing a framework of monitoring to ensure these requirements are met.
- positively promoting a culture of probity and sound financial discipline and control as requirements of the organisation.
- advising officers on the issues and circumstances in which reporting is needed.
- accepting reports from Executive Directors or Service Director (Customer Service and Transformation) on an exception basis.
- accepting routine reports from Strategic Finance Managers.
- the maintenance of a structured scheme of financial training.
- reporting on an exception basis to the Chief Executive.

3. Executive Directors and Service Director (Customer Service and Transformation)

Executive Directors and the Service Director (Customer Service and Transformation) are responsible for:

- understanding the nature of reporting needed under Sections 151 and 114.

- establishing an effective monitoring and reporting framework to ensure a proper awareness of significant issues.
- reporting as required to the Chief Executive (and as appropriate to the Chief Finance Officer) on any significant issue relating to their area of responsibility.
- ensuring staff throughout their departments are aware of their responsibilities and are capable of discharging them.
- ensuring adequate standards of internal control within their departments, and in particular, through their Service Management Team, ensuring the proper identification of risk and the introduction of cost effective systems of control to reduce risk to an acceptable level.
- identifying the individual Directors responsible for ensuring proper control for particular services (including corporate controls such as the register of interests).
- positively promoting a culture of probity and sound financial discipline and control as requirements of the organisation.

4. Strategic Finance Managers

Strategic Finance Managers are responsible for:

- understanding the nature of reporting needed under Sections 151 and 114.
- obtaining the necessary information about their services to enable them to report (including receiving reports from the appropriate Service Finance Manager and/or Principal Accountant).
- initiating exception reports, when necessary, to the relevant Executive Director and to the Chief Finance Officer.
- ensuring proper awareness within the Service Management Team of the principles of control and the requirement for the introduction of cost effective control systems.
- positively promoting a culture of probity and sound financial discipline and control as requirements of the organisation.
- the introduction and maintenance of variations to the Finance Management Arrangements for Services.
- establishing a framework of monitoring to verify that control requirements are met and agreed internal audit recommendations are implemented on a timely basis.

5. Service Directors

Service Directors will act for Executive Directors over his / her internal control responsibilities. This role will involve (within their areas of responsibility):

- positively promoting a culture of probity and sound financial discipline and control as requirements of the organisation.
- ensuring all applicable staff have seen and understand the Scheme of Financial Management.
- ensuring proper identification of risk and the introduction of cost effective systems of control to reduce risk to an acceptable level.
- ensuring timely implementation of agreed internal audit recommendations.
- establishing a robust monitoring and reporting framework to ensure control responsibilities are met.
- initiating exception reports where necessary to the Strategic Finance Manager and / or Head of Audit and Risk Management.
- reporting any potential overspending or underspending to their Executive Director.
- ensuring levels of financial competence in line with the Financial Training Plan.

6. Head of Audit and Risk Management

The Head of Audit and Risk Management is responsible for:

- the independent audit of internal financial control systems within the authority to assess their adequacy to ensure:
 - reliable financial and other management information and reporting
 - compliance with laws, regulations, policies, rules, etc.
 - properly safeguarded assets and interests
 - efficient and effective operations
- recommending and gaining acceptance of improvements to systems of internal control identified as necessary during the course of audits.
- reporting to
 - Strategic Finance Managers / Executive Directors and Service Director (Customer Service and Transformation).
 - Chief Finance Officer
 - Audit and Accounts Committee
 - the relevant Budget Holderon main control issues, improvements agreed, and improvements made.
- initiating on an exception basis such reports that are necessary for the Chief Finance Officer and / or Chief Executive.
- positively promoting a culture of probity and sound financial discipline and control as requirements of the organisation.

- providing advice on the nature of internal controls, the potential consequences of poor control and the control options available to reduce or limit risk.

7. General Purposes Committee (GPC)

The GPC delegated authority includes:

- authority for monitoring the overall performance of the Council against its Business Plan
- authorising budget virement which is not covered within the limits of virement contained in the Council's financial rules, provided there is no change in the approved policy framework of the Council. Virement limits are set out in the Constitution in Part 3D (Scheme of Delegation to Officers) and Part 4 (Financial and Contract Procedure Rules)
- authorising proposals which are not covered by the finance limits of the Executive Directors and Service Director (Customer Service and Transformation) delegated powers contained in A3 – A7, as set out in the table at paragraph 3 of Part 3D of the Constitution, provided there is no change in the Council's approved budget and policy framework.

A full list of the GPC's delegated authority can be found in Part 3B of the Constitution (Responsibility for Functions).

Appendix B**RETENTION OF FINANCIAL RECORDS**

It is important that records (computerised or manual) are carefully retained and systematically filed as they are required for inspection by a number of agencies such as Internal Audit, the external auditor, Contributions Agency, HMRC officials etc.

The required MINIMUM period for the retention of financial records is:

CURRENT FINANCIAL YEAR PLUS THE THREE PREVIOUS FINANCIAL YEARS

This applies to:

- Receipts,
- Till Rolls,
- Invoices,
- Copy Orders,
- Audit Trails,
- School Meals and School Funds (non-public) Records,
- Government Procurement Card Transaction logs.

The advised periods for the retention of other financial records are detailed below:

Accounts etc

Sales Contracts

Purchasing Contracts

Stock Inventories

Published Accounts

Taxation Returns

External Audit Reports

Cheques

Bank Statements

Cash Statements

Deeds of Covenant

Primary Salaries & Wages Records

Expense Accounts

Pension Scheme Records

Business Planning Papers

Capital Working Papers and Documentation
(to support the requirements of [regulation 5](#))

Budgetary Control Reports

Period of Retention

6 years after agreement ends

6 years after agreement ends

7 years

Permanently / Indefinitely

Permanently / Indefinitely

Permanently / Indefinitely

6 years

6 years

6 years

12 years after final payment

7 years

7 years

Permanently / Indefinitely

3 years

6 years from completion of project

3 years

Insurance

Insurance Policies (Excluding Liability)

Liability Insurance Policies

Insurance Claims

Insurance Schedules

6 years after lapse

Permanently / Indefinitely

6 years after settlement

10 years

Appendix C**THE SERVICE REPORTING CODE OF PRACTICE (SERCOP) - DEFINITION OF ACTIVITIES TO BE TREATED AS TRADING ACCOUNTS**

The 2014/15 version of the SERCOP issued by CIPFA defines the five main types of trading operation that may be run by local authorities as:

1. Trading services or undertakings with the public or with other third parties. These include, amongst others, catering undertakings, markets, trade refuse collection and industrial units.
2. External trading organisations (ExTOs), which have won contracts from other public bodies, for example under the Local Authorities (Goods and Services) Act 1970.
3. Work carried out by internal trading organisations (InTOs) arising from voluntary competitive tendering (VCT) exercises.
4. Support services provided in a free internal market, i.e. to schools or to other budget holders who have been given freedom to buy externally if they wish.
5. Support services provided in a limited internal market, e.g. where budget holders are free to decide the quantity and type of work to be done on the basis of the prices quoted to them, but not to buy externally.

(Best Value Accounting Code of Practice 2014/15, Section 2.33 – Trading Accounts and Trading Operation, p.59)

Appendix D**TRADING BUDGETS AND EXTERNAL TRADING****1. PURPOSE**

- 1.1 To offer guidance to Trading Unit Managers as to the considerations that should be brought into account in seeking to undertake work for other organisations.

2. ADVICE TO TRADING UNIT MANAGERS

- 2.1 There are four aspects to this area:

- (i) Legal considerations
- (ii) Prudential considerations
- (iii) Business considerations.
- (iv) Other considerations

2.2 Legal

The Local Government Act 2000 gives Local Authorities a general power to do anything which they consider likely to achieve the promotion or improvement of the economic, social and/or environmental well being of their area. The power cannot be exercised in a way which is otherwise prohibited and the manner in which it is to be exercised needs to be reflected in the Council's Community Strategy.

In addition, the duty on Local Authorities in the Local Government Act 1999 to secure Best Value requires Councils to make arrangements to secure continuous improvements in the way in which functions are exercised having regard to a combination of economy, efficiency and effectiveness.

It is open for Local Authorities to develop trading activities within the framework of the above legislation but proposed commercial activity would need to be linked to both the general power of well-being and the Best Value requirement. It would be prudent to expressly identify proposed trading activity for a purpose or for a body, which is not another Local Authority or public body, within the meaning of the following paragraphs within the Community Strategy.

In addition to the above general powers and duties, Local Authorities still have the ability to put in tenders or bid for work for external clients who fall within the context of other legislation which includes primarily the Local Authorities (Goods and Services) Act 1970 (Public bodies); the Local Government Act 1972 (other local authorities) and certain particular powers in other legislation.

The purposes in the 1970 Act are:

- the supply of any goods or materials, including the purchase and storage of any goods or materials;
- the provision of any administrative, professional or technical services;

- the use by the public body of any vehicle, plant or apparatus and the placing at their disposal the services of any persons employed in connection with the vehicle etc.;
- the carrying out of works of maintenance (not construction) in connection with land or buildings.

2.3 Prudential Considerations

It is important that arrangements should not be entered into which expose the County Council, and its taxpayers, to financial risk. This means that Trading Unit Managers must:

- (i) consider the existence and availability of suitably skilled staff.
- (ii) ensure the adequacy of the preparation of charges for external work and the management information and control systems. Costings should be sufficiently wide to cover set-up costs, cash-flow and provision for termination costs (e.g. potential redundancies);
- (iii) ensure that external work is not disproportionately large compared to service provided within the authority;
- (iv) not bid for work / tenders that would involve taking on substantial extra staff to handle the contract;
- (v) where a contract is potentially short-lived, but may require some additional staff, they should ensure that these staff are appointed on fixed-term contracts;
- (vi) ensure that they consult with the Head of Audit and Risk Management on appropriate professional indemnity insurance prior to bidding for work;
- (vii) ensure that the purpose of the arrangements is not to maintain employment.
- (viii) ensure that the contract business generates at least a marginal surplus.

2.4 Business Consideration

Before undertaking such work, Trading Unit Managers should actively include proposals within its Annual Business Plan for the service. Consideration in a Business Planning context would encompass:-

- (i) does provision further the objectives of the Trading Unit?
- (ii) the managerial capability to handle the work, including the need to ensure that undertaking the work does not overstretch the unit, or compromise service provision to internal customers.

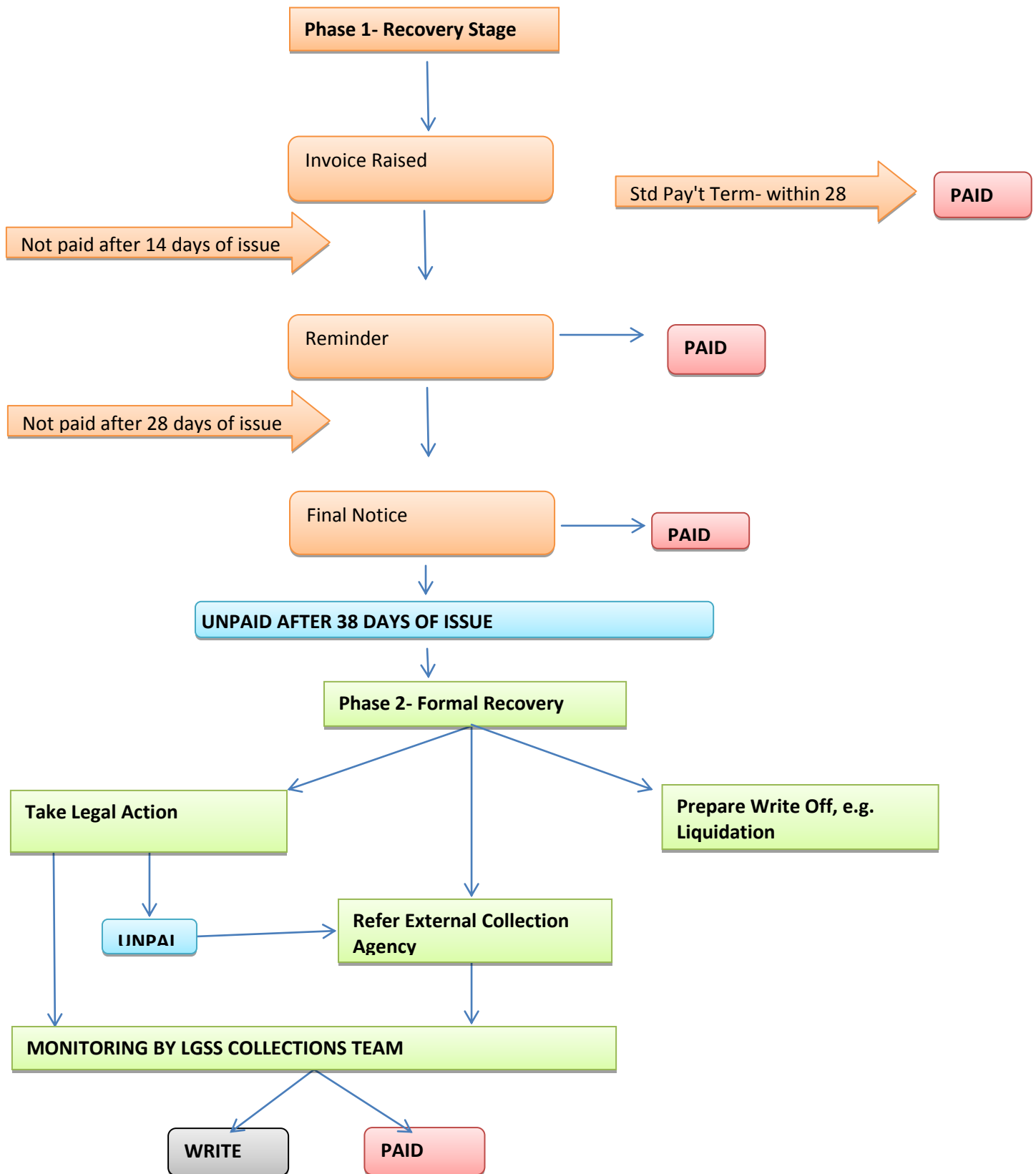
2.5 Other Considerations / Questions

- (i) Is the external work carried out for a County Council Partner? Does it help to meet mutual objectives? Is the partner from the public (police/another authority) private or voluntary sector?

- (ii) What are the trading arrangements (e.g. annual agreement, spot bought, by project tender). Therefore how long is the external client likely to need the service, and what is the relative security of income?
 - (iii) What are the risks associated with the contract conditions that apply? Do they offer flexibility to the unit or do they place a commitment on them that, if unfulfilled, would leave the County Council liable in law to fund the work carried out by another organisation?
 - (iv) What are the “market conditions” that apply to the work? Will pricing in any tender need to be very competitive? Will this significantly increase the risk of returning a loss? Would the Trading Unit therefore charge external clients less than it would an internal client?
 - (v) What are the benefits (skills/experience) of working for external customers? Will these help the Trading Unit in its work for the County Council?
 - (vi) What is the scale of the operation of the unit and the present or projected volume and proportion of external work? What are the trends? If trading losses were incurred how large could they be in financial and political terms? What is the “worst case” scenario?
 - (vii) What is the “critical mass” of the unit? By reducing or removing external work would the critical mass be threatened, thereby increasing unit costs and making the unit less viable? Is there a critical mass in terms of skills and abilities?
 - (viii) Does external work / customers allow the Council to make better use of facilities - perhaps benefiting the wider community?
3. The above factors are only pointers to the legality, prudence and business sense of an arrangement. It is a matter of striking a balance. Beyond ensuring that the proposals are within legal powers, one adverse factor, alone, may not be a reason not to proceed.
4. Selling services to the private sector would generally be outside the Council’s powers and any proposal in that direction must be agreed in advance with the Head of Audit and Risk Management and the Chief Finance Officer. Very exceptionally, a private sector contract may be permissible if, within existing resources, there is a temporary surplus capacity and the Council could use that capacity to establish that the contract is incidental to the exercise of the Council’s proper functions, and therefore lawful. But such circumstances occur only at the margin and infrequently.
5. The above guidance is simply that, guidance. The essential points, beyond acting within the law, are to act prudentially and consistently within the aims of the Trading Unit. By its nature this guidance is general and specific circumstances vary. Before proceeding with any proposals, Trading Unit Managers should first consult with the Head of Audit and Risk Management and the Chief Finance Officer.

Appendix E**TRADING BUDGETS' DIRECT AND OTHER CHARGES**

Direct Charges for Trading Units	Method of Recharge for Trading Units	Comments
Accommodation	Direct charge in relation to the amount of accommodation occupied	Charge based on a standard cost per square metre
Finance	Direct charge	Charged by Finance
Building Maintenance (Revenue)	Direct Charge (where this is not a County Office)	County Offices come under County Offices Recharge
Payroll	Direct charge	
Revenues & Benefits	Direct charge - per transaction	Pay As You Use – regular service. Charged by R&B
Procure to Pay	Direct charge - per transaction	Pay As You Use – regular service. Charged by P2P
HR – Recruitment	Direct charge - for costs of any recruitment	Pay As You Use – irregular service. Charged by HR
HR – Training	Direct charge - for costs of any training course	Pay As You use – irregular service. Charged by HR
Legal	Direct charge - for costs of any legal advice	Pay As You Use – irregular service. Charged by Legal
Pensions	Direct charge - for costs of any support given	Pay As You Use – irregular service. Charged by Pensions
Insurance	Direct charge of providing cover	

LGSS COLLECTIONS STRATEGY (PROCESS FLOW)

Appendix G**INVENTORY INSTRUCTIONS****1. PURPOSE**

- 1.1 To provide instructions on how inventories must be maintained.
- 1.2 Internal Audit must be consulted prior to computerising the inventory.

2. INVENTORY RECORDS

- 2.1 The inventory must include individual items of value exceeding £500. However, it is recommended that items of lesser value should be included if they are attractive and portable. Furniture need not be included unless it is considered unique or particularly valuable.
- 2.2 Serial numbers of equipment must be noted as this information may be very useful to the police if items are stolen. Security marking should be used to record the name of the establishment and its postcode. (Items on loan from other establishments etc. should not be marked).
- 2.3 Budget Holders must ensure that the register is kept up to date. Systems therefore should ensure that the person responsible for the inventory is kept fully informed of purchases, loans, write-offs etc.
- 2.4 Proper procedures must be established for loans of equipment, including authorisation policy, specification of finite periods of loan and written acknowledgement of loan. Loans out and items borrowed must be recorded in the sections provided at the back of the inventory book.
- 2.5 The Budget Holder must sign the inventory book to authorise write-offs, transfers and sales.
- 2.6 Budgets Holders must ensure that inventories are checked at least annually. The existence of items loaned out, and those held on loan should also be checked. The annual check should be undertaken by someone other than the person responsible for the equipment on the inventory. The check must be documented as specified in the inventory book.
- 2.7 Where the Budget Holder is responsible for several establishments or Services/Corporate Directorates, each with their own inventory, a master list of inventories held should be maintained.
- 2.8 Surplus, obsolete or unserviceable equipment must first be offered to other establishments or departments. If it is not required by other parts of the Council, it should be sold at the best price available, in accordance with the County Council's Contract Procedure Rules. Where computers are to be disposed of, IT advice must be sought in view of the implications for software licences and data security. The agreed price must be paid before removal of the item.
- 2.9 A copy of the inventory must also be kept off-site.

Appendix H

CAMBRIDGESHIRE COUNTY COUNCIL

STOCK CERTIFICATE

Stock Description _____

Held at _____

I CERTIFY that to the best of my knowledge and belief that:

- (1) The total value of stock in hand as at 31st March 20 is £
and individual quantities and value of commodities included in the total are correct. The values have been calculated at the lower of cost and realisable value (see note below).
- (2) The commodities shown in the stores records have been the subject of a periodical test examination of stores in hand and all stores have been checked at least once during the year in accordance with Financial Regulation 24.7.
- (3) Any surpluses or discrepancies revealed by a periodical test examination or otherwise have been investigated and dealt with in accordance with Financial Regulations 24.11

Signed _____ Service / Corporate
Directorate _____

Position _____ Date _____

TO BE RETURNED TO:

The Appropriate Finance Unit
At Shire Hall / Castle Court

Note

Stocks should be valued at cost price unless they are obsolete or have been subject to a price decrease after their purchase. In the former case the best estimate of market value should be used. In the latter case, the correct basis is price at 31st March.

Appendix I**AUTHORISATION OF VIREMENT PROPOSAL****VIRE REVENUE BUDGET FROM BUDGET HOLDER TO:**

REVENUE		Over £160,000	£50,000 to £160,000	£10,000 to £50,000	Less than £10,000
1	Same Budget Holder	GPC	Chief Finance Officer / Executive Director / Service Director (Customer Service and Transformation)	Strategic Finance Manager / Head of Service	Budget Holder
2	Another Budget Holder in same Division	GPC	Chief Finance Officer / Executive Director / Service Director (Customer Service and Transformation)	Strategic Finance Manager / Head of Service	Both Budget Holders
3	Another Budget Holder in another Division	GPC	Chief Finance Officer / Executive Director / Service Director (Customer Service and Transformation)	Strategic Finance Manager / Heads of Services	Both Budget Reviewers

Note: (1) GPC approves virement over £160,000 between main budget headings defined as the objective analysis of expenditure incorporated in the published Budget report for each Service Block.

(2) Virement from one off underspendings to meet ongoing commitments will not normally be authorised.

VIRE CAPITAL BUDGET FROM BUDGET HOLDER TO:

CAPITAL		Over £250,000	£50,000 to £250,000	£10,000 to £50,000	Less than £10,000
1	Same Budget Holder	GPC	Chief Finance Officer / Executive Director / Service Director (Customer Service and Transformation)	Strategic Finance Manager / Head of Service	Budget Holder
2	Another Budget Holder in same Division	GPC	Chief Finance Officer / Executive Director / Service Director (Customer Service and Transformation)	Strategic Finance Manager / Head of Service	Both Budget Holders
3	Another Budget Holder in another Division	GPC	Chief Finance Officer / Executive Director / Service Director (Customer Service and Transformation)	Strategic Finance Manager / Heads of Services	Both Budget Reviewers

Appendix J**CONTACT OFFICERS**

In case of any query on Financial Regulations, please contact any officer listed below.

Finance, Property and Performance - Corporate Directorate

Chris Malyon	Chief Finance Officer	01223 699796
Chris Law	Head of Transactions	01604 367126

Service Offices

Sarah Heywood	Strategic Finance Manager (Corporate Finance, Economy, Transport & Environment, Corporate Services & LGSS)	01223 699714
Martin Wade	Strategic Finance Manager (Children's)	01223 699733
Tom Kelly	Strategic Finance Manager (Adults)	01223 703599

Audit and Risk Management - Corporate Directorate

Neil Hunter	Interim LGSS Head of Audit & Risk Management	01223 715317
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Appendix K**REFERENCES**

Area	Actual Web Address
<u>Contract Procedure Rules</u>	http://camweb2/Document%20Library/LGSS/finance/procurement/Contract%20Procedure%20Rules.pdf
<u>Councils Constitution</u>	http://www.cambridgeshire.gov.uk/info/20050/council_structure/288/councils_constitution
<u>Scheme of Delegation</u>	http://www.cambridgeshire.gov.uk/info/20050/council_structure/288/councils_constitution (Part 3)
<u>Scheme of Operation</u>	http://sharepoint.lgss.local/sites/fp/staffadmin/LGSS%20Direct%20Content%20OPEN/Barclays%20Scheme%20of%20Operation.pdf?Web=1
<u>Article 11 - Officers</u>	http://www.cambridgeshire.gov.uk/info/20050/council_structure/288/councils_constitution (Part 2)
<u>Financial and Contract Procedure Rules</u>	http://www.cambridgeshire.gov.uk/info/20050/council_structure/288/councils_constitution (Part 4)
<u>VAT for Budget Holders</u>	http://camweb2/Document%20Library/LGSS/finance/financeandperformance/CCC%20Budget%20Holders%20VAT%20March%202014.docx
<u>Human Resources Policies</u>	http://sharepoint.lgss.local/_layouts/15/LGSS.Intranet/Navigation.aspx?cat=1
<u>Checklist – Worker's Legal Status</u>	http://camweb2/Document Library/CD/ppl/hrpolbusserv/Rec/Checklist - Worker's Legal Status.doc
<u>Recruitment</u>	http://sharepoint.lgss.local/Pages/Recruitment-and-selection.aspx /
<u>Whistleblowing</u>	http://sharepoint.lgss.local/sites/ptt/policy/LGSS%20Direct%20Content%20OPEN/Whistleblowing%20-%20Manager%27s%20Guidance%2015%20.doc.docx
<u>Anti Fraud and Corruption Policy</u>	http://sharepoint.lgss.local/sites/ptt/policy/LGSS%20Direct%20Content%20OPEN/Anti%20Fraud%20and%20Corruption%20Policy%202013.doc
<u>GPC User Guide</u>	http://sharepoint.lgss.local/sites/ptt/finsysdata/LGSS%20Direct%20Content%20OPEN/Joint%20-%20GPC%20User%20Guide.doc

TREASURY MANAGEMENT QUARTER THREE REPORT

To: **General Purposes Committee**

Meeting Date: **15th March 2016**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **To provide the third quarterly update on the Treasury Management Strategy 2015-16, approved by Council in February 2015.**

Recommendation: **The General Purposes Committee is recommended to note the Treasury Management Quarter Three Report 2015-16.**

<i>Officer contact:</i>	
Name:	Mike Batty
Post:	Group Accountant – Treasury & Investments
Email:	mike.batty@cambridgeshire.gov.uk
Tel:	01223 699942

1. BACKGROUND

- 1.1 Treasury Management is governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (the Code). The Code has been developed to meet the needs of Local Authorities and its recommendations provide a basis to form clear treasury management objectives and to structure and maintain sound treasury management policies and practices.
- 1.2 The Code was adopted via the Treasury Management Strategy Statement (TMSS), which was approved by Council in February 2015. It requires the Council to produce an annual treasury report and a half yearly report. Alongside these, General Purposes Committee are also provided with quarterly updates on progress against the Strategy.
- 1.3 This report has been developed in consultation with the Council's external investment manager and treasury adviser, Capita Asset Services (CAS) and provides an update for the third quarter to 31st December 2015.

2. SUMMARY OF KEY HEADLINES

- 2.1 The main highlights for the quarter are:
 - Investment returns received on cash balances compares favourably to the benchmarks. A return of 0.63% was achieved compared to the 3 month London Interbank Bid Rate (LIBID) benchmark of 0.45% (see section 6).
 - An underspend of £2.780m is currently reported for the debt charges budget (see section 8 for further details).

3. THE ECONOMIC ENVIRONMENT

- 3.1 A detailed economic commentary is provided in **Appendix 1**. This information has been provided by Capita Asset Services – Treasury Solutions (CAS Treasury Solutions), the Council's treasury management advisors.
- 3.2 During the quarter ended 31st December 2015, the significant UK headlines of this analysis were:
 - The economic recovery regain some momentum during Q4 2015 after a disappointing Q3 2015;
 - Household spending growth strengthened;
 - Wage growth slowed despite further falls in unemployment;
 - The UK came out of its brief dip into deflation;
 - The prospect of a rate hike before mid-2016 remained unlikely;
 - The Fed made a start in raising interest rates, and the European Central Bank (ECB) loosened policy;
 - The Chancellor smoothed out his fiscal austerity plans over the term of this Parliament.
 -

4. SUMMARY PORTFOLIO POSITION

- 4.1 A snapshot of the Council's debt and investment position is shown in the table below:

	TMSS Forecast February 2015 (as agreed by Council)		Actual as at 31 March 2015		Actual as at 31 December 2015		Revised Forecast to March 2016	
	£m	Rate %	£m	Rate %	£m	Rate %	£m	Rate %
Long term borrowing								
PWLB	384.0		301.6		286.6	4.3	286.6	
Market	79.5		79.5		79.5	3.7	79.5	
Total long term	463.5	4.2	381.1	4.1	366.1	4.2	366.1	4.2
Short term borrowing	-	-	-	-	-	-	50.9	0.5
Total borrowing	463.5	4.2	381.1	4.1	366.1	4.2	417.0	3.7
Investments	10.6	0.7	35.6	0.5	47.9	0.7	6.8	0.6
Total Net Debt / Borrowing	452.9	-	345.5	-	318.2	-	410.2	
3rd Party Loans & Share Capital	-	-	-	-	0.4	-	0.4	-

- 4.2 The revised forecast reflects the current prudential borrowing projections in the capital programme, which is likely to fluctuate through the course of the year. It is anticipated that short term loans will be raised if the current spending plans of the capital programme materialise, however it is anticipated that there will be further slippage in the expenditure.
- 4.3 Further analysis of borrowing and investments is covered in the following two sections.

5. Borrowing

- 5.1 The Council can take out loans in order to fund spending for its Capital Programme. The amount of new borrowing required is determined by capital expenditure plans and projections of the Capital Financing Requirement, forecast reserves and current and projected economic conditions.

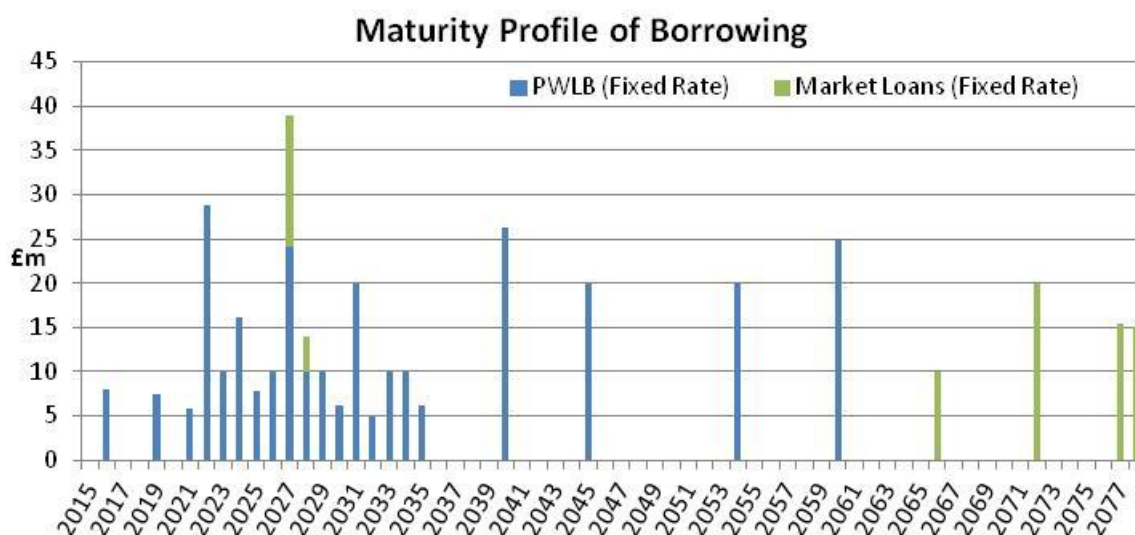
New loans and repayment of loans:

- 5.2 The table below shows the details new loans raised and loans repaid during the period. No loans were raised during quarter.

Lender	Raised / Repaid	Start Date	Maturity Date	£m	Interest Rate %	Duration (yrs)
PWLB	Repaid	31/03/2011	30/09/2015	15	3.34%	4.5
PWLB	Repaid	05/01/2001	13/01/2016	8.043	4.88%	15.0

Maturity profile of borrowing:

- 5.3 The following graph shows the maturity profile of the Council's loans. The majority of loans have a fixed interest rate and are long term which limits the Council's exposure to interest rate fluctuations. The weighted average years to maturity of the portfolio (assuming Lender Option Borrower Option (LOBO) Loans run to maturity) is 23.9 years.
- 5.4 The presentation below differs from that in **Appendix 2** paragraph 4, in that LOBO loans are included at their final maturity rather than their next call date. In the current low interest rate environment the likelihood of the interest rates on these loans being raised and the loans requiring repayment at the break period is extremely low.



- 5.5 A £15m loan matured on the 30th September was not replaced and instead was repaid with surplus cash. Another PWLB loan of £8m matured in January 2016 and has not been replaced.

Loan restructuring:

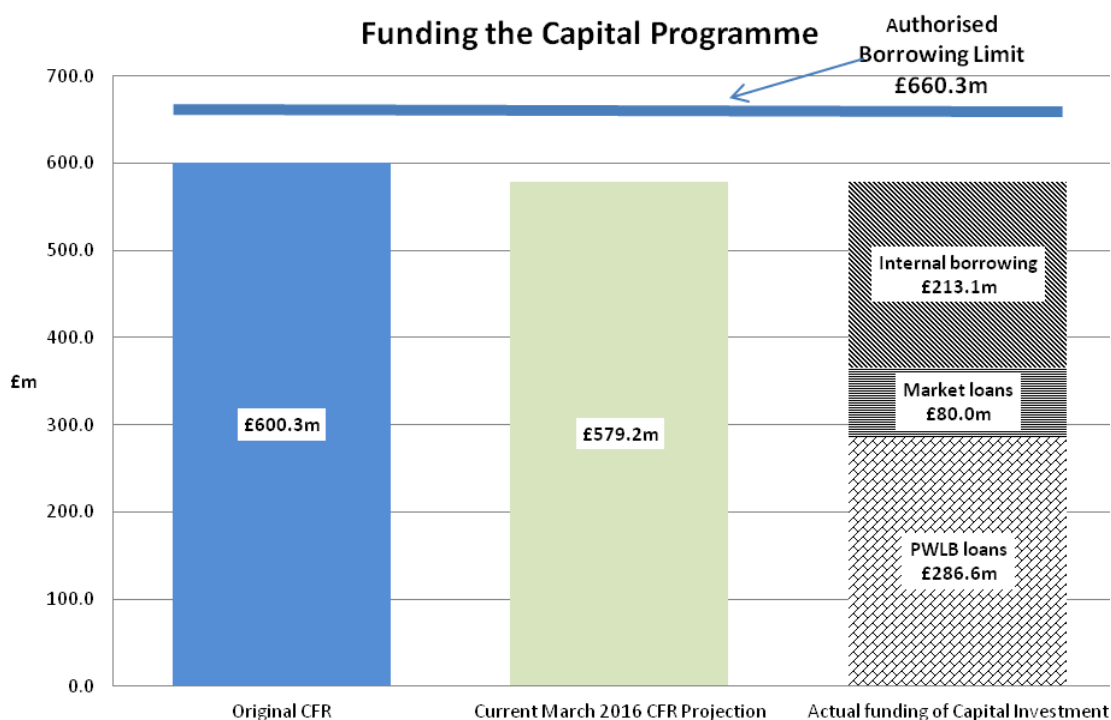
- 5.6 When market conditions are favourable long term loans can be restructured to:

- to generate cash savings
- to reduce the average interest rate
- to enhance the balance of the portfolio by amending the maturity profile and/or the level of volatility. (Volatility is determined by the fixed/variable interest rate mix.)

During the quarter there were no opportunities for the Council to restructure its borrowing due to the position of the Council's borrowing portfolio compared to market conditions. Debt rescheduling will be considered subject to conditions being favourable but it is unlikely that opportunities will present themselves during this year. The position will be kept under review, and when opportunities for savings do arise, debt rescheduling will be undertaken to meet business needs.

Funding the Capital Programme:

- 5.7 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the next year. It identifies where the authority expects to be in terms of borrowing and investment levels. When the 2015-16 TMSS was set, it was anticipated that the Capital Financing Requirement (CFR), the Council's liability for financing the agreed Capital Programme, would be £600.3m. This figure is naturally subject to change as a result of changes to the approved capital programme.
- 5.8 The graph below compares the maximum the Council could borrow in 2015-16 with the forecast CFR at 31st March 2016 and the actual position of how this is being financed at 31st December 2015.

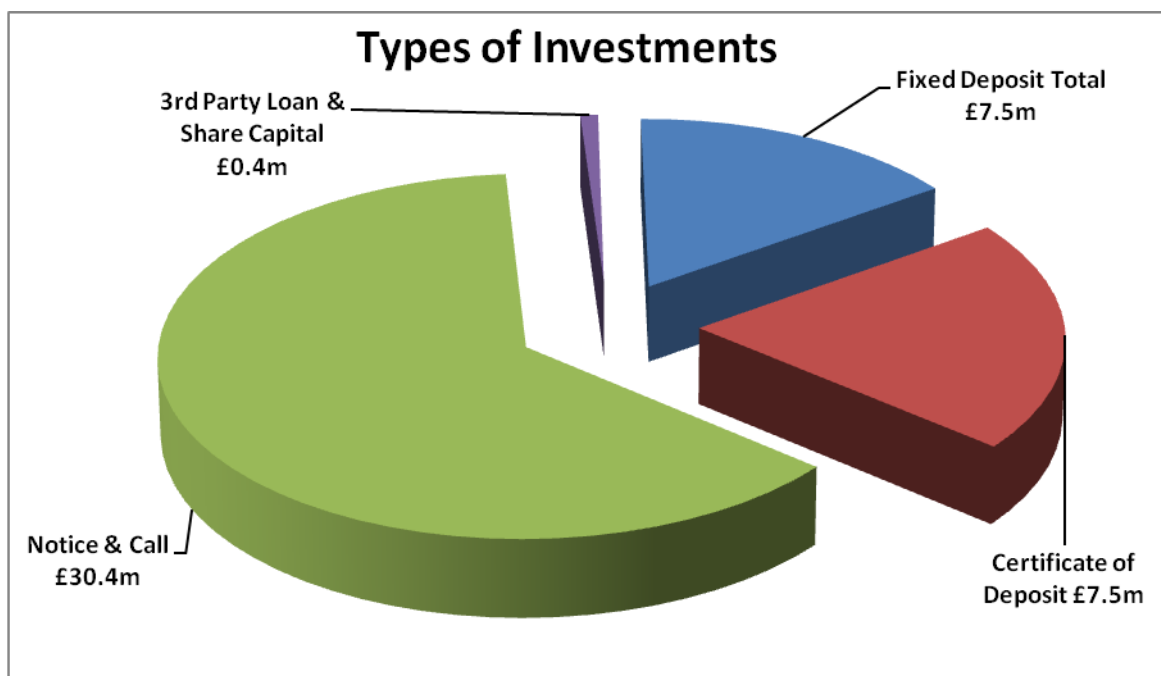


- 5.9 The graph shows the projection for the Capital Financing Requirement (CFR) is significantly below significantly below the statutory Authorised Borrowing Limit set for the Council at the start of the year.

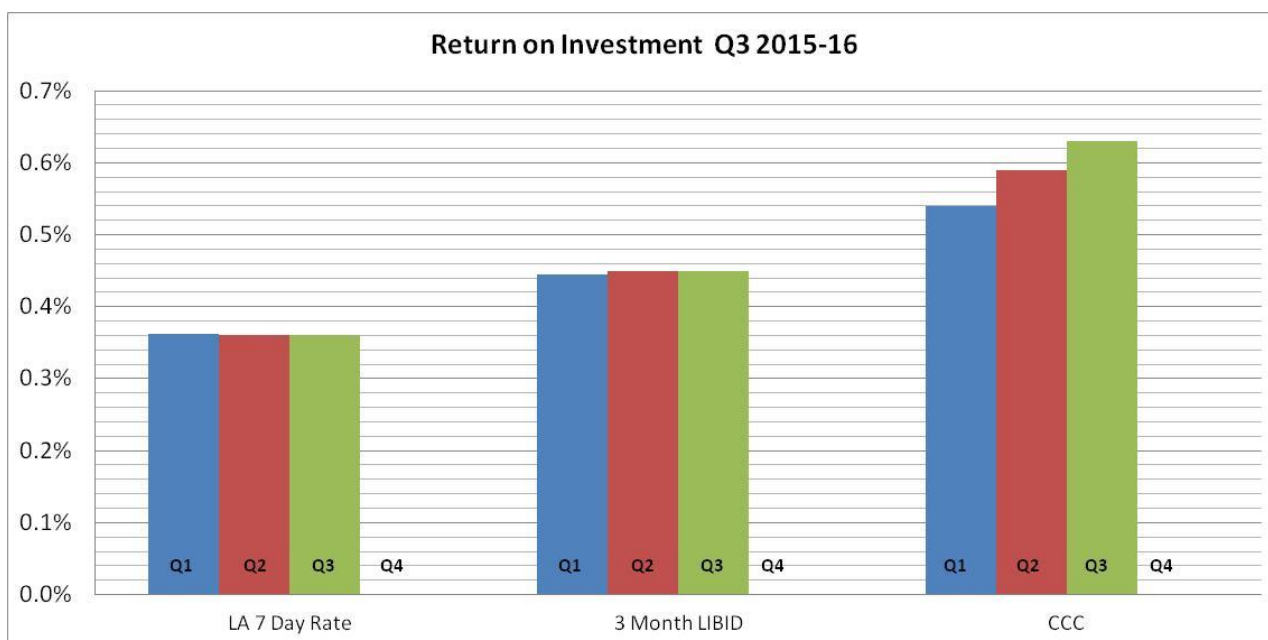
- 5.10 In addition, the graph shows how the Council is currently funding its borrowing requirement, through internal and external resources. As at 31st December internal borrowing is forecast to be £207m at the end of the year. Internal borrowing is the use of the Council's surplus cash to finance the borrowing liability instead of borrowing externally. The strategy of internally borrowing, by careful management of Councils balance sheet, is currently the most appropriate strategy, given the current interest rate environment. This strategy enables savings to be generated and reduces the level of cash invested and credit risk associated with investing. However the projected level of internal borrowing is not sustainable so short term loans from the Public Works Loan Board (PWLB) and other sources are currently being considered and will be raised as required.

6. INVESTMENTS

- 6.1 Investment activity is carried out within the Council's counterparty policies and criteria, and with a clear strategy of risk management in line with the Council's treasury strategy for 2015-16. This ensures that the principle of considering security, liquidity and yield, in that order (SLY), is consistently applied. The Council will therefore aim to achieve the optimum return on investments commensurate with proper levels of security and liquidity. Any variations to agreed policies and practices are reported to Cabinet and Council.
- 6.2 As described in paragraph 5.10, the strategy currently employed by the Council of internal borrowing also has the affect of limiting the Council's investment exposure to the financial markets, thereby reducing credit risk.
- 6.3 As at 31st December the level of investment totalled £47.9m, excluding 3rd party loans and share capital which are classed as capital expenditure. The level of cash available for investment is as a result of reserves, balances and working capital the Council holds. These funds can be invested in money market deposits, placed in funds or used to reduce external borrowings.
- 6.4 A breakdown of investments by type are shown in the graph below, with detail at **Appendix 3**. The majority of investments are in notice and call accounts and money market funds to meet the liquidity demands for the Council. Investments are made within the boundaries of the Investment Strategy and credit worthiness criteria.



6.5 The graph below compares the returns on investments with the relevant benchmarks for each quarter this year



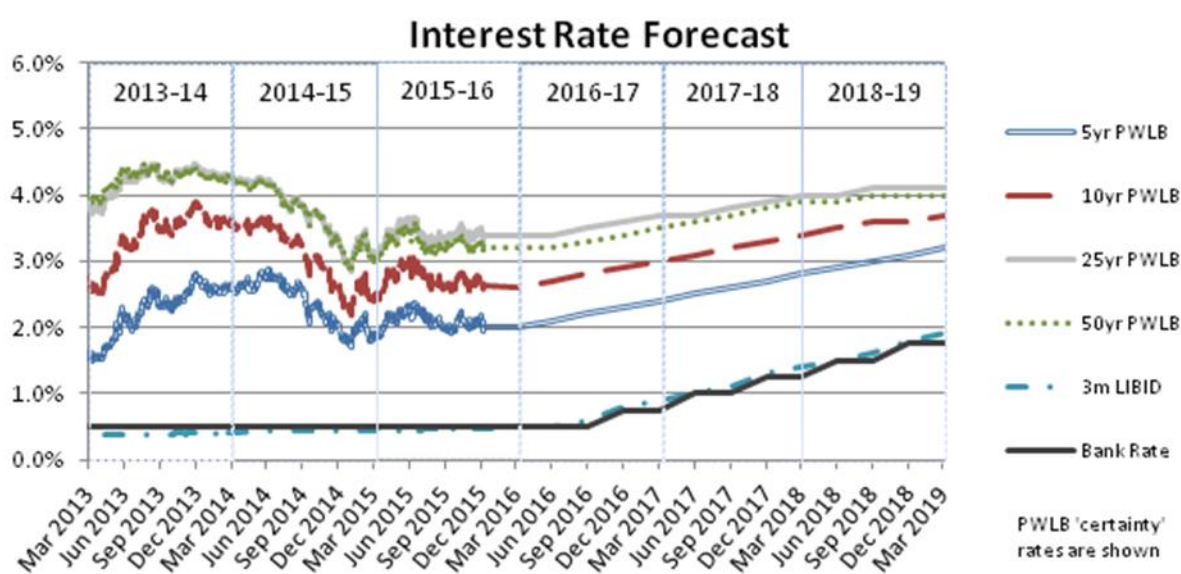
6.6 It can be seen from the graph that investments returned 0.63% during the quarter significantly more than the both the 7 day (0.36%), 3 month London Interbank Bid Rate (LIBID) (0.45%) benchmarks.

6.7 Where appropriate, investments can be locked out for periods of up to one year with nationalised banks (UK Government backed) at higher rates of interest. The policy does allow for longer durations should the value make it worthwhile. In a rising interest rate environment it is generally appropriate to keep investments fairly short in duration to take advantage of interest rate rises as soon as they occur. The weighted average time to maturity of investments at 31st December is 33 days.

- 6.8 Leaving market conditions to one side, the Council's return on investment is influenced by a number of factors, the largest contributors being the duration of investments and the credit quality of the institution or instrument. Credit risk is a measure of the likelihood of default and is controlled through the creditworthiness policy approved by Council. The duration of an investment introduces liquidity risk; the risk that funds can't be accessed when required, and interest rate risk; the risk that arises from fluctuating market interest rates. These factors and associated risks are actively managed by the LGSS Treasury team together with the Council's Treasury Advisors (CAS). Using credit ratings, the investment portfolio's historic risk of default stands at 0.010%. This simply provides a calculation of the possibility of average default against the historical default rates.
- 6.9 The Council is also a member of a benchmarking group run by CAS which shows that, for the value of risk undertaken, the returns generated are in line with the Model Band (the average range of returns across for all CAS's clients).

7. OUTLOOK

- 7.1 The current interest rate forecast is shown in the graph below. The forecast for the first increase in Bank Rate has been pushed back from quarter 2 to quarter 4 2016. However there are risks to this central forecast as the economic recovery in the UK is currently finely balanced.
- 7.2 Geopolitical events, sovereign debt crisis developments and slowing emerging market economies make forecasting PWLB rates highly unpredictable in the shorter term. The general expectation for an eventual trend of gently rising gilt yields and PWLB rates is expected to remain unchanged, as favourable fundamentals will focus on the high volume of gilt issuance in the UK and of bond issuance in other major western countries.



- 7.3 From a strategic perspective, the Council is continually reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances and undertaking shorter term borrowing which could potentially generate savings subject to an assessment of the interest rate risks

involved. Cash flows in the last couple of years have been sufficiently robust for the Council to use its balance sheet strength and avoid taking on new borrowing, however projections now show that new borrowing will be required this year unless there is substantial slippage in the capital programme.

8. DEBT FINANCING BUDGET

- 8.1 An under spend of £2.780m is forecast for Debt Charges. This is largely as a result of favourable variances for MRP (Minimum Revenue Provision) and Interest Payable. The initial estimate for MRP has been revised down following year end, however there may be some additional small movement once the charge has been finalised. A favourable variance for Interest payable has been included on the assumption that the Council will experience significant slippage in the capital programme, as it has done in recent years, so that borrowing is deferred until next year. There is also a small positive variance for interest that is recharged internally.

	Budget	Estimated Outturn	Variance
	£m	£m	£m
Interest payable	17.349	15.515	-1.834
Interest receivable	-0.422	-0.581	-0.159
Other	0.527	0.354	-0.173
Technical	-0.085	-0.085	0.000
MRP	18.091	17.477	-0.614
Total	35.460	32.680	-2.780

- 8.2 Although there is link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including, interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.

9. MUNICIPAL BONDS AGENCY

- 9.1 The UK Municipal Bonds Agency (MBA) has been working with a small group of authorities on finalising the loan documentation which includes the Framework Agreement and Guarantee. This agreement describes the relationship between the MBA and the local authority borrowers, including the joint and several guarantee, payment timelines and various protections in place to mitigate the risk of default.
- 9.2 The Framework Agreement and Joint and Several Guarantee are currently being taken through the council's own governance and approval processes and require full Council approval.

- 9.3 A key milestone was reached late in December with the circulation of the Documents Package containing amongst other documents the Framework Agreement and Guarantee which the council will need to sign up to in order to borrow from the MBA. The timescales for issuance of the first bond are now dependent on the timescales of local authorities' approval processes and demand for borrowing from local authorities.

10. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

- 10.1 With effect from 1st April 2004 The Prudential Code became statute as part of the Local Government Act 2003 and was revised in 2011.
- 10.2 The key objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable. To ensure compliance with this the Council is required to set and monitor a number of Prudential Indicators.
- 10.3 During the financial year to date the Council has operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Statement (TMSS) and in compliance with the Council's Treasury Management Practices. The Prudential and Treasury Indicators are shown in Appendix 2.
- 10.4 The Credit Worthiness Policy within the Annual Investment Strategy sets out the methodology for assessing the credit risk of financial institutions. At the end of September and at various times in October Standard Chartered bank fell outside our investment criteria. Although the bank's credit rating remains strong (Fitch: long term A+, short term F1), the upward trend in the price of its Credit Default Swap (CDS) rose to a level that resulted in the bank coming off our lending list. The CDS has subsequently fallen back which now opens the bank for new investments, however no further deposits have been placed with the bank and existing deposits have matured leaving the Council with no exposure to Standard Chartered as at 31st December 2015.

11. ALIGNMENT WITH CORPORATE PRIORITIES

11.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

11.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

11.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

12. SIGNIFICANT IMPLICATIONS

12.1 Resource Implications

This report provides information on performance against the Treasury Management Strategy. Section 8 shows the impact of treasury decisions which are driven by capital spend on the Council's revenue budget.

12.2 Statutory, Risk and Legal Implications

The Council continues to operate within the statutory requirements for borrowing and investments. Further details can be found within the Prudential Indicators in Appendix 2.

12.3 Equality and Diversity Implications

There are no significant implications for any of the prompt questions within this prompt category.

12.4 Engagement and Consultation Implications

There are no significant implications for any of the prompt questions within this prompt category.

12.5 Localism and Local Member Involvement

There are no significant implications for any of the prompt questions within this prompt category.

12.6 Public Health Implications

There are no significant implications for any of the prompt questions within this prompt category.

List of Appendices

Appendix 1: Economic Update (provided by Capita Asset Services Treasury Solutions)

Appendix 2: Capital and Treasury Prudential Indicators

Appendix 3: Investment Portfolio

Source Documents	Location
None	Box No: RES1211 Room No:301 Shire Hall, Castle Hill Cambridge CB3 0AP

Economic Update (provided by CAS Treasury Solutions)

Quarter ending 31st December 2015

1. The economic recovery was shown to have slowed by more than previously thought in Q3 2015 (quarter ended 30.9.15), with real GDP growth decelerating from a downwardly-revised 0.5% in Q2 (from 0.7%) to 0.4% (from 0.5%). The annual growth rate in Q3 was also revised down from 2.3% to 2.1%. The revisions were driven largely by weaker contributions from investment expenditure.
2. The latest survey evidence and official monthly data suggest that the recovery picked up pace again during the final quarter of 2015. In addition to the CBI's Composite Growth Indicator pointing to greater economic expansion in Q4 2015, the Markit/CIPS composite PMI is consistent with quarterly GDP growth strengthening to about 0.6%, which would imply 2.2% GDP growth in 2015 as a whole. Q3's unusually weak contribution of construction output to overall GDP is also likely to have been reversed in Q4.
3. Consumer spending will probably have provided a significant boost, given that retail sales experienced what was almost certainly their strongest quarter this year in Q4. (In fact, it would take over a 2% monthly plunge in sales volumes in December for Q4's quarterly growth rate to not be the strongest.) Spending off the high street looks to have fared well too, in part owing to consumer confidence remaining high. Survey measures such as the CBI's consumer services business volumes balance indicate that annual growth in real household spending on consumer services could have risen in Q4 from 1.6% to as much as 3%.
4. The jobs recovery pressed on in Q3, as employment rose by 176,000, and by a further 91,000 in October, pushing the employment rate up to a record-high. Consequently, the ILO unemployment rate was driven down for four successive months between July and October, from 5.6% to 5.2% – a level not far above some estimates of its natural rate. However, by taking a wider perspective on labour market slack, we do not believe the labour market is as tight as these data alone suggest. First, impressive jobs growth reflected large increases in self-employment, as well as significant numbers of new part-time jobs, rather than conventional full-time placements. Moreover, the percentage of those in part-time work wanting to work extra hours in a full-time role saw the largest upturn for 2½ years in October, and the proportion of temporary workers wanting permanent positions has been on the rise throughout the second half of the year. Meanwhile, employer surveys have shown that recruitment difficulties have either held steady or eased recently. It is, therefore, not too surprising that pay growth has weakened so much of late. Annual growth in regular pay (ex. bonuses) softened to just 1.9% at the beginning of Q4, in contrast to 2.5% in the last quarter.

5. These labour market figures will have reassured MPC doves that inflationary pressures remain muted, thereby reinforcing expectations that a rate rise is still some way off. Only recently the newest MPC member, Gertjan Vlieghe, stressed that he needs to see a decisive acceleration of wage growth before considering voting for a rate hike. And weak inflationary pressures from the labour market have been compounded by renewed falls in the energy prices in reinforcing the case to keep rates on hold for a while yet. The sterling price of Brent Crude fell below £24 per barrel in December, and wholesale gas and electricity prices fell further too. While it looks like the UK's brief flirtation with deflation in 2015 came to an end in November – CPI inflation nudged back into positive territory at 0.1% – inflation will remain below target for a long while yet. Despite these disinflationary pressures, inflation will pick up in coming months as the previous, (sharper), falls in oil prices will drop out of the calculation of the annual figure.
6. Given this, as well as the monetary policy actions of the Fed and the ECB at the end of the fourth quarter, the Bank of England is now playing 'piggy in the middle' between tightening in the US and further loosening in the euro-zone. The US FOMC commenced its rate "lift off" in December in response to a "considerable improvement" in labour market conditions. In contrast, the ECB Governing Council cut its deposit facility rate by 10bps to -0.3%, and extended (not expanded) its QE programme to March 2017 from September 2016. However, the Council failed to live up to its own hype by failing to follow through on its own dovish signals with a more extensive policy loosening. But as the temporary boosts from the substantial falls in the oil price and the strength of the euro fade in 2016, we expect the ECB will have to expand its QE programme by Q2 2016.
7. Turning to the public finances, the Chancellor delivered his Spending Review and Autumn Statement in November. Due to the OBR "finding" another £27bn of savings over the forecast period, from changing various forecasts and modelling assumptions, Mr Osborne was allowed to reverse his tax credits cuts, and to pursue a more balanced path of consolidation over the parliament. But while the profile and pace of cuts have eased a little, the intensity of the consolidation package as a whole is not that different to the one presented in July's Budget, and remains far more austere than those faced in other advanced economies. The OBR forecasts that Mr Osborne will achieve a £10bn budget surplus in 2019-20 and that net debt as a percentage of GDP will fall in every year of the Parliament.
8. However, November's public finance figures now indicate that an overshoot of the borrowing target for this fiscal year is likely. On the other hand, since we think the OBR is too cautious about the scope for productivity and GDP growth to bounce back, it is quite possible that the Chancellor actually ends up reaching his £10bn budget surplus earlier than the current OBR forecast. The big picture is still that austerity will be renewed in 2016, although we think that the economic recovery should be able to weather this relatively well.

9. Finally, the FTSE 100 rose by 3% between end-Q3 and end-Q4. However, UK equity prices were still down by 5% over the year as a whole. By comparison, global equities rose over 4% in Q4, and fell by 4.5% over 2015 as a whole. Meanwhile, on a trade-weighted basis, sterling weakened by around 0.4% over Q4. This left it around 3% higher than the start of the year.

Prudential and Treasury Indicators at 31st December 2015

Monitoring of Prudential and Treasury Indicators: approved by Council in February 2015.

1. **Has the Council adopted CIPFA Code of Practice for Treasury Management in the Public Services?**

The Council has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes. This is a key element of the Treasury Strategy 2015-16 which was approved by Council in February 2015.

2. **Limits for exposure to fixed and variable rate net borrowing (Borrowing less investments)**

	Limits	Actual
Fixed rate	150%	102.92%
Variable rate	65%	-2.95%
Total		100%

The Interest rate exposure is calculated as a percentage of net debt. Due to the mathematical calculation exposures could be greater than 100% or negative depending upon the component parts of the formula. The formula is shown below:

$$\frac{\text{Total Fixed (or Variable) rate exposure}}{\text{Total borrowing} - \text{total investments}}$$

Fixed Rate calculation:

$$\frac{(\text{Fixed rate borrowing } £327.6m^* - \text{Fixed rate investments } £m^*)}{\text{Total borrowing } £366.1m - \text{Total investments } £47.9m} = 102.95\%$$

*Defined as greater than 1 year to run

Variable Rate calculation:

$$\frac{(\text{Variable rate borrowing } £38.5m^{**} - \text{Variable rate investments } £47.9m^{**})}{\text{Total borrowing } £366.1m - \text{Total investments } £47.9m} = -2.95\%$$

** Defined as less than 1 year to run or in the case of LOBO borrowing the call date falling within the next 12 months.

3. **Total principal sums invested for periods longer than 364 days**

	2015-16 Limit £m	Actual £m
Investment longer than 364 days to run	34.0	0.0

Notes: This indicator is calculated by adding together all investments that have greater than 364 days to run to maturity at this point in time.

4. **Limits for maturity structure of borrowing**

	Upper Limit	Actual
under 12 months	80%	11%
12 months and within 24 months	50%	4%
24 months and within 5 years	50%	3%
5 years and within 10 years	50%	30%
10 years and above	100%	52%

Note: The guidance for this indicator requires that LOBO loans are shown as maturing at the next possible call date rather than at final maturity.

Affordability

5. **Ratio of financing costs to net revenue stream**

2015-16 Original Estimate %	2015-16 Revised Estimate %	Difference %
10.23	9.17	-1.06

6. **Estimated incremental impact of capital investment decisions on band D council tax**

2015-16 Original Estimate £	2015-16 Revised Estimate £	Difference £
+13.21	-4.50	-8.71

This indicator has fallen significantly as a result of the underspend currently reported.

Prudence

7. Gross borrowing and the Capital Financing Requirement (estimated borrowing liability excluding PFI)

Original 2015-16 Capital Financing Requirement (CFR) £m	2015-16 CFR (based on latest capital information) £m	Actual Gross Borrowing £m	Difference between actual borrowing and original CFR £m	Difference between actual borrowing and latest CFR £m
600.3	579.2	366.1	234.2	213.1

Capital Expenditure

8. Estimates of capital expenditure

For details of capital expenditure and funding please refer to the monthly capital report.

External Debt

9. Authorised limit for external debt

2015-16 Authorised Limit £m	Actual Borrowing £m	Headroom £m
660.3	366.1	294.2

The Authorised limit is the statutory limit on the Council's level of debt and must not be breached. This is the absolute maximum amount of debt the Council may have in the year.

10. Operational boundary for external debt

2015-16 Operational Boundary £m	Actual Borrowing £m	Headroom £m
630.3	366.1	264.2

The operational boundary is set as a warning signal that debt has reached a level nearing the Authorised limit and must be monitored carefully.

Investment Portfolio as at 31st December 2015

Class	Type	Deal Ref	Start / Purchase Date	Maturity Date	Counterparty	Rate %	Principal O/S (£)
Deposit	Fixed	CCC/ST/77	09/06/15	29/01/16	Royal Bank of Scotland plc	0.67	5,000,000.00
Deposit	Fixed	CCC/ST/78	09/06/15	09/03/16	Royal Bank of Scotland plc	0.75	5,000,000.00
Deposit	Fixed	CCC/ST/80	03/07/15	04/01/16	Landesbanken Hessen-Thueringen Girozentrale (Helaba)	0.70	2,500,000.00
Deposit	Fixed	CCC/ST/83	31/07/15	29/01/16	Landesbanken Hessen-Thueringen Girozentrale (Helaba)	0.75	5,000,000.00
Deposit Fixed Total							17,500,000.00
Deposit	Call	CCC/85 (95DAY) - 1st Deposit	20/10/15	23/01/2016	Santander UK plc	0.90	5,000,000.00
Deposit	Call	CCC/85 (95DAY) - 2nd Deposit	07/12/15	11/03/2016	Santander UK plc	0.90	5,000,000.00
Deposit	Call	CCC/85 (95DAY) - 3rd Deposit	22/12/15	26/03/2016	Santander UK plc	0.90	5,000,000.00
Deposit	Call	CCC/CE/6 (instant access)	-	-	Barclays Bank plc	0.50	15,367,000.00
Call Total							30,367,000.00
Deposit	Share Capital	CCC/59	25/09/14	-	The UK Municipal Bonds Agency	-	400,000.00
Share Capital Total							400,000.00
Deposit Total							48,267,000.00

COMMERCIAL PROPOSALS PROTOCOL

To: **General Purposes Committee**

Meeting Date: **15 March 2016**

From: **Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **N/a**

Key decision: **No**

Purpose: **To establish a set of broad guidelines that set out appropriate levels of Member engagement to be applied when developing commercial proposals for developing additional or new revenue streams.**

Recommendation: **It is recommended that the Committee approve the Commercial Protocol as set out in Appendix 2**

<i>Officer contact:</i>	
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1. BACKGROUND

- 1.1 In October 2015 Council received a report from Internal Audit following a review of the issues that arose regarding a proposal to commercialise the third floor of Cambridge Central Library. The report was approved by Council.
- 1.2 The report contained a number of recommendations that were deemed necessary in order to avoid a repeat of the issues that arose during discussions regarding the engagement of a private sector organisation to derive a new revenue stream from the Central Library in Cambridge, often referred to as the CLEC proposal.

2. MAIN ISSUES

- 2.1 One of the recommendations of the report was for the Council to agree a Commercial Proposals Protocol. The report included a draft to assist this process. The recommendation contained in the report was as follows:-

“Consequently, we recommend that the following action is undertaken:

An outline Commercial Proposals protocol has been developed (see **Appendix 1**, to enable officers to develop commercial protocols which involve working alongside the private and voluntary sectors. Audit recommend that this draft protocol is referred to the General Purposes Committee for their consideration and to agree a final version, which officers must follow if they are approached by or approach an external organisation with a commercial proposal.”

- 2.2 At the last Audit and Accounts Committee the Chairman requested that responsibility for this action be assumed by the Chief Finance Officer in order to bring the action to a close. As a result the draft protocol was taken to the Council's Strategic Management Team for consideration. A number of issues arose from that discussion the key elements of which are set out below:-

- There was acceptance that, as officers, the communication and engagement right regarding the development of the Central Library proposal.
- There was however a general feeling that the protocol as drafted was overly cumbersome and would not necessarily achieve the outcomes that Members were seeking from the process.
- If implemented, as drafted, it was feared that it would create a process that would stifle the Council's ability to do day-to-day business.
- There was also a concern that it also was contradictory to elements of the Constitution.
- The draft protocol didn't qualify what was meant by a commercial arrangement. Which require Member engagement in low-level routine activity which. SMT did not believe this was the intended outcome that Members were seeking from this process.

- 2.3 As a result of this discussion a revised version of the Protocol has been drafted for the Committees consideration and is attached as **Appendix 2** to this report. It is hoped that this reflects the general tenure of what was originally intended, delivering appropriate Member engagement, but avoiding the need for Member engagement in the routine operations of the Council.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There are no significant implications within this category.

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

SOURCE DOCUMENTS GUIDANCE

Source Documents	Location
Audit and Accounts Committee Central Library Enterprise Centre Report 13 th October 2015	http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/AgendaItem.aspx?agendaItemID=12127
Audit and Accounts Committee minutes 22 nd September 2015	http://www2.cambridgeshire.gov.uk/CommitteeMinutes/committee-

<p>Council minutes 21st July 2015</p> <p>Council Report Central Library Enterprise Centre Report October 2015</p>	<p>document.aspx/committees/audit-and-accounts-ctte/2015-09-22/Minutes/9951/aac150922.doc</p> <p>http://www2.cambridgeshire.gov.uk/CommitteeMinutes/committees/cabinet-and-council/Council/2015-07-21/Minutes/10044/ccl1507.doc</p> <p>http://www2.cambridgeshire.gov.uk/CommitteeMinutes/Committees/AgendaItem.aspx?agendaItemID=12183</p>
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Outline Commercial Proposals Protocol

1. Introduction:

- 1.1 Cambridgeshire County Council is committed to achieving best value for money, while maintaining the principles of transparency and openness. In the current economic climate, the Council must seek to maximize innovation and inward investment opportunities for the county.

2. Purpose:

- 2.1 This protocol sets out the appropriate procedure for officers to follow in cases where Cambridgeshire is approached by or approaches an external organisation with a commercial proposal.
- 2.2 This protocol should be used alongside other protocols, guidance and policy relating to procurement, partnership working and Member engagement.

3. Delegation of Authority:

- 3.1 In line with the Council's Scheme of Financial Management, maximum authorisation limits for officers seeking to procure goods and services are set as follows:
- Up to £5,000 – Officers at Scale 5 to SO2;
 - Up to £50,000 – Officers at MB1 to MB3;
 - Up to £150,000 – Officers at MB4 to HS2;
 - Up to £500,000 – Officers at HS3 to Director C;
 - Unlimited – Chief Executive, Executive Directors, Service Director Customer Service and Transformation and Chief Finance Officer.
- 3.2 Any decision to enter into a commercial arrangement following a specific approach made to the Council by a private company must be made in consultation with members, if the total value of the transactions relating to the arrangement (income or expenditure) is £5,000 or more.
- 3.3 Any decision to enter into a commercial arrangement following a specific approach made to the Council by a private company is to be considered a Key Decision if the total value of the transactions relating to the arrangement (income or expenditure) is £500,000 or more over five years.
- 3.4 Where this protocol is not followed, an exemption report outlining the reasons for this should be provided to the Monitoring Officer for approval.

4. Procedure:

- 4.1 Minutes must be taken of all meetings and discussions with external organisations regarding commercial proposals.
- 4.2 The relevant Committee Chair must be informed of all commercial proposals which are put to the Council by private or voluntary sector organisations. The Chair and the Executive Director may then agree on the appropriate time to take the proposals to Spokes for an initial reaction.

- 4.3 Prior to undertaking further work on the proposal, the Council's standard due diligence checks must be carried out.
- 4.4 Officers should consult Legal Services; Finance; Procurement; and Property at the very earliest stages of reviewing a commercial proposal, for advice and guidance on key considerations which must be taken into account.
- 4.5 Market research must be conducted by Council officers at the initial stage of reviewing a commercial proposal, and should include consideration of:
- Whether there is already any similar provision available in the local market;
 - The potential impact of the proposal on the local market;
 - Whether there is likely to be sustained demand for the proposed services.
- 4.6 On the basis of the market research conducted, an initial options appraisal should be drawn up. As a minimum, this should compare the proposal with the 'do nothing' option and the possibility of attempting a similar in-house provision. Options should be appraised in light of:
- Their financial benefits;
 - Their non-financial benefits;
 - Their impact on the organisation and stakeholders, with the assessment of this being informed by initial public consultation;
 - The risks relating to each option;
 - and their resource requirements.
- 4.7 At this stage, if it is the opinion of officers that the commercial proposal represents the best value for the Council and local residents, a report should be taken to Committee outlining the proposal and the alternatives, for a decision to be taken on whether the project should be pursued further.
- 4.8 Where projects of a commercial nature are underway, but have not yet progressed to the point of requiring a decision paper to be taken to Committee, updates on progress should be a standing agenda item for Spokes meetings, to enable continued Member oversight and engagement with the development of major projects.
- 4.9 Where progress reports or other items relating to commercial proposals are taken to Spokes or to Committee, they should only be marked as 'confidential' if confidential information is included in the report.

5. Unique Commercial Proposals:

- 5.1 Officers must fully explore the opportunity to go out to tender for all commercial proposals received. Where a proposal is considered to be truly unique and may only be achieved by working in partnership with one specific organisation, the following steps must be followed:
- The service must obtain the agreement of the relevant Service Director.
 - A report must be produced which clearly outlines the reasons that the proposal is considered to be unique, including information on the options appraisal and market research carried out, and setting out how the Council will demonstrate that Best Value has been achieved.
 - The report should be submitted to the Contract Review Group for comment and challenge.
 - The report should then be submitted for approval along with a formal Exemption Request Form to the Chief Officer and the Head of Procurement, and any further officers specified by the Council's Contract Procedures Rules based on the value of the contract.

Commercial Proposals Protocol

1. Introduction:

- 1.1 Cambridgeshire County Council is committed to achieving best value for money, while maintaining the principles of transparency and openness. In the current economic climate, the Council must seek to maximize innovation and inward investment opportunities for and believes becoming more commercially minded will help the Council mitigate the implications of austerity.
- 1.2 Becoming more commercially minded will result in the Council driving revenue generating opportunities and taking greater commercial risks and developing proposals that are outside of what has traditionally been 'core business'. Not all proposals will be accepted and the Council must support and encourage the identification of all opportunities even if some are ultimately not pursued.
- 1.3 As a local authority the Council will need to balance the need to be open and transparent with the need to ensure that any commercial negotiation is not compromised. This can often be a difficult to articulate in a protocol as each proposal being considered will carry varying risks, be they reputational, financial, or regulatory.

2. Purpose:

- 2.1 The purpose of this protocol is to establish a framework within which officers of the Council can operate when considering commercial proposals be they generated by officers, or where approaches are received from external organisations.
- 2.2 The approach adopted must be proportionate to the level of risks that are associated with the proposal. There is therefore a need to balance the need for transparency and appropriate Member engagement with the need to ensure that the process does not become embroiled within unnecessary bureaucracy.
- 2.3 This protocol is not a stand-alone document and should therefore be used in conjunction with other protocols, guidance and policy relating to procurement, partnership working and Member engagement.

3. Scope of the Protocol

- 3.1 A commercial proposal, without definition, could be construed to include most of the transactions and day-to-day business of the Council. This was clearly not the intention of the report considered by the Council last year. It would neither be in the interests of the Council or that of Members were they to become embroiled in the operational running of the Council's business. Therefore the scope of what this protocol is intended to cover is set out as follows:

A commercial proposal is one that is prepared, undertaken, or considered with the sole or chief emphasis on generating revenue, profit, or success.

This will therefore exclude normal day-to-day business that is already well governed by standards and guidelines set out in the Constitution and the Contract procedure Rules.

4. Delegation of Authority:

4.1 In line with the Council's Scheme of Financial Management, maximum authorisation limits for officers seeking to procure goods and services are set as follows:

- Up to £5,000 – Officers at Scale 5 to SO2;
- Up to £50,000 – Officers at MB1 to MB3;
- Up to £150,000 – Officers at MB4 to HS2;
- Up to £500,000 – Officers at HS3 to Director C;
- Unlimited – Chief Executive, Executive Directors, Service Director Customer Service and Transformation and Chief Finance Officer.

4.2 In addition the Council's Contract Procedure Rules set out some specific requirements in relation to income generating opportunities as follows:

11 Income Generating Purchases

11.1 Where an Officer is proposing to enter into a Contract where either;
(i) the Council will be the service provider, or
(ii) the Contract may generate income for the Council possibly to off-set the monies otherwise payable by the Council to the supplier (e.g. a sponsorship agreement), in addition to the other requirements in these rules,

11.2 The Officer shall only enter into a Contract if the relevant Chief Officer is satisfied that:
☐ the services to be provided and any benefits to the Council have been clearly specified;
☐ the Council has power to provide the service, if applicable;
☐ the proposed Contract is in the best interests of the Council.

4.3 When considering and evaluating a commercial proposal, where the potential proposal will create a potential additional revenue stream in excess of £50,000, the lead officer must engage the relevant spokes to inform them of the proposal that is being evaluated. This should be at the point that this becomes a proposal that is to be seriously evaluated. Whilst this is difficult to define the presumption is that if in doubt – engage.

4.4 Where the proposition has been included as a saving proposal within the Business Plan the matter should be highlighted to the relevant service committee as part of the briefing on the Business Plan proposals. This will ensure full committee engagement before the matter is progressed with any rigor.

- 4.5 Where the proposition involves the alternative use of a public facing assets or services the relevant local member (if applicable) will be notified of the potential options under consideration at the same point that this matter is raised with the relevant committee spokes.
- 4.6 Any decision to enter into a commercial arrangement following a specific approach made to the Council is to be considered a Key Decision if the total value of the transactions relating to the arrangement is £500,000 or more over five years.
- 4.7 Where this protocol is not followed, an exemption report outlining the reasons for this should be provided to the Monitoring Officer for approval and be retrospectively reported to the relevant service committee.

5. Procedure:

- 5.1 Where meetings are held with external organisations regarding the development of new, or extensions to existing commercial proposals, that are likely to result in new or additional revenue streams in excess of £50,000 notes of those meetings will be taken.
- 5.2 The relevant Committee Chair must be informed of all commercial proposals, in excess of £50,000, which are put to the Council by private or voluntary sector organisations as soon as is practical. The Chair and the relevant Director may then agree when it is appropriate to take the proposals to Spokes for an initial reaction.
- 5.3 Prior to undertaking significant work on evaluating the potential of the proposal, the Council will undertake appropriate due diligence checks on the option under consideration, the organization with whom the Council is engaged, the power under which the Council will be entering the arrangement, and any other key issues that could affect the successful delivery of the project.
- 5.4 Officers should consult the Council's relevant professional services at the very earliest stages of reviewing a commercial proposal, for advice and guidance on key considerations that must be taken into account in the evaluation of the proposal.
- 5.5 Market research must be conducted by Council officers at the initial stage of reviewing a commercial proposal. This evaluation must include consideration of:
- Whether there is already any similar provision available in the local market;
 - The potential impact of the proposal on the local market;
 - Whether there is likely to be sustained demand for the proposed services.
- 5.6 On the basis of the market research conducted, an initial options appraisal should be drawn up. As a minimum, this should compare the proposal with the 'do nothing' option and the possibility of attempting a similar in-house provision. Options should be appraised in light of:
- Their financial benefits;
 - Their non-financial benefits;

- Their impact on the organisation and stakeholders;
- Where appropriate the assessment of the impact on stakeholders can be informed by initial public consultation (any such consultation needs to be proportionate to the proposal under consideration);
- The risks relating to each option;
- The resource requirements.

5.7 At this stage, if it is the opinion of officers that the commercial proposal represents the best value for the Council a report should be taken to Committee outlining the proposal and the alternatives, for a decision to be taken on whether the project should be pursued further.

5.8 Where progress reports or other items relating to commercial proposals are taken to Spokes or to Committee, they should only be marked as 'confidential' if confidential information is included in the report.

6 Unique Commercial Proposals:

6.1 All commercial proposals are subject to the same contract procedure requirements as contracts for the delivery of services. Officers must therefore explore the opportunity to go out to tender for all commercial proposals in line with the requirements in those rules. Where a proposal is considered to be truly unique and may only be achieved by working in partnership with one specific organisation, the following steps must be followed:

- The service must obtain the agreement of the relevant Service Director.
- A report must be produced which clearly outlines the reasons that the proposal is considered to be unique, including information on the options appraisal and market research carried out, and setting out how the Council will demonstrate that Best Value has been achieved.
- The report should then be submitted for approval along with a formal Exemption Request Form to the Chief Finance Officer, the Monitoring Officer and the Head of Procurement based on the requirements of the Council's Contract Procedures Rules.

SAWSTON COMMUNITY HUB

To: **General Purposes Committee**

Meeting Date: **15 March 2016**

From: **Head of Strategic Assets and Interim Service Director
Infrastructure Management & Operations**

*Electoral
division(s):* **Sawston**

Forward Plan ref: **N/a** *Key decision:* **No**

Purpose: **To seek the Committee's approval to an exchange of
property assets at less than best transaction, to enable
the development of a Community Hub at Sawston Village
College**

Recommendation: **The Committee authorises an exchange of assets at less
than best consideration on the basis of their preferred
Option from those set out in this Report**

<i>Officer contact:</i>	
Name:	Roger Moore
Post:	Head of Strategic Assets
Email:	Roger.moore@cambridgeshie.gov.uk
Tel:	01223 507268

1. BACKGROUND

- 1.1 The Sawston community hub project has been under discussion with Sawston Village College (SVC) since late 2012, when the fire in the Morris Wing of the College (housing the public library) provided an opportunity for the County Council (CCC) to consider providing library facilities that were more fit for purpose as well as to co-locate a number of CCC services in a community hub building to provide a better customer experience and alleviate pressure on space elsewhere.
- 1.2 The new Hub would be built on a site leased from Sawston Village College, who would gain in exchange the part of the Morris Wing previously occupied by the library, and other buildings belonging to CCC. (Sawston VC site plan – **Appendix 1**)
- 1.3 There is a disparity between the financial value of assets considered for exchange and as a consequence authority for a disposal at less than best consideration is required from General Purposes Committee (GPC).
- 1.4 The project was reviewed by Group Leaders in November 2015 to clarify current strategic requirements in line with the emerging Community Hub strategy. An updated report was considered by Group Leaders on 25 February 2016 and was recommended for consideration by GPC.

2. MAIN ISSUES

- 2.1 A memorandum of agreement was entered into by the Council and Sawston Village College on 11 November 2013, setting out the intention of the parties at that time, the release of Council assets being 'Subject to Council approval'. (Memorandum of Understanding between CCC and SVC **Appendix 2**)
- 2.2 In consultation with stakeholders a scheme has been developed and the agreed designs are ready to be submitted for planning approval.
- 2.3 The project has an allocated budget but final project costs have gone up over the intervening period. An additional £75,000 increase, mainly due to construction cost inflation and a site compound site provided by Sawston Parish Council costing another £64,000, (extending the footpath to the Bowls Club; erecting new gates and making good a playing field) bring the total estimated costs to £1,394,000.
- 2.4 No allowance has been made for third party legal costs or for any other unforeseen costs.
- 2.5 Providing a temporary library is costing £375 per week which will increase the costs by £30K; this cost is currently being met within Economy, Transport & Environment.
- 2.6 If a planning application is submitted in April 2016, work could start on site in autumn 2016 with completion in summer 2017.
- 2.7 Conclusion of the discussions with SVC awaits an agreement on the asset exchange. Heads of Terms for the lease of the required land have been circulated and discussed.

- 2.8 Work is currently underway to establish the pattern of Community Hubs across the County. The key factors informing the location of Community Hubs are size of catchment population and local need informed by Index of Multiple Deprivation data (2015). In all of the options considered so far, Sawston meets the criteria for the provision of a Community Hub.
- 2.9 A new Community Hub building in Sawston will facilitate the co-location of CCC's key front-facing services in the village through the provision of flexible space, from which to deliver library services, locality and children's centre services – as well as providing community space for hire. This project provides the opportunity for CCC to rationalise its Sawston assets into an accessible and energy efficient building.
- 2.10 Flexible spaces that can be used for a variety of purposes are a key design feature that will ensure that the Community Hub can fulfil its key roles now and into the future. (**Appendix 3** - proposed site layout and floorplan) The layout is currently being reviewed to reflect the latest CCC thinking.
- 2.11 The basic proposition envisages the new Hub building being constructed to the right of the Marven Centre. This will be a lease granted by SVC to CCC. In exchange for the grant of this lease at a peppercorn rent, it is proposed that CCC transfers assets to SVC, which could comprise those buildings edged red on the plan (Appendix 1), variously identified as the Morris Wing, and the OWL building
- 2.12 Formal valuations of the interest to be acquired and the interests being relinquished have been obtained from external valuers to quantify the asset exchange referenced in the earlier business case.
- 2.13 The aggregated freehold value of all the CCC interests held at SVC, as identified in a Deed dated 17th December 1996 is £270,000, which comprises the values of the former library, in the Morris Wing, the OWL Building and a row of 3 garages. The garages are not included in the proposed land exchange with SVC so the net value of CCC assets to be transferred is £244,000.
- 2.14 The notional valuation figure for the former library is £118,000; however the freehold interest of the Morris Wing was retained for CCC (under the terms of the Deed) on the basis that it continues to be used as a Library. If that ceases the property is to be transferred to SVC at nil value. Effectively the library site element now has little market value, as CCC cannot sell the site, other than by ensuring its continued use as a library on behalf of CCC. It is important to note that the freehold valuation of the Morris Wing at £118,000 was undertaken on a depreciated replacement cost basis, as a library in its condition prior to the fire. This approach uses construction costs offset by obsolescence as well as a value for the land element and is very subjective. Valuation on a comparable basis using rental values for alternative uses such as office space would result in a significantly lower value.
- 2.15 £126,000 has been attributed to the OWL building. The freehold valuation of the OWL building excludes an extension (added by a previous tenant) and also a garage (constructed by SVC). It is vacant and in need of repair. An historic valuation produced by Bidwells gave a significantly lower value to this

asset, heavily discounting value to reflect the location and the view that only SVC would be interested in acquiring the property.

- 2.16 It is important to note that these valuations are opinions and the figures should not be relied on as certain. The assets have not been marketed to determine demand in this setting within an education site and if they were there would probably be a significant variance.
- 2.17 SVC holds the land which it will exchange with CCC on long leasehold, for which they originally paid a premium of £190,000 for a 125 years lease starting in 1st July 2010. SVC will grant CCC a lease of part for the remainder of the lease at a peppercorn. The long leasehold interest to be acquired by CCC has been valued at £33,000 and the adjacent parking at £7,000, a combined total of £40,000.
- 2.18 To progress this matter CCC needs to gain approval to exchange assets bearing in mind the differential in value and the benefits arising. In exchange for the grant of a lease by SVC of the land adjacent to the Marven Centre with additional parking valued at £40,000, the Options for consideration are as follows:
- A. Release of the Morris Wing, currently valued at £118,000 (but in effect nil value now that the library has vacated it).
 - B. Release of the Morris Wing plus the OWL Building with a combined value of £244,000.
 - C. Release of the Morris Wing and grant of a lease of the OWL Building at a market rent of £11,200 pa for 10 years on an internal repairing and insuring basis, with shared use of the car park.
 - D. Release of the Morris Wing and grant of a lease of the OWL Building at a peppercorn or a less than best rent for up to 10 years on an internal repairing and insuring basis, with shared use of the car park.
 - E. Release of the Morris Wing and grant of a lease of the Owl Building on the basis that an annual rent is paid against a reducing balance of the 'acquisition cost' of £126,000 (with the application of interest if so determined) at the conclusion of which the Council will release /transfer the asset to SVC. Subject to both parties agreeing the detail of the amount and a reasonable repayment period.
 - F. To terminate the project and move back into the Morris Wing, although this is not considered to be a viable option in operational terms, and would have a very damaging reputational impact on CCC and its relationship with SVC.
- 2.19 SVC have committed time and money to progress this mutually beneficial project and given these options have expressed a clear preference for Option (B), which was the original arrangement proposed at the outset of the project. Adopting an alternative Option will require a further period of discussion and negotiation of detail with SVC, which will delay the project further.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

The report above sets out the implications for this priority in 2.9

3.3 Supporting and protecting vulnerable people

The report above sets out the implications for this priority in 2.9

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The report above sets out details of significant implications in paras 2.3 & 2.4

4.2 Statutory, Risk and Legal Implications

There are no significant implications for this priority.

4.3 Equality and Diversity Implications

There are no significant implications for this priority.

4.4 Engagement and Consultation Implications

There are no significant implications for this priority.

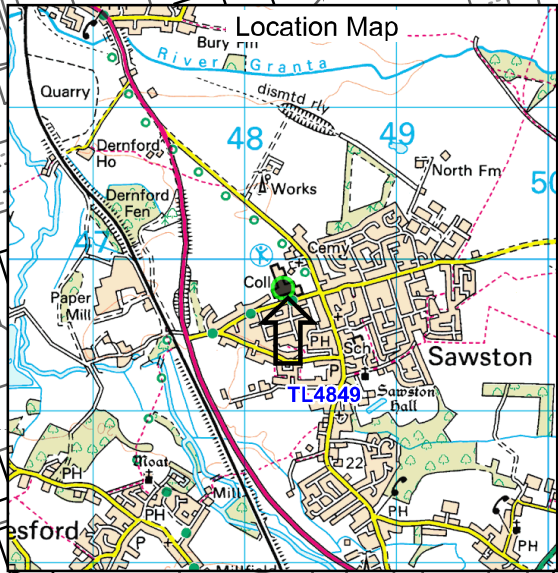
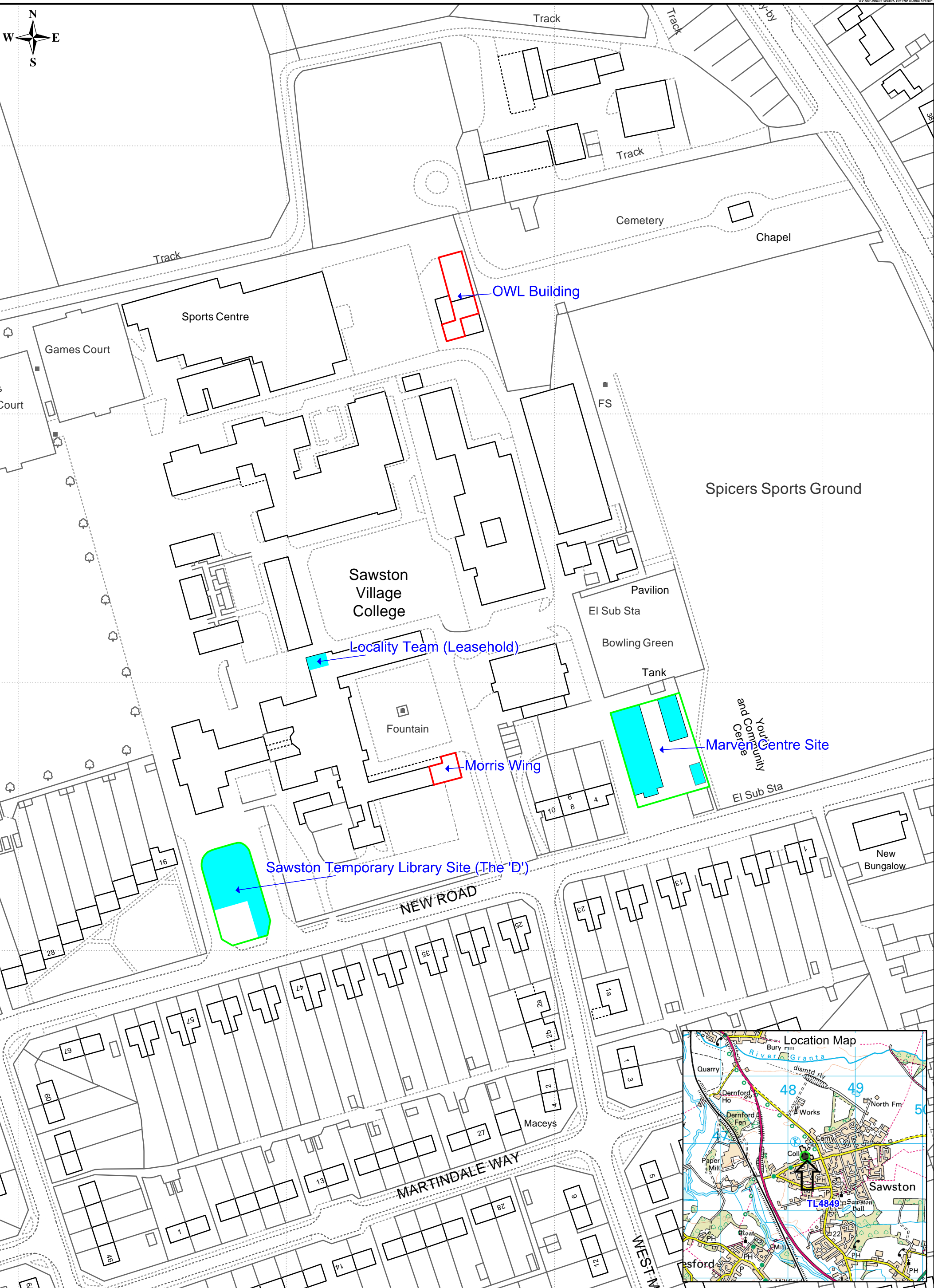
4.5 Localism and Local Member Involvement

Local Members have been consulted

4.6 Public Health Implications

There are no significant implications for this priority.

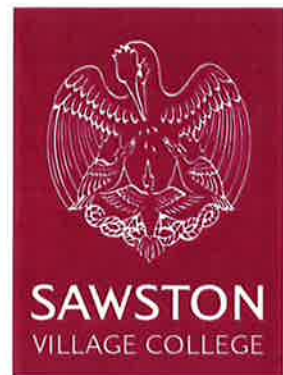
Source Documents	Location
None.	



JCU/LRO

25 November 2013

Ms B Francis
Project Manager
Cambridgeshire County Council LGSS
Box SH 1302
Shire Hall
Castle Hill
Cambridge
CB3 0AP



Principal: Mr J M Culpin

Dear Becky

Land Transfer for the new Sawston Community Hub

Please find enclosed the above-referenced document signed by Jonathan Culpin.

Yours sincerely

Louise Rogers
Principal's PA

Enc



My ref:
Your ref:

Date: 11th November 2013

Contact: Becky Francis
Direct dial: 01223 714696
E Mail: Becky.Francis@cambridgeshire.gov.uk

Mr J Culpin
Principal
Sawston Village College Academy
New Road
Sawston
Cambridgeshire
CB22 3BP
01223 712818



Cambridgeshire
County Council

LGSS Finance

Strategy and Estates

Box No: SH 1302
Shire Hall
Castle Hill
Cambridge
CB3 0AP

Tel: 01223 699048
Fax: 01223 699032

Dear Mr Culpin

Land Transfer for the new Sawston Community Hub

Detailed below are the intended terms for a transaction to facilitate the establishment of a new Community Hub at Sawston Village College. The content is intended to establish the joint intention of the parties, namely Sawston Village College (SVC) and Cambridgeshire County Council (CCC).

Area to be Transferred to Cambridgeshire County Council

Pre-application planning comment has identified a preferred area of land at the Sawston Village College site as having potential for this project.

Land adjacent to the Marven Centre – identified on the attached plan (without prejudice to final agreed area)

It is intended that SVC will either transfer the freehold of part of the site for a £1 or grant a 125 year lease at a peppercorn (without review or Landlord break) to CCC, the terms of which will allow CCC to construct and operate a new community hub.

The terms of the agreement shall not prevent CCC from operating the Community Hub as a multi occupancy service with third party occupation permitted.

The transaction will allow for the scheme as currently designed (but subject to planning approval) to attach to the existing building, connect to all necessary utility services and for the grant of suitable routes of access, egress and parking (subject to further discussion).

The property shall be provided to CCC with vacant possession.

CCC will be responsible for insuring any works and building(s) and will indemnify SVC from any costs, claims or damages arising out of the permitted use.

It is recognised that SVC's ability to grant CCC either the freehold or a 125 year lease is subject to discussions with the existing freeholder and the relocation of the Army Cadets. SVC will keep CCC informed of progress in this regard.

CCC agrees to surrender its interest in the Library accommodation in the Morris Wing and its interest in the OWL depot site without requiring a premium in exchange for the transfer or grant of an interest (described above) in the land adjacent to the Marven Centre. This is subject to formal Council approval.

SVC agrees to engage with CCC in discussions to identify sufficient suitable parking areas to fulfil operational and planning requirements to include consideration of the 'D' site, which would be freed up once the temporary library is removed and the new Hub is established.

It is CCC's intention to formally release its interest in the Morris Wing if and once the new Hub is completed and capable of occupation. For the period whilst CCC provide Library Services from the temporary library SVC will be permitted to occupy the Morris Wing. This occupation shall be formally documented and the terms will include a market rent and reflect its temporary nature.

If the scheme does not proceed for any reason CCC shall re-occupy the Morris Wing with 3 months' notice of its intention to do so and no action nor statement here shall prejudice its ability to retain the rights set out in the Deed dated 17th December 1996 between CCC and the Governing Body of Sawston Village College.

SVC agrees to circulate the design drawings for the wiring to the Morris Wing and where feasible incorporate a design suitable for both school and library use without additional cost to the insurers. Should the Council be required to reoccupy the Morris Wing, any further alterations will be undertaken at the cost of the Council.

If deemed necessary, both parties will co-operate in agreeing (and periodically revising) site management arrangements to promote the smooth operation of both facilities.


Early Access


SVC will consider granting early access to the chosen site to enable the County Council to commence work (as and when required) and if so required will sign an Early Access Agreement (or other suitable agreement).

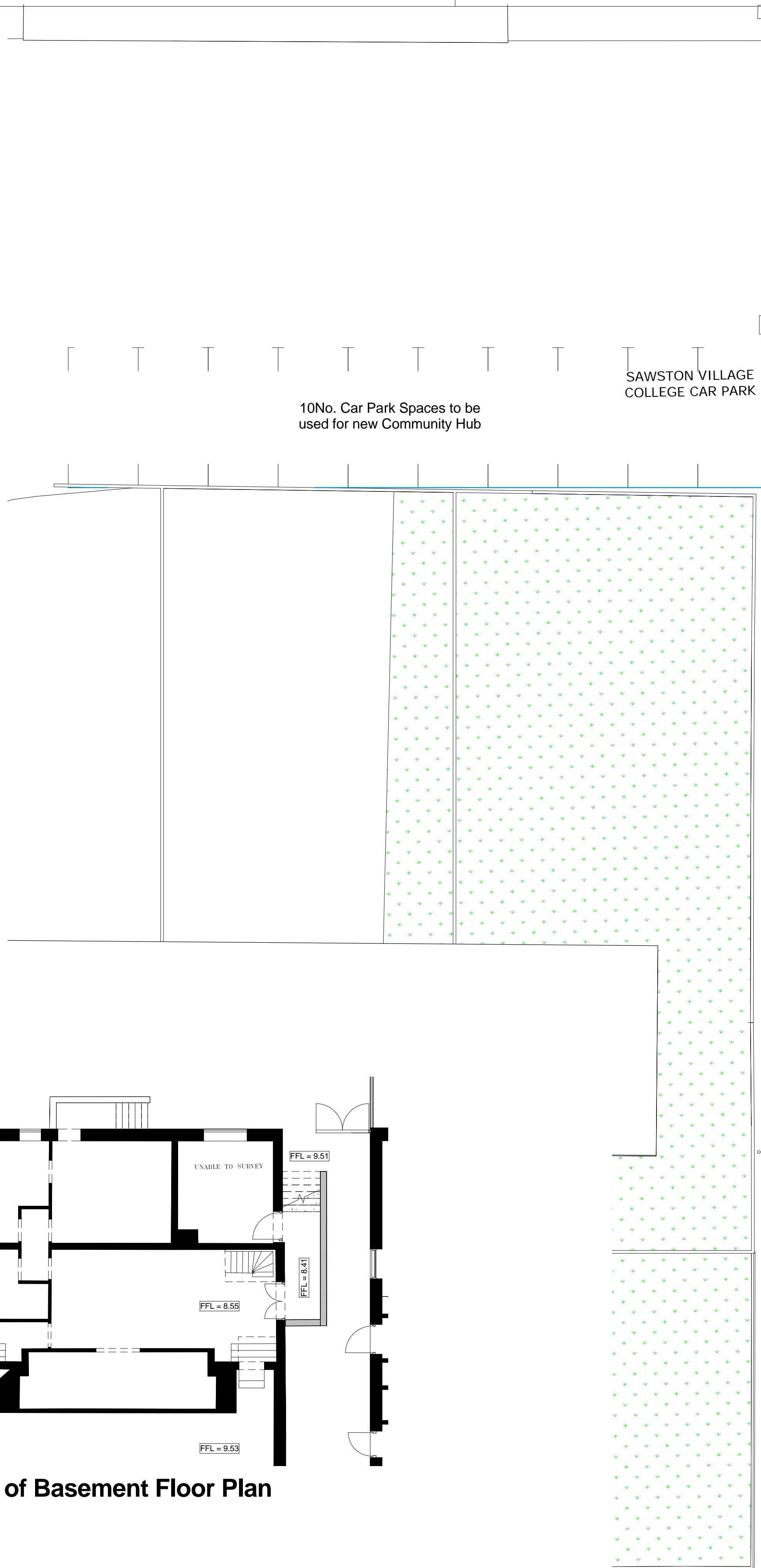
Costs

Each party will bear its own costs associated with this matter.

It is acknowledged that the foregoing accurately reflects the intention of the parties and that the terms and conditions are acceptable.

Signed 
Jonathan Culpin, Principal
For and on behalf of Sawston Village College Academy

Signed 
Christine May
For and on behalf of Cambridgeshire County Council



Extract of Basement Floor Plan
1 : 100



IT FOR MEMBERS

To: **General Purposes Committee**

Meeting Date: **15 March 2016**

From: **Corporate Director, Customer Service & Transformation
Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **This paper is to outline a proposal to reduce Members operating costs and provide improved services by the provision of hardware and software for Cambridgeshire County Council Members**

Recommendation: **a) It is requested that the Committee agree the proposals contained within this report for the provision of hardware and software for all Members**

b) It is requested that the Committee agree the provision of software that will enable Members to access Council emails and diaries securely through their own devices

<i>Officer contact:</i>	
Name:	Sue Grace
Post:	Director: Customer Service & Transformation
Email:	Sue.grace@cambridgeshire.gov.uk
Tel:	01223 699248

1. OVERVIEW

- 1.1 This discussion paper is to outline a proposal for the cost effective provision of hardware and software for Cambridge County Council Members, using quality industry supported products
- 1.2 These technologies are already in use by staff within the Authority and so we have tested them and are confident about their interworking and compatibility.
- 1.3 In line with the Council policy to create a paperless environment wherever possible, this proposal will realise significant savings in the cost of print, hardware leases, manual preparation, distribution costs and waste disposal by facilitating improved electronic access to Council systems and business papers. In the development of these proposals, Group Leaders have commented on the impetus to realise the savings represented by this shift as soon as possible.
- 1.4 Currently Members use a wide range of personal equipment to access confidential data.
- 1.5 This has been identified as significant personal and business risk. This proposal addresses these risks taking account of the statutory requirements around information management and security.
- 1.6 The paper has been informed over a number of months by meetings with individual Members, with Democratic Services and with the informal Member IT working group.
- 1.7 The requirement to move Members to a paperless office environment with full security conformance will be achieved by uniformly implementing this approach, with an understanding of the specific needs of Members in doing so.

2. PROPOSAL

- 2.1 The proposal has two key aspects to it, firstly the provision of hardware/software, laptops/tablets for all Members, and secondly the provision of software that will enable Members to access Council emails and diaries securely through their own smartphones and personal devices
- 2.2 **The proposal for Laptops and Tablets** recognises that technologies on these devices are continuing to merge during the life cycle of this report process. It is proposed to provide all Members with a standard mobile device.

Dell Large Form Tablet 10" Venue Pro+ with Keyboard



- 2.3 In the timescales leading up to a 'go live' decision on this proposal the models will change but the above is an excellent, current example of suitable hardware for capability and cost modelling purposes.
- 2.4 There are other capable devices shown in the attached costings schedule that were considered in that hardware appraisal, **Appendix A**.
- 2.5 All devices will be:
- Built to a high quality standard for all Members with the software build to include all the access required for that role;
 - Using standard licenced products where ever possible centred on Microsoft based systems to take advantage of the Council's existing low cost Enterprise Agreement with Microsoft.
- 2.6 Screen Layouts and detailed content of the applications and software will be established following further review with a representative group of Members.
- 2.7 For Members who may need special access provision these requirements would be managed in the same way as any member of staff who has special access requirements so that a fully inclusive service can be delivered.
- 2.8 Other information related to the roll out of laptops/tablets:
- Systems will be setup to auto connect to CCC and Cambwifi;
 - Assistance and guides will be available for other connections if required;
 - CCC email to be standard default with the security of spam filtering;
 - Members will be part of Active Directory as an enabler to these enhanced systems;
 - Devices will have CCC Antivirus management and Corporate Encryption;
 - They will be built and setup with Skype for Business ready for when this goes live;
 - Devices will meet mandatory Data Protection requirements;
 - One to one personal induction will be offered to all Members on collection;
 - Training will be provided by IT Services and a User support point via Members services;
 - Devices will have printing setup and a 3G / 4G SIM;
 - Remote access will be available direct to CCC network (avoiding the use of Dongle authentication and enabling simpler and faster connection).
 - A choice of secure bags for device transport will be available;
 - The devices selected will represent the best capital pricing including a 3 year warranty for lowest ongoing cost.
- 2.9 Taking into account only the print related savings the cost of CCC Laptops or Tablets for the current 69 Members would save over £50,000 over 3 years and over £100,000 over a 5 years term – the 5 year saving shown is after a post 3 year warranty provision for a hardware replacement at a cost of circa £40,000.

- 2.10 Any mobile devices that are not required, following the implementation of the outcome of the Boundary Review, will be retained as whole unit and loan machines for Members' use.
- 2.11 The full costing schedule attached as **Appendix B**.
- 2.12 It should be noted that there is a data, application and security requirement for all Members and staff to have standard CCC email addresses, to use encryption and be on the Council's Active Directory.
- 2.13 The Operational Security Requirements are included in this document as **Appendix C**.
- 2.14 The overview and deployment of Skype for Business is included in this document for information as **Appendix D**. Further information will follow about the roll out of Skype for Business in due course.
- 2.15 **The proposal for software for personal smartphones and devices** recognises that Members will still continue to want the convenience of accessing key information, such as emails and diaries, securely on their own devices. We propose to achieve this through the replacement of the current DME remote access with a new application called GOOD, see **Appendix E** datasheet for more details. In summary, the introduction of GOOD we will achieve:
- Flexible and improved personal IT security;
 - Ease of use and data access;
 - Through GOOD Members will have an easy one touch access to Council diaries and emails
 - GOOD will create a secure User environment within the device to isolate Council system from personal non Council systems
 - And we will benefit from a 40% annual cost benefit and improved functionality
- 2.16 GOOD as an application is also being rolled out as a significant cost saving service improvement for the Council's workforce and will enable improved Member communication with Council Officers.
- 2.17 The devices will be paid for from the Smarter Business capital fund that has already been approved by Members, see existing capital programme for LGSS Managed. However, the savings identified will be savings on revenue costs – of printing, of software licences.

3. OTHER SUPPORTING PROGRAMMES

- 3.1 There are a number of related improvement programmes in Member Services that will run in parallel with the roll out of new hardware and software.

Committee Management Information (CMIS)

- 3.2 The Committee Management Information System (CMIS) allows Members, Officers and the Public, controlled and secure access to published information. Details will be available on a wide variety of topics including items such as a Councillor's political affiliations, their attendance records, decision histories, meeting reports, minutes and agendas.

- 3.3 With the CMIS Agenda Builder the Democratic Services team can quickly produce agenda packs, update them in minutes and distribute them by e-mail to everyone requiring a copy. Democratic Services staff can easily upload the relevant documents, associate each one with a particular agenda item, and then the application CMIS collates them all into a single easy to read document. All papers are automatically placed in correct order, with numbered pages and agenda items. All Members can then receive them by email or access the pack online.
- 3.4 This automated process reduces Democratic Services reliance on other Council departments and on the current systems' web based activities. Use of CMIS will:
- Reduce the operational support cost of the current bespoke system.
 - Enable improved, multi site use,
 - Ensure the use of an industry standard management tool used by all LGSS partner Councils.

Skype for Business

- 3.5 This technology will soon start to be rolled out for staff within the Council. It will provide the following benefits:
- Instant Messaging;
 - Presence;
 - Audio Conferencing;
 - Web Conferencing;
 - Screen Sharing;
 - It will conform to all legal, policy and security requirements;
 - Improve Members' interaction with the public and council services;
 - Provide the capability to fast track mandatory changes and processes;
 - Lead to improvements in engagement with peer groups, officers and partner agencies;
 - A reduction in operating costs;
 - Inclusivity.
- 3.6 The technology used will be chosen from proven suppliers with a focus on existing economies of scale, low purchase cost and minimal ongoing support costs. In-house training on Skype for Business will be integrated with new Members' induction.

Other proposed improvements

- 3.7 Identified below are developments that will improve IT access, reduce operational costs, extend the use of IT and realise further benefits.
- Review of equipment and access to IT Functions within the Kreis Viersen Room with consideration of:
 - Large panel screen for Skype and more detailed documents (spreadsheets / graphs)
 - Video Conference facilities
 - Improved document sharing/reading during meetings.
 - Installation of "spider phones" to improve conference call quality

- Future implementation of VoIP telephony
- Improvements to network bandwidth to enable best use of the new online facilities.

3.8 These improvements to be trialled and tested by Members for consideration in other Members' Group areas.

4.0 RECOMMENDATIONS

4.1 It is requested that the Committee agree the proposals contained within this report for the provision of hardware and software for all Members

4.2 It is requested that the Committee agree the provision of software that will enable Members to access Council emails and diaries securely through their own devices

5. ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Supporting Councillors to undertake their roles through the use of better IT will in turn support the organisation's ability to achieve all corporate priorities:

- Developing the local economy for the benefit of all
- Helping people live healthy and independent lives
- Supporting and protecting vulnerable people

6. SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

Appendix B to this report sets out the financial implications of the recommendations made in this report.

6.2 Statutory, Risk and Legal Implications

No significant issues are identified in this area.

6.3 Equality and Diversity Implications

No significant issues are identified in this area.

6.4 Engagement and Consultation Implications

No significant issues are identified in this area.

6.5 Localism and Local Member Involvement

No significant issues are identified in this area.

6.6 Public Health Implications

No significant issues are identified in this area.

Recommended: Compact & High Performance

Dell Large Form Tablet 10" Venue 11 Pro + Tablet keyboard 98621764	
P/N 203-64411-LGSS	
Processor	Intel Core M-5Y10 Processor (4MB L3 Cache, 2.0GHz Dual-Core)
Memory	4GB Memory
Screen	10 Inch IPS Display With HD (WXGA 1280 X 800) resolution with 10-PT Capacitive touch
Hard Drive	128GB Solid State Drive
Wireless	Intel 7265 Dual Band 2X2 802.11 AC WiFi+ Bluetooth 4.0
OS	Windows 8.1 Pro 32 bit English
	Dell Wireless 5810E 4g lte Mobile Broadband Card
Warranty	3yr collect and return warranty
Keyboard	Dell Tablet Keyboard Mobile English P/N 580-ABWU
Price	£541.70
Market price	£674.89



High Performance Laptop with conformance

Dell Latitude E7250 LGSS Higher spec 98626970	
P/N 210-ACWG-LGSS	
Asset Tagging - ESS-ASST1	
Processor	Intel Core i5-5300U Dual Core 2.3GHz 3M Cache
Memory	4GB 1X4GB 1600MHz DDR3L Memory
Screen	12.5" Non Touch HD (1366X768) Anti Glare WLED LCD, WLAN+WWAN
Hard Drive	128GB Solid State Drive Mini Card Latitude
Wireless	Intel Dual band Wireless AC 7265AC 802.11 ac/a/b/g/n 2+2 + Bluetooth 4.0 LE Half Mini card
	Qualcomm Gobi 4G LTE Wireless Card
OS	Windows 7 Professional 64 bit
Warranty	3Yr Basic Warranty NBD
Price	£567.84
Market cost	£899



Appendix B –Financials

Description	One Time Capital cost	Ongoing annual costs					5 Year Unit cost of Ownership	5 Year totals for 69 x Members
		Year 1	Year 2	Year 3	Year 4	Year 5		
Dell Large Form Tablet 10" Venue Pro+ with keyboard	£542							
Annual support	3yr included	0	0	0	n/a	n/a		
Quality Bag	£30							
SIM annual charge		60	60	60	60	60		
Software build , microsoft licences and network setup	£175	0	0	0	0	0		
Good Software for Remote Access. 1st year cost includes setup cost per device	£60	100	100	100	100	100		
							5 year unit cost of Ownership	5 year cost to equip all 69 x Members with Laptops
Unit costs Internal traded ex vat	£807	£160	£160	£160	£160	£160	£1,607	<u>£110,862</u>

Unit cost for 3 years	£1,287			3 year cost for 69 devices	<u>£88,782</u>
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Existing 3 years cost	<u>£151,170</u>
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Total savings over 3 year term	<u>£62,388</u>
Total savings over 5 year term	<u>£141,588</u>

Additional costs	Start up Training for all Members	Annual provision for new starters and top ups				5 year total
In House IT Training Budget provision	£4,000	£800	£800	£800	£800	<u>£7,200</u>

Recoverable if not used

Information Security

What you need to do

CCC has a legal and moral obligation to its service users, citizens, employees, partners and other stakeholders to safeguard the personal and/or sensitive information it holds, processes or manages. Specifically, under principle 7 of the Data Protection Act 1998, the Council is obliged to ensure that:

"Appropriate technical and organisational measures [are] taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data".

What you must do and must not

- Manual records containing personal information should be locked away in a cabinet or drawer when not in use.
- When documents containing personal or confidential information have reached the end of their life dispose of them by shredding or use the confidential waste bins.
- Do not share your user ID or password with anyone.
- All members must use cambridgeshire.gov.uk email address with new Council tablets/laptops. **Please note** that if sending personal information by unsecured email (outside of the cambridgeshire.gov.uk email system) then its security cannot be guaranteed. If it is necessary to send information in this way and you do not have access to secure email, make sure it has been either password protected or de-personalised. Send the data as an attachment to the email and flag as confidential.
- If you are required to take personal data home and IT equipment (including laptops, tablets, smartphones), do not leave the information unattended for any length of time, especially in a vehicle overnight.
- Remember - at all times treat people's personal information as you would wish your own to be treated.

Training

An Information Security e-learning module is available on the [Online Learning Centre](#), with other e-learning courses currently in development. Log into the Learning Centre, click on the 'Online Courses' logo, then 'Essential Training', then 'Information Security (Cambridgeshire & Huntingdonshire)' under the Information Management heading. Additionally, a PowerPoint Training course about information sharing can be found on the Council's website as part of the [Cambridgeshire Information Sharing Framework resources](#)

Key guidance

There are three key policies in this area:

- [Protective Marking Policy](#): this provides guidance on the three levels of sensitivity of information handled in the Council and the protective marks used for each – Official sensitive. It sets out how to use protective marking to indicate to others how information needs to be handled.
- [Safe Information Handling Policy](#): this provides more specific information on how information at different levels of sensitivity should be handled. A two-step process is recommended: first work out how sensitive your information is, then decide how to handle it. The policy includes standards for maintaining a secure office environment, managing paperwork, including faxing and post, electronic transit of information and phone use. More information on this policy can be found by following the link on the left.
- [Information Security Incident Policy](#): this sets out what action needs to be taken by the involved service and by Information Governance in the event of an information security incident.

Information security – key rules and good practice for members and officers

Information security is a vital part of being able to rely on the information we hold, for instance that it's accurate and is accessible when needed.

Much of this amounts to common sense; stopping and thinking about the sensitivity of the information and taking appropriate actions to prevent it from being lost, stolen or accessed by someone with no legitimate reason to see it.

Security in the office

Our offices are only as secure as we make them. Don't allow people you don't know to tailgate behind you when going through a swipe-card access door. All staff should have their ID card on them at all times so don't be afraid to ask someone to see it.

Make sure paper files are securely stored away when they are not being worked with. Securely dispose of any documents with personal or business sensitive information in them by using the blue confidential waste bins.

Use 'Follow Me' printing on Canon MFDs or consult the user guide for your MFD/printer on how you can 'secure print' so that documents are not left on the printer, where they could be accidentally picked up with other papers.

If you need to use fax, double-check that you have the correct number before sending and, again, make sure no papers (sent or received) are left on the machine.

Secure use of ICT systems

Just as we keep offices secure, we need to keep our ICT systems secure too. Good passwords are the first line of defence. Create strong passwords by using a mix of upper and lower case, numbers and symbols. Change them regularly, never write them down in a way somebody else could recognize them and never share your password.

Always lock your PC (do this by pressing the Windows key and 'L') when you are going to move out of sight of the desk you are working at.

Store work-related information on systems (such as AIS and Wisdom) or shared network areas so that it is accessible to other members of staff that may need to refer to it.

You must only access information that you require for your work and must **never** access information about services users without a valid business need to do so. Contravening this may result in disciplinary action being taken.

Data quality

Inaccurate information can lead to incorrect actions and decisions being made. Ensure all relevant details are recorded accurately and that the information is kept up-to-date. This is especially important for key details such as a person's address.

Think carefully about what you are recording, stating facts and making it clear when you are recording an opinion based on facts. Be aware that if you record information about a person, they have a legal right to make a request to see it.

Working outside of the office

The most secure way to work on Council information electronically is via the remote access system Juniper or via a Council-issued encrypted device (laptop, smartphone, USB memory stick etc) and only store the minimum information needed for the task at hand. If you have

any queries about obtaining or using these systems and devices, please contact the Business Support Helpdesk.

If you need to take paper records out of the office, take copies rather than originals where possible, only take the minimum amount of information required, sign out the information so there's an audit trail and ensure at all times that the info is kept as securely as possible.

Sharing information

What you can and cannot share is always dependent on the specific situation. For example:

- Why is the sharing necessary? What will the information be used for and what would be the consequences if we do or do not share the information?
- If the information relates to an individual, have they consented to the sharing or is there another legal reason that allows us to share without consent?
- Are you sure the person asking for the information is who they say they are? Are you confident the contact details you have are correct? If in any doubt, check.

Remember that not sharing information can pose as big a risk as potentially sharing information inappropriately.

Refer to the Council's [Safe Information Handling Policy](#) for further guidance.

Sending information securely

The most common mistake with sending information is also the easiest to prevent: always double-check that the address is correct (whether postal or e-mail) and that all of the information in the envelope or attached to the e-mail is for the intended recipient.

When sending by post, mark the letter as appropriate depending on the sensitivity of the content (e.g. 'private and confidential'). Ensure the letter or parcel is securely sealed. Send mail by recorded delivery where this is required.

There are various different options available that, depending on the case, can be used to send information electronically in a secure way outside of the Council. The Managed File Transfer system can be used to send information, whilst there are also secure e-mail accounts (for example Government Connect and NHS.mail) that can be applied for in some situations.

Refer to the Council's [Safe Information Handling Policy](#) for further guidance and contact the Business Support Helpdesk to discuss any ICT requirements.

When things go wrong

If information is lost, stolen, sent to the wrong place or accessed by someone with no legitimate reason to see it, report it to your manager, the Business Support Helpdesk (if ICT related) and the Information Governance Team.

The [Information Security Breach Policy](#) can be found on CamWeb.

Skype for Business

Microsoft Skype for Business is a communication tool that is able to integrate with CCC Active Directory to help improve accessibility to more innovative & efficient communication channels.

The tool will be rolled out to Members and Staff during the 2016/17 financial year, training and documentation will be available.

Basic features of Skype for Business include:

- **Instant messaging** - Users can send messages to each other in real-time using the instant messaging (IM) features in SfB. IM's are a simple mode of real-time communication that provides an excellent way for users to conduct a conversation in a quick manner without requiring an email or a phone call
- **Presence** - Presence allows users to identify when the right time to communicate with a colleague is and what type of communication is the most appropriate; this feeds from Outlook calendars
- **Audio calls**- Audio calls can be made internally to other SfB users, to federated SfB partners (trusted relationship), or with users of SfB for home use.
- **Audio conferencing** - Audio conferencing is a basic requirement for any organisation and presents a great opportunity for cost savings when deployed on-premises. Participants' names are displayed and active speakers can be identified visually.
- **Web conferencing** – Using SfB in meetings enables collaboration scenarios that are useable and promote productivity – regardless of whether the meeting participants are in the same room collaborating, across town in another conference room.
- **Video conferencing** – SfB simplifies the user experience by incorporating peer-to-peer and multiparty video into the unified client. Video is easy and natural to use in a scheduled meeting scenario, when spontaneously starting a meeting or escalating a basic audio conference or multiparty IM conversation to video conference.
- **Meeting management** - SfB meetings bring together traditionally separate components of desktop video, audio conferencing, web conferencing, content sharing and room based video conferencing solutions into a single unified experience.
- **Screen Sharing**- a useful feature to assist with training or to make sure that those dialling into a meeting and seeing the same information as the people in the meeting room.

Appendix E: GOOD Remote Access

Gillian Beasley Blog 13th January 2016

'Good' will replace DME as a remote working solution. This will be rolled out on all new smartphones and then on tablets. I have been piloting 'Good' personally and have been very pleased with it. I think it should provide an excellent solution to our remote working requirements.



FINANCE AND PERFORMANCE REPORT – JANUARY 2016

To: **General Purposes Committee**

Meeting Date: **15th March 2016**

From: **Director of Customer Service and Transformation**
Chief Finance Officer

Electoral division(s): **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **To present to General Purposes Committee (GPC) the January 2016 Finance and Performance Report for Corporate Services and LGSS Cambridge Office.**

The report is presented to provide GPC with an opportunity to comment on the projected financial and performance outturn position, as at the end of January 2016.

Recommendation: **The Committee is asked to review, note and comment upon the report**

<i>Officer contact:</i>	
Name:	Chris Malyon
Post:	Chief Finance Officer
Email:	Chris.malyon@cambridgeshire.gov.uk
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1. BACKGROUND

- 1.1 At its meeting in May 2014, the Committee was informed that it will receive the Corporate Services and LGSS Cambridge Office Finance and Performance Report at its future meetings, where it will be asked to both comment on the report and potentially approve recommendations, to ensure that the budgets and performance indicators for which the Committee has responsibility remain on target.

2. MAIN ISSUES

- 2.1 Attached as **Appendix A** is the January 2016 Finance and Performance report.
- 2.2 At the end of January, Corporate Services (including the LGSS Managed and Financing Costs) was forecasting a year-end underspend on revenue of £2,070k.
- 2.3 The LGSS Operational budget was expected to break-even by year-end. This element of the budget is monitored by the LGSS Joint Committee and is not the responsibility of General Purposes Committee.
- 2.4 There are three new significant forecast outturn variances by value (over £100,000) to report for Corporate Services / LGSS Managed.

There is a predicted underspend of £116k on Customer Services, an increase of £45k from the previous month. This is primarily due to a predicted underspend of £81k on salaries due to recruitment and retention issues, which is an increase of 30k from the previous month. In addition there is a predicted saving of £10k on blue badge production and an increased income stream of £20k.

GPC approval is being sought to increase the Insurance Fund by an additional provision of £1.15m in 2015/16 to cover the MMI Scheme of Arrangement Levy that will become payable in the near future. Municipal Mutual Insurance (MMI) was a key provider of insurance to the public sector for many years until it ceased insurance business in 1992 as a result of its failing financial strength. In 2014 the MMI Scheme of Arrangement Levy was invoked, whereby the creditors became liable for the payment of a levy. MMI's financial position has continued to deteriorate and the Council has recently received notice of an expected extension to the levy from the current 15% up to 34%. It is expected that the additional levy will become payable towards the end of the current financial year or early in 2016/17.

The forecast underspend reported by County Farms has increased by £105k to £300k. This increase is due to a reduction in the forecast spending on County Farms maintenance due to postponement of some planned maintenance schemes and fewer calls than anticipated on the unplanned maintenance budget.

- 2.5 The debt charges and interest budget is currently predicting a year-end underspend of £2,830k, an increase of £50k from the figure reported last month. The movement is largely as a result of a decision to continue with a strategy of internal borrowing as the health of the balance sheet has been

stronger than anticipated. As a result investments have been drawn down as a surrogate for expensive long term borrowing.

- 2.6 At the end of January, Corporate and LGSS Managed was forecasting a year-end underspend on capital of £6.2m in 2015-16.
- 2.7 There are no new significant forecast underspends by value to report for Corporate Services / LGSS Managed.
- 2.8 Corporate Services / LGSS have eleven performance indicators for which data is available. Seven indicators are currently at green status, and four at amber.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

3.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

3.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

This report sets out details of the overall financial position for Corporate Services / LGSS and this Committee.

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
There are no source documents for this report	

Corporate Services and LGSS Cambridge Office

Finance and Performance Report – January 2016

1. SUMMARY

1.1 Finance

Previous Status	Category	Target	Current Status	Section Ref.
Green	Income and Expenditure	Balanced year end position	Green	2.1 – 2.4
Green	Capital Programme	Remain within overall resources	Green	3.2

1.2 Performance Indicators – Current status: (see section 4)

Monthly Indicators	Red	Amber	Green	Total
January (Number of indicators)	0	4	7	11

2. INCOME AND EXPENDITURE

2.1 Overall Position

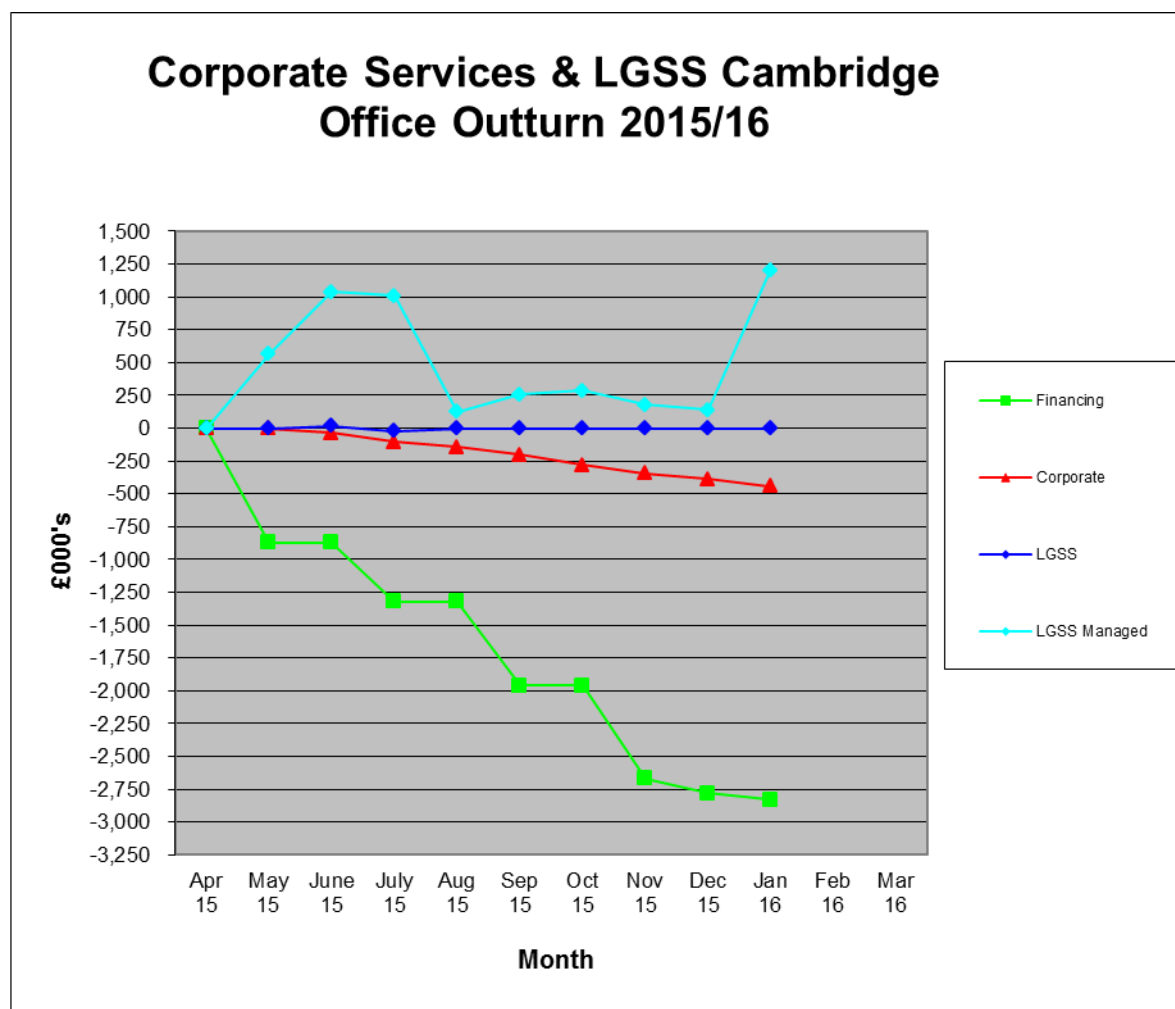
Original Budget as per BP ¹ £000	Service	Current Budget for 2015/16 £000	Forecast Variance - Outturn (Dec) £000	Forecast Variance - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) %	Current Status	DoT
£000		£000	£000	£000	%		
5,672	Corporate Services	6,166	-389	-442	-7	Green	↑
9,145	LGSS Managed	10,465	140	1,202	11	Amber	↓
35,460	Financing Costs	35,460	-2,780	-2,830	-8	Green	↑
50,277	Sub Total	52,091	-3,029	-2,070			□
							□
9,864	LGSS Cambridge Office	10,124	0	0	0	Green	↔
60,141	Total	62,215	-3,029	-2,070			

¹ The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

The service level budgetary control report for Corporate Services, LGSS Managed and Financing Costs for January 2016 can be found in [CS appendix 1](#).

The service level budgetary control report for LGSS Cambridge Office for January 2016 can be found in [LGSS appendix 1](#)

Further analysis of the results can be found in [CS appendix 2](#) and [LGSS appendix 2](#)



2.2.1 Significant Issues – Corporate Services

- Corporate Services is currently predicting a year-end underspend of £442k, which is a £53k increase on the figure reported last month.
- There is a predicted underspend of £116k on Customer Services, an increase of £45k from the previous month. This is primarily due to a predicted underspend of £81k on salaries due to recruitment and retention issues, which is an increase of 30k from the previous month. In addition there is a predicted saving of £10k on blue badge production and an increased income stream of £20k.

2.2.2 Significant Issues – LGSS Managed

- LGSS Managed is currently predicting a year-end overspend of £1.2m, which is an increase of £1.1m from the previous month.
- GPC approval is being sought to increase the Insurance Fund by an additional provision of £1.15m in 2015/16 to cover the MMI Scheme of Arrangement Levy that will become payable in the near future. Municipal Mutual Insurance (MMI) was a key provider of insurance to the public sector for many years, until it ceased

insurance business in 1992 as a result of its failing financial strength. In 2014 the MMI Scheme of Arrangement Levy was invoked, whereby the creditors became liable for the payment of a levy. MMI's financial position has continued to deteriorate and the Council has recently received notice of an expected extension to the levy from the current 15% up to 34%. It is expected that the additional levy will become payable towards the end of the current financial year or early in 2016/17.

- The forecast underspend reported by County Farms has increased by £105k to £300k. This increase is due to a reduction in the forecast spending on County Farms maintenance due to postponement of some planned maintenance schemes and fewer calls than anticipated on the unplanned maintenance budget.

2.2.3 Significant Issues – Financing Costs

- The forecast underspend on debt charges has increased by £50k to £2,830k. The movement is largely as a result of a decision to continue with a strategy of internal borrowing as the health of the balance sheet has been stronger than anticipated. As a result investments have been drawn down as a surrogate for expensive long term borrowing.
- There are no new exceptions to report this month.

2.2.4 Significant Issues – LGSS Cambridge Office

- LGSS Cambridge Office is currently predicting a breakeven position at year-end.
- There is currently a forecast overspend of £372k against the Trading budget. There is a deficit of £747k on the consolidated trading position, which relates to the forecast shortfall on additional trading activity in 2015/16 to meet the revised income target. This shortfall is being partially offset by in-year underspends across LGSS Directorates, and the balance required to ensure an overall breakeven position will be met from the LGSS Smoothing Reserve.
- There are no new exceptions to report this month.

2.3 Additional Income and Grant Budgeted this Period (De minimis reporting limit = £30,000)

There were no items above the de minimis reporting limit recorded this month.

A full list of additional grant income for Corporate Services and LGSS Managed can be found in [CS appendix 3](#).

A full list of additional grant income for LGSS Cambridge Office can be found in [LGSS appendix 3](#).

2.4 Virements and Transfers to / from Reserves (including Operational Savings Reserve) (De minimis reporting limit = £30,000)

The following virements have been made this month to reflect changes in responsibilities:

LGSS Managed:

	£000	Notes
Non material virements (+/- £30k)	-6	

A full list of virements made in the year to date for Corporate Services, LGSS Managed and Financing Costs can be found in [CS appendix 4](#).

A full list of virements made in the year to date for LGSS Cambridge Office can be found in [LGSS appendix 4](#).

3. **BALANCE SHEET**

3.1 Reserves

A schedule of the Corporate Services and LGSS Managed reserves can be found in [CS appendix 5](#).

A schedule of the LGSS Cambridge Office Reserves can be found in [LGSS appendix 5](#).

3.2 Capital Expenditure and Funding

Expenditure

- Corporate Services has a capital budget of £386k in 2015/16 and there is spend to date of £88k. It is currently expected that the programme will be underspent by £267k at year-end and the total scheme variances will amount to £0k across the programme.

There are no new exceptions to report for this month.

- LGSS Managed has a capital budget of £15.3m in 2015/16 and there is spend to date of £2.3m. It is currently expected that the programme will underspend by £5.9m at year-end and the total scheme variances will amount to an underspend of £9.1m across the programme.

There are no new exceptions to report for this month.

- LGSS Cambridge Office has a capital budget of £209k in 2015/16 and there is spend to date of £0k. It is currently expected that the programme will be fully spent at year-end and the total scheme variances will amount to £0k across the programme.

There are no new exceptions to report for this month.

Funding

- There are no key funding changes to report for January.
- Corporate Services has capital funding of £386k in 2015/16. As reported above, the Corporate Services budget is expected to underspend by £267k, which will result in a reduced funding requirement of this amount.

As a result of the reported underspend on the Corporate Services capital programme, the overall prudential borrowing requirement has reduced by £267k.

- LGSS Managed has capital funding of £15.3m in 2015/16. As reported above, the LGSS Managed budget is expected to underspend by £5.9m, which will result in a reduced requirement of funding of this amount.

As a result of the reported underspend on the LGSS Managed capital programme, the overall prudential borrowing requirement has reduced by £6.0m.

- LGSS Cambridge Office has capital funding of £209k in 2015/16 with the current expectation being that this continues to be required in line with the original budget proposals.

A detailed explanation of the position for Corporate Services and LGSS Managed can be found in [CS appendix 6](#).

A detailed explanation of the position for LGSS Cambridge Office can be found in [LGSS appendix 6](#).

4. PERFORMANCE

4.1 The table below outlines key performance indicators for Customer Services and Transformation and LGSS Managed Services.

Measure	Reporting frequency	What is good	Unit	Data last entered	Target	Actual	RAG status	Direction of travel	Comments
Customer Service & Transformation									
Proportion of FOI requests responded to within timescales	Monthly	High	%	02/02/16	90.0%	96.0%	Green	↓	
For context only - number of FOI requests received annually	Annually	Low	Num	07/01/16	N/A*	928	N/A	N/A	Running total will be collected quarterly. Data to be next reported on in April 2016 for Q4 2015/16 and year end.
Proportion of customer complaints received in the month before last that were responded to within minimum response times	Monthly	High	%	04/02/16	90.0%	96.0%	Green	↑	
For context only - number of complaints received annually per thousand population	Annually	Low	Num	27/04/15	N/A*	1.68**	N/A	N/A	Data to be next reported on in May 2016 for 2015/16
Proportion of all transformed transaction types to be completed online by 31 March 2015***	Annually	High	%	13/01/16	75.0%	70.2%	Amber	↓	To be next reported on in April 2016 for Q4 2015/16 and year end.
Deprivation measure - Number of physically active adults (narrowing the gap between Fenland and others)	Annually	High	%	N/A	51% (2015) 52% (2016)	49.5% (2014)	TBC	N/A	Data to be reported on in April/May 2016 for year end.
LGSS Managed Services									
Strategy and Estates – capital receipts target managed and achieved	Quarterly	High	%	02/02/16	98% (£250k gross)	115.0%	Green	↑	Data to be next reported on in Feb 2016 for Q3 2015/16.
Strategy and Estates – farm estates income demanded and collected on time	Half-yearly	High	%	02/02/16	95% (£3.9m gross)	94.0%	Amber	↓	Data to be reported on in April/May 2016 for year end.
IT – availability of Universal Business System****	Quarterly	High	%	02/02/16	95.0%	94.0%	Amber	↓	Data to be next reported on in Feb 2016 for Q3
IT – incidents resolved within Service Level Agreement	Quarterly	High	%	02/02/16	90.0%	97.0%	Green	↑	To be next reported on in Feb 2016 for Q3 2015/16.

The full scorecard for Customer Services and Transformation and LGSS Managed Services can be found at [CS appendix 7](#).

4.2 The table below outlines key performance indicators for LGSS Cambridge Office

Measure	Reporting frequency	What is good	Unit	Data last entered	Target	Actual	RAG status	Direction of travel	Comments
LGSS Cambridge Office									
Percentage of invoices paid within term for month	Monthly	High	%	01/02/16	97.5%	98.3%	Green	↓	99.8% reported last period
Percentage of invoices paid within term cumulative for year to date	Monthly	High	%	01/02/16	97.5%	98.2%	Green	↓	99.8% reported last period
Total debt as a percentage of turnover	Monthly	Low	%	01/02/16	10.0%	3.7%	Green	↑	5.2% reported last period
Percentage of debt over 90 days old	Monthly	Low	%	01/02/16	20.0%	24.4%	Amber	↑	32.4% reported last period

CS APPENDIX 1 – Corporate Service Level Budgetary Control Report

The variances to the end of January 2016 for Corporate Services, LGSS Managed and Financing Costs are as follows:

Original Budget as per BP £000	Service	Current Budget for 2015/16 £000	Forecast Variance - Outturn (Dec) £000	Forecast Variance - Outturn (Jan) £000	%
Corporate Services					
1,096	Director, Policy & Business Support	1,083	-85	-98	-9
296	Chief Executive	295	-75	-75	-25
433	Corporate Information Management	464	-1	-1	0
1,286	Customer Services	1,285	-71	-116	-9
511	Digital Strategy	826	-56	-56	-7
299	Research	293	-64	-57	-19
0	Service Transformation	256	2	2	0
136	Smarter Business	136	-5	-8	-6
656	Strategic Marketing, Communications & Engagement	550	-27	-27	-5
198	Elections	198	0	0	0
926	Redundancy, Pensions & Injury	926	-8	-8	-1
-165	Grant Income	-146	0	0	0
5,672		6,166	-389	-442	-7
LGSS Managed					
1,137	Building Maintenance	1,108	71	123	11
0	City Deal	917	0	0	0
-3,174	County Farms	-3,174	-195	-300	-9
5,497	County Offices	5,534	948	948	17
121	Effective Property Asset Management	121	-4	-26	-21
179	External Audit	179	0	0	0
1,483	Insurance	1,483	0	1,150	78
1,834	IT Managed	2,216	-421	-421	-19
985	Members' Allowances	1,000	-14	-32	-3
128	OWD Managed	128	-35	-28	-22
106	Subscriptions	106	-2	-2	-2
1,000	Transformation Fund	1,000	-225	-225	-23
-53	Authority-wide Miscellaneous	-53	18	15	28
-100	Grant Income	-100	0	0	0
9,145		10,465	140	1,202	11
Financing Costs					
35,460	Debt Charges and Interest	35,460	-2,780	-2,830	-8
50,277	CORPORATE SERVICES TOTAL	52,091	-3,029	-2,070	-4
MEMORANDUM - Grant Income					
-165	Public Health Grant - Corporate Services	-136	0	0	0
-100	Public Health Grant - LGSS Managed	-100	0	0	0
0	Other Corporate Services Grants	-10	0	0	0
-265		-246	0	0	0

CS APPENDIX 2 – Commentary on Forecast Outturn Position

Number of budgets measured at service level that have an adverse/positive variance greater than 2% of annual budget or £100,000 whichever is greater.

Service	Current Budget £'000	Forecast Variance - Outturn	
		£'000	%
Building Maintenance	1,108	123	11%
<p>Building Maintenance is forecasting an overspend of £123k, which is an increase of £52k from the previous month. This is based on committed expenditure and an estimate of essential reactive maintenance costs for the remainder of the year. As previously reported, there was a shortfall of £121k on the amount accrued in the 2014-15 accounts compared to invoices paid in respect of these accrued costs. This pressure has been partly offset by estimated costs of £30k to be charged to capital, £15k income from caretaker housing, and £5k of the 2014-15 costs which have now been re-assessed as relating to the 2015-16 financial year.</p>			
County Farms	-3,174	-300	-9%
<p>The forecast underspend reported by County Farms has increased by £105k to £300k. This increase is due to a reduction in the forecast spending on County Farms maintenance due to postponement of some planned maintenance schemes and fewer calls than anticipated on the unplanned maintenance budget. As previously reported, the balance of the underspend is made up of an increase in rent income (£140k) following completion of 60 rent reviews during 2014/15 and a reassessment of the levels of income generation resulting from the ongoing programme of solar PV installations across the estate (£45k).</p>			
County Offices	5,534	+948	+17%
<p>County Offices is forecasting an overspend of £948k, which is unchanged from the figure reported last month. A rent review is currently being negotiated for Babbage House and it is estimated that this will result in an increase of £47k in 2015-16 (£71.5k per annum).</p> <p>Following delays in obtaining planning permission, the lease agreement for Castle Court was finally completed towards the end of January. As previously reported, the 50% rental period under the agreement was due to commence on 31st October 2015. Therefore the additional income predicted in 2015/16 has been reduced pro rata from £281k to £112k, which is unchanged from the figure reported last month. Also as reported last month, it is expected that there will be a subsequent reduction of around £30k in the rate rebate achieved.</p> <p>The pressure resulting from Children's Centre business rates received to date and an assessment of the potential liability for bills not yet received is now forecast to be in the region of £550k. This figure is unchanged from last month, but represents a reduction of around £50k from earlier estimates. Of this amount, £400k is the estimated liability for prior years billing and £150k relates to the estimated annual cost for 2015/16 onwards. The position will continue to be monitored and forecast outturn updated accordingly as further business rates bills are received. Officers are undertaking further work to verify</p>			

Service	Current Budget £'000	Forecast Variance - Outturn £'000	%
<p>the amount of the outstanding liability for bills not yet received.</p> <p>Full-year savings have now been realised in respect of the closure of Dryden House (£203k) and the cessation of Castle Court running costs (£347k). The prior-year savings target for a reduction of the property portfolio has therefore been fully achieved and progress is being made towards the new 2015/16 target (£400k), with a balance of £379k to be identified. In addition, there are a number of small budgetary pressures across the portfolio, amounting to £100k. These have been partially offset by a £42k reduction in the anticipated cost of Dryden House dilapidations.</p>			
Insurance	1,483	1,150	78%
<p>GPC approval is being sought to increase the Insurance Fund by an additional provision of £1.15m in 2015/16 to cover the MMI Scheme of Arrangement Levy that will become payable in the near future. Municipal Mutual Insurance (MMI) was a key provider of insurance to the public sector for many years, until it ceased insurance business in 1992 as a result of its failing financial strength. In 2014 the MMI Scheme of Arrangement Levy was invoked, whereby the creditors became liable for the payment of a levy. MMI's financial position has continued to deteriorate and the Council has recently received notice of an expected extension to the levy from the current 15% up to 34%. It is expected that the additional levy will become payable towards the end of the current financial year or early in 2016/17.</p>			
IT Managed	2,216	-421	-19%
<p>An underspend of £421k is being reported on the IT Managed budgets. To contribute towards recovery of the overall LGSS Managed overspend the balance on the IT Asset replacement fund (£475k) will be written back to revenue. This is facilitated by the move towards provision of mobile devices, which are funded from the IT for Smarter Business Working capital scheme. This is partially offset by £54k net pressures across the centrally held budgets.</p>			
Transformation Fund	1,000	-225	-23%
<p>The Transformation Fund covers the costs of Section 188 redundancies. As previously reported, an underspend of £225k is being reported. Significant additional spending (£200k) was recorded during October but only £71k spend was recorded from November to January, resulting in total spend to date of £661k. Therefore at this stage it seems likely that the £225k saving will be achieved, but it will be necessary to monitor the levels of spending in the final months and review the outturn position accordingly.</p>			
Financing Costs	35,460	-2,830	-8%
<p>The forecast underspend on debt charges has increased by £50k to £2,830k. The movement is largely as a result of a decision to continue with a strategy of internal borrowing as the health of the balance sheet has been stronger than anticipated. As a result investments have been drawn down as a surrogate for expensive long term borrowing.</p>			

CS APPENDIX 3 – Grant Income Analysis

The table below outlines the additional grant income, which was not built into base budgets.

Grant	Awarding Body	Expected Amount £000
Grants as per Business Plan	Public Health	236*
Non-material grants (+/- £30k)	Various	10**
Total Grants 2015/16		246

* The Public Health grant allocation for Corporate Services has been reduced by £29k, compared to the Business Plan figure of £265k.

** This relates to grant funding received during 2014/15, where conditions have now been met and so funding has been applied.

CS APPENDIX 4 – Virements and Budget Reconciliation

Corporate Services:

	£000	Notes
Budget as per Business Plan	5,673	
Transfer of Travellers Support budget to ETE	-51	
Transfer Green Spaces budget to ETE	-55	
Operational Savings Transfer 2015/16 - CRM System	150	
Operational Savings Transfer 2015/16 - Service Transformation Funding	256	
Operational Savings Transfer 2015/16 - Digital by Default	165	
Operational Savings Transfer 2015/16 - Digital Delivery Assistant	31	
Non-material virements (+/- £30k)	-3	
Current Budget 2015-16	6,166	

LGSS Managed:

	£000	Notes
Budget as per Business Plan	9,144	
Transfer of City Deal funding from New Homes Bonus to corporate ownership (ETE)	717	
Centralisation of mobile phone budgets from CFA, ETE, CS & LGSS	372	
Funding from reserves for Microsoft support extension	33	
Transfer additional City Deal funding from reserves	200	
Non-material virements (+/- £30k)	-1	
Current Budget 2015-16	10,465	

Financing Costs:

	£000	Notes
Budget as per Business Plan	35,460	
Non-material virements (+/- £30k)	0	
Current Budget 2014/15	35,460	

CS APPENDIX 5 – Reserve Schedule

1. Corporate Services Reserves

Fund Description	Balance at 31 March 2015	Movements in 2015-16	Balance at 31/01/16	Forecast Balance at 31 March 2016	Notes
	£'000	£'000	£'000	£'000	
<u>General Reserve</u>					
Corporate Services Carry-forward	1,020	-602	417	859	1
subtotal	1,020	-602	417	859	
<u>Equipment Reserves</u>					
Postal Service	50	0	50	50	
subtotal	50	0	50	50	
<u>Other Earmarked Funds</u>					
Travellers Support Officer	45	-45	0	0	3
Shape Your Place - Fenland Grant	18	0	18	0	
Green Spaces	10	-10	0	0	3
Election Processes	180	0	180	368	2
EDRM Project	274	0	274	211	
subtotal	527	-55	472	579	
<u>Short Term Provisions</u>					
Transforming Cambridgeshire	1,000	0	1,000	950	4
Earith Bridge Travellers Site	43	-43	0	0	3
subtotal	1,043	-43	1,000	950	
TOTAL	2,640	-700	1,940	2,439	

Notes

- 1 The year-end position reflects the forecast Corporate Services underspend of £442k and £602k use of operational savings. Details on operational savings allocations can be found in CS Appendix 4.
- 2 The underspend on the Elections budget will be transferred to the earmarked reserve. This is to ensure that sufficient funding is available for the four-yearly County Council election.
- 3 The unapplied balances on the Fenland Social Media Cohesion grant and Heritage Lottery funding for the Cambridgeshire Local Nature Partnership and the short-term provision in respect of Earith Bridge Travellers Site have transferred to ETE following the Customer Service and Transformation restructure.
- 4 The current year-end position reflects £45k planned use for a post in Corporate Services and £5k agreed contribution to consultancy costs.

2. LGSS Managed Reserves

Fund Description	Balance at 31 March 2015	Movements in 2015-16	Balance at 31/01/16	Forecast Balance at 31 March 2016	Notes
	£'000	£'000	£'000	£'000	
Equipment Reserves					
Corporate Infrastructure Replacement & Renewals	162	0	162	162	1
Corporate ICT Assets	475	0	475	0	
Corporate Telephony	5	0	5	5	
subtotal	642	0	642	167	
Other Earmarked Funds					
Manor school site demolition costs	139	94	233	233	2
CPSN Partnership Funds	59	120	179	0	4
subtotal	198	214	412	233	
Short Term Provisions					
Insurance Short-term Provision	1,180	0	1,180	1,180	5
External Audit Costs	154	0	154	154	
Insurance MMI Provision	32	0	32	1,150	
Back-scanning Reserve	56	0	56	0	
Contracts General Reserve	893	0	893	0	
Operating Model Reserve	1,000	0	1,000	1,000	
subtotal	3,316	0	3,316	3,485	
Long Term Provisions					
Insurance Long-term Provision	4,718	0	4,718	4,718	
subtotal	4,718	0	4,718	4,718	
SUBTOTAL	8,874	214	9,088	8,603	
Capital Reserves					
Effective Property Asset Management Receipts	0	4	4	0	3
General Capital Receipts	0	3,400	3,400	0	
P&P Commissioning (Property)	472	-50	422	422	
IT for Smarter Business Working	0	57	57	0	
Blackwell Travellers Site	9	-9	0	0	
subtotal	481	3,402	3,883	422	
TOTAL	9,355	3,616	12,972	9,025	

Notes

- 1 To contribute towards recovery of the overall LGSS Managed overspend the balance on the IT Asset replacement fund will be written back to revenue.
- 2 Rental income from Bellerbys buildings on Manor School site is being held to offset demolition costs when the lease expires in 2021.
- 3 Capital Receipts achieved in 2015/16 will be used to fund the capital programme at year-end.
- 4 £120k from MMS over recovery. Funds ring-fenced for CPSN partnership to be used for procurement of replacement contract.
- 5 Additional provision of £1.15m in 2015/16 accounts to cover the MMI Scheme of Arrangement Levy that will become payable towards the end of 2015/16 or early in 2016/17.

CS APPENDIX 6 – Capital Expenditure and Funding

Capital Expenditure

Corporate Services & LGSS Managed Capital Programme 2015/16						TOTAL SCHEME	
Original 2015/16 Budget as per BP £000	Scheme	Revised Budget for 2015/16 £000	Actual Spend (to Jan) £000	Forecast Spend - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
	Corporate Services						
	- Electronic Record Management	56	55	56	-	300	-
300	Essential CCC Business Systems Upgrade	300	33	33	(267)	300	-
	- Other Schemes	30	-	30	-	40	-
300		386	88	119	(267)	640	-
	LGSS Managed						
550	EPAM - Shire Hall Campus	937	398	600	(337)	6,524	(314)
	- EPAM - Fenland	20	(6)	20	-	6,596	(1,145)
45	EPAM - Local Plans Representations	389	88	389	-	1,548	-
1,000	EPAM - County Farms Viability	1,182	351	500	(682)	5,000	(2,396)
600	EPAM - Building Maintenance	600	85	400	(200)	6,000	-
1,180	EPAM - Sawston Community Hub	1,206	41	150	(1,056)	1,250	100
1,742	EPAM - East Barnwell Community Hub	1,911	69	100	(1,811)	2,000	-
	- EPAM - Other Committed Projects	167	(262)	167	-	2,043	(264)
203	EPAM - Renewable Energy Soham	242	-	1,458	1,216	12,030	(2,210)
200	EPAM - Housing Provision on CCC Portfolio	367	112	250	(117)	17,500	-
50	EPAM - Disposal / Relocation of Huntingdon Highways Depot	125	-	-	(125)	1,625	(1,625)
630	EPAM - MAC Market Towns Project	630	-	-	(630)	1,780	(300)
	- Carbon Reduction	593	33	593	-	1,673	(650)
1,840	Optimising IT for Smarter Business Working	2,273	773	1,376	(897)	3,432	-
950	IT Infrastructure Investment	1,708	106	1,008	(700)	2,400	-
	- Cambridgeshire Public Sector Network	189	16	189	-	5,554	-
500	Microsoft Enterprise Agreement	500	496	500	-	1,902	-
500	Implementing IT Resilience Strategy for Data Centres	500	0	250	(250)	500	-
1,000	Communications & Storage Infrastructure Refresh	1,000	-	1,000	-	1,000	-
395	Other Schemes	792	30	495	(297)	1,095	(256)
11,385		15,331	2,331	9,445	(5,886)	81,452	(9,061)
11,685	TOTAL	15,717	2,418	9,564	(6,153)	82,092	(9,061)

Previously Reported Exceptions

As reported in 2014/15, a reduction in the estimated cost of final retention payments for the Awdry House site has increased the predicted total scheme underspend to £1.1m.

The EPAM – County Farms Viability is forecasting an in-year underspend of £0.7m. The level of funding required for this scheme has been reassessed for Business Planning and it has been determined that it can be reduced by £0.5m per year to better reflect actual activity with tenant farmers more cautious due to the unsettled global market. This will result in a total scheme underspend of £2.4m and the scheme budget will be adjusted as part of the 2016/17 Business Planning process.

The EPAM – Sawston Community Hub scheme is forecasting an in-year underspend of £1.1m. Group Leaders paused the project in November 2015 subject to clarification on the long term strategy for library locations. Group Leaders will reconsider in February 2016. A

total scheme overspend of £0.1m is forecast as a result of an increase in construction costs due to the delays in construction.

Members have undertaken a review of the EPAM – East Barnwell Community Hub scheme and have decided that it should not progress in its current form. Work is underway to assess alternative options and a decision is due in March 2016 regarding how the scheme should progress. As a consequence, an in-year underspend of £1.8m is being reported. A feasibility study has been commissioned to reflect the mixed use scope now required and will be part of a revised scheme cost when costs have been refined.

The review of the EPAM – East Barnwell Community Hub and reassessment of EPAM – MAC Market Towns Project schemes identified above have impacted on the associated ring-fenced capital receipt generation, resulting in reduced funding of £0.7m. This has not adversely impacted on in-year prudential borrowing requirements.

Due to rephasing of the scheme, the EPAM – Renewable Energy Soham project is forecast to overspend by £1.2m in 2015/16, and this rephasing has been reflected in Business Planning. The expected total scheme cost has reduced to £9.8m due to a more accurate reflection of the costs following the production of a detailed business case. As a result there is a forecast total scheme underspend of £2.2m, which has been addressed as part of the current Business Planning process.

The EPAM – Disposal / Relocation of Huntingdon Highways Depot scheme is no longer required and so a total scheme underspend of £1.6m is being reported. This has been superseded by a new Joint Highways Depot scheme under Making Assets Count, which is being submitted via the 2016/17 Business Planning process.

The EPAM – MAC Market Towns Project has been reassessed for Business Planning, resulting in rephasing of activity from 2015/16 to 2016/17, producing an in-year underspend of £0.6m and a reduced total scheme cost (-£0.3m).

The Optimising IT for Smarter Business Working scheme is forecasting an in-year underspend of £0.9m. Expenditure has been rephased to reflect the priorities set by the County Council for the provision of the IT infrastructure and devices to support mobile working, and a revised timescale for implementation.

The IT Infrastructure Investment scheme is showing an in-year underspend of £0.7m. Expenditure has been rephased to better reflect timescales for the delivery of upgrades / refresh of the core IT software and hardware systems that underpin the use of IT across the Council.

The works planned under the Carbon Reduction scheme were reviewed in 2014/15 and a new schedule was agreed. As reported in 2014/15, the agreed work plan is expected to deliver a total scheme underspend of £0.65m.

Capital Funding

Corporate Services & LGSS Managed Capital Programme 2015/16				
Original 2015/16 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2015/16 £000	Forecast Spend - Outturn (Jan) £000	Forecast Funding Variance - Outturn (Jan) £000
	Corporate Services			
300	Prudential Borrowing	386	119	(267)
300		386	119	(267)
	LGSS Managed			
4,531	Capital Receipts	4,531	4,853	322
-	Other Contributions	57	57	-
255	Developer Contributions	255	-	(255)
6,599	Prudential Borrowing	10,488	4,535	(5,953)
11,385		15,331	9,445	(5,886)
11,685	TOTAL	15,717	9,564	(6,153)

Previously Reported Exceptions

There are no previous exceptions to report.

CS Appendix 7 – Performance Scorecard

Measure	Reporting frequency	What is good	Unit	Data last entered	Time period covered	Target	Actual	RAG status	Direction of travel	Comments	Year end RAG (2014-15)
Customer Service and Transformation											
Proportion of FOI requests responded to within timescales	Monthly	High	%	02/02/16	1 - 31 January 2016	90%	96.0%	Green	↓	57 FOI requests due for closure in January 2016 with 55 completed on time.	Green
<i>For context only - number of FOI requests received annually</i>	Annually	Low	Num	07/01/16	1 April - 31 December 2015	N/A*	928	N/A	N/A	<i>* No target or RAG status for this indicator. Purpose is to set the context.</i> 2013/14 - 1153 2012/13 – 899 2011/12 – 917 2010/11 - 834 <i>Running total will be collected quarterly. Data to be next reported on in April 2016 for Q4 2015/16 and year end.</i>	N/A
Proportion of customer complaints received in the month before last that were responded to within minimum response times	Monthly	High	%	04/02/16	1-30 November 2015	90%	96.0%	Green	↑	Number of customer complaints for November 2015 = 177 <u>Breakdown of November 2015 figures</u> 123 complaints were received for CFA in November and 118 were responded to in time. This was a pass rate of 95.9%. 42 complaints were received for ETE in November and 40 were responded to in time. This was a pass rate of 95%. 12 complaints were received for CS&T for November. All were responded to on time which meant a pass rate of 100%.	Amber
<i>For context only - number of complaints received annually per thousand population</i>	Annually	Low	Num	27/04/15	1 April 2014 - 31 March 2015	N/A*	1.68**	N/A	N/A	<i>* No target or RAG status for this indicator. Purpose is to set the context.</i> <i>** Based on Cambridshire Insight mid-2013 population estimate of 635,100 residents</i> <i>Data to be next reported on in May 2016 for period of 1 April 2015 - 31 March 2016</i>	N/A
Proportion of all transformed transaction types to be completed online by 31 March 2015***	Annually	High	%	13/01/16	1 October - 31 December 2015	75%	70.2%	Amber	↓	<i>To be next reported on in April 2016 for Q4 2015/16 and year end.</i>	Red
Deprivation measure - Number of physically active adults (narrowing the gap between Fenland and others)	Annually	High	%	N/A	1 April 2015 - 31 March 2016	51% (2015) 52% (2016)	49.5% (2014)	TBC	N/A	New indicator identified by GPC in response to the deprivation motion passed by Council in July 2014. Indicator shared with Public Health. <i>Data to be reported on in April/May 2016 for year end.</i>	N/A

Measure	Reporting frequency	What is good	Unit	Data last entered	Time period covered	Target	Actual	RAG status	Direction of travel	Comments	
LGSS Managed Services											
Strategy and Estates – capital receipts target managed and achieved	Quarterly	High	%	02/02/16	1 October - 31 December 2015 (Q3)	98% (£250k gross)	115.0%	Green	↑	<p>Q2 2015/16 - 99% Q1 2015/16 - 110%</p> <p>The target for 2015/16 is £3.705m. This is broken down into cumulative quarterly targets as follows: Q1 = £0.25m; Q2 = £1.50m; Q3 = £2.00m Q4 = £3.705m.</p> <p><i>To next be reported on in May 2016 for Q4 2015/16 and year-end.</i></p>	Green
Strategy and Estates – farm estates income demanded and collected on time	Half-yearly	High	%	02/02/16	1 October - 31 December 2015 (Q3)	95% (£3.9m gross)	94.0%	Amber	↓	<p>The target is made up of two rent runs and it is the collection of these that we monitor in July (for the April rents) and January (for the October rents). The delay in closing off the chasing of these debts is because of the different type of farm tenancies and the agricultural law that covers them.</p> <p>In October 2015 we sent out invoices valued £1,791,425 and there is £107,974 still to collect (6.27% of total) so we are 1.27% off target. However by January we will be on target and we will eventually collect 100% the rent.</p> <p><i>To next be reported on in May 2016 for Q4 2015/16 and year-end</i></p>	Green
IT – availability of Universal Business System****	Quarterly	High	%	02/02/16	1 October - 31 December 2015 (Q3)	95%	94.0%	Amber	↓	<p>In October 2015 issues were experienced with access to external websites and there were also problems with corporate remote access (Juniper). In November 2015 there were still ongoing issues to external websites, problems with access to ONE and AFM. Also significant performance issues caused by problems with the Storage Area Network over a 2 week period.</p> <p>Q2 2015/16 - 100.0% Q1 2015/16 - 100.0%</p> <p><i>To next be reported on in May 2016 for Q4 2015/16 and year-end.</i></p>	Green
IT – incidents resolved within Service Level Agreement	Quarterly	High	%	02/02/16	1 October - 31 December 2015 (Q3)	90%	97.0%	Green	↑	<p>Improvement in performance can be seen following the recruitment of extra staff, using the workspace more effectively and transferring the NoCC calls to the NCC helpdesk.</p> <p>Q2 2015/16 - 83% Q1 2015/16 - 98%</p> <p><i>To next be reported on in May 2016 for Q4 2015/16 and year-end.</i></p>	Green

LGSS APPENDIX 1 – Service Level Budgetary Control Report

The variances to the end of January 2016 for LGSS Cambridge Office are as follows:

Original Budget as per BP £000	Service	Look up	Current Budget for 2015/16 £000	Forecast Variance - Outturn (Dec) £000	Forecast Variance - Outturn (Jan) £000	%
<u>LGSS Cambridge Office</u>						
<u>Central Management</u>						
162	Service Assurance	SA	19	-5	-20	-100
-8,905	Trading	Trad	-8,809	318	372	4
353	LGSS Equalisation	Equal	530	0	0	0
-410	Grant Income	LGSS	-419	0	0	0
-8,799			-8,679	313	353	4
<u>Finance & Property</u>						
1,048	Chief Finance Officer	HoF	1,113	30	30	3
894	Audit	Aud	713	-60	-60	-8
2,013	Professional Finance	Fin	1,986	-92	-92	-5
724	Property Operations & Delivery	POD	854	0	0	0
883	Strategic Assets	SAM	880	-40	-50	-6
0	Pensions Service	PS	0	0	0	0
5,562			5,546	-162	-171	-3
<u>People, Transformation & Transactional</u>						
1,277	HR Business Partners	HR	1,271	-50	-80	-6
315	HR Policy & Strategy	HRP&S	313	-100	-100	-32
1,880	LGSS Programme Team	LGSS PT	1,879	50	50	3
573	Organisational & Workforce Development	OWD	341	0	0	0
2,266	Revenues and Benefits	RB	2,327	0	0	0
1,157	Transactional Services	Trans	1,285	-100	-100	-8
7,468			7,416	-200	-230	-3
<u>Law & Governance</u>						
489	Democratic & Scrutiny Services	DSS	466	-52	-52	-11
-406	LGSS Law Ltd	LS	-174	82	82	47
364	Procurement	Proc	358	-7	-7	-2
447			650	24	24	4
5,186	<u>IT Services</u>	IT	5,191	25	25	0
9,864	Total LGSS Cambridge Office		10,124	0	0	0
<u>MEMORANDUM - Grant Income</u>						
-220	Public Health Grant	LGSS PH	-220	0	0	0
-190	Counter Fraud Initiative Grant	CFIG	-199	0	0	0
-410			-419	0	0	0

LGSS APPENDIX 2 – Commentary on Forecast Outturn Position

Number of budgets measured at service level that have an adverse/positive variance greater than 2% of annual budget or £100,000 whichever is greater.

Service	Current Budget £'000	Forecast Variance - Outturn	
		£'000	%
Trading	-8,809	+318	+4%
There is currently a forecast overspend of £372k against the Trading budget. There is a deficit of £747k on the consolidated trading position, which relates to the forecast shortfall on additional trading activity in 2015/16 to meet the revised income target. This shortfall is being partially offset by in-year underspends across LGSS Directorates, and the balance required to ensure an overall breakeven position will be met from the LGSS Smoothing Reserve.			
HR Policy & Strategy	313	-100	-32%
As previously reported HR Policy & Strategy is reporting an underspend of £100k due to delays in recruitment to the Workforce Planning and Strategy team.			
Transactional Services	1,285	-100	-8%
Transactional Services is reporting an underspend of £100k as previously reported. The Service-wide restructure was implemented in August 2015 and has resulted in a number of vacancies which are actively being recruited to.			

LGSS APPENDIX 3 – Grant Income Analysis

The table below outlines the additional grant income, which is not built into base budgets.

	Awarding Body	Expected Amount £'000
Grants as per Business Plan	Various	419*
Non-material grants (+/- £30k)		0
Total Grants 2014/15		419

* The Counter Fraud Initiative Fund grant received in 2015/16 is £9k more than the Business Plan figure of £190k.

LGSS APPENDIX 4 – Virements and Budget Reconciliation

	£'000	Notes
Budget as per Business Plan	9,864	
LGSS Transactions support from Reablement	34	
Transfer from CFA to Finance for Adults Accountant post	30	
Transfer from reserves to Strategic Assets for K2	36	
Transfer from reserves to LGSS Law Ltd	202	
Non-material virements (+/- £30k)	-42	
Current Budget 2015-16	10,124	

LGSS APPENDIX 5 – Reserve Schedule

Fund Description	Balance at 31 March 2015	Movements in 2015-16	Balance at 31/01/16	Forecast Balance at 31 March 2016	Notes
	£'000	£'000	£'000	£'000	
General Reserve					
LGSS Cambridge Office Carry-forward	1,003	-36	967	400	1
subtotal	1,003	-36	967	400	
Other Earmarked Funds					
Counter Fraud Initiative	130	0	130	0	2
subtotal	130	0	130	0	
SUBTOTAL	1,134	-36	1,097	400	
TOTAL	1,134	-36	1,097	400	

Notes

- 1 The year-end position reflects £603k expected use of operational savings. £36k has been drawn down in respect of K2 expenditure.
- 2 The Counter Fraud Initiative grant was unapplied in 2014/15 and so the balance was transferred to the earmarked reserve.

LGSS APPENDIX 6 – Capital Expenditure and Funding

Capital Expenditure

LGSS Cambridge Office Capital Programme 2015/16						TOTAL SCHEME	
Original 2015/16 Budget as per BP £000	Scheme	Revised Budget for 2015/16 £000	Actual Spend (to Jan) £000	Forecast Spend - Outturn (Jan) £000	Forecast Variance - Outturn (Jan) £000	Total Scheme Revised Budget £000	Total Scheme Forecast Variance £000
-	R12 Convergence*	209	-	209	-	600	-
-	TOTAL	209	-	209	-	600	-

*This funding will now be used to cover the initial costs to be incurred in replacing the Enterprise Resource Planning (ERP) system, as approved by GPC as part of the March 2015 Integrated Resource and Performance Report.

Previously Reported Exceptions

There are no previous exceptions to report.

Capital Funding

LGSS Cambridge Office Capital Programme 2015/16				
Original 2015/16 Funding Allocation as per BP £000	Source of Funding	Revised Funding for 2015/16 £000	Forecast Spend - Outturn (Jan) £000	Forecast Funding Variance - Outturn (Jan) £000
-	Prudential Borrowing	209	209	-
-	TOTAL	209	209	-

Previously Reported Exceptions

There are no previous exceptions to report.

**GREATER CAMBRIDGE CITY DEAL HOUSING DEVELOPMENT AGENCY –
NOMINATION OF COUNTY COUNCIL MEMBER REPRESENTATIVE**

To: **General Purposes Committee**

Meeting Date: **15 March 2016**

From: **Chris Malyon, Chief Finance Officer**

Electoral division(s): **All**

Forward Plan ref: **n/a** *Key decision:* **No**

Purpose: **To brief the Committee on a request for elected member representation on a Joint Member Reference Group for the Housing Development Agency formed under the City Deal arrangements, and seek the Committee's nomination for the role**

Recommendation: **General Purposes Committee nominates [one Member] from the Investment Review Group to represent the County Council on the Joint Member Reference Group for the City Deal Housing Development Agency**

<i>Officer contact:</i>	
Name:	Chris Malyon
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Tel:	01223 699796

1. BACKGROUND

- 1.1 The Housing Development Agency (HDA) was established in 2015 as part of the response to the Greater Cambridge City Deal need to deliver housing growth, and in particular affordable homes, although its remit is not restricted to the City Deal area.
- 1.2 The HDA was set up with funding from Cambridge City Council, South Cambs District Council and the County Council, and is currently a joint working arrangement comprising staffing from the existing Housing teams of the City and South Cambs councils, with the intention of becoming a separate legal entity in due course.
- 1.3 Details of the HDA and its establishment have previously been discussed at this Committee, and its objectives were set out in the original HDA business case:-
 - To complement the current market led delivery of housing and to drive certainty into the delivery of new housing, together with the prospect of delivering more homes into the future, will require a collective shift in thinking and action to achieve. The HDA will be the focus for the energy and imagination that is needed for this public sector drive to make sure the right houses are provided in the right place at the right time to support the growth of Greater Cambridge
 - The following objectives are therefore proposed for the HDA;
 - To deliver the commitment contained within the City Deal to deliver an additional 1,000 dwellings on exception sites by 2031
 - To deliver the new homes identified in Cambridge City Council and South Cambridgeshire District Council approved Housing Revenue Accounts new build strategies – approximately 2,000 new homes
 - To deliver new homes for Ermine Street Housing, the new private limited company created by South Cambridgeshire District Council, subject to the approval of its long term plan – potentially approximately 1,000 new homes. (The City Council is also currently considering the investment of General Fund capital in Intermediate Housing)
 - To act on land and funding opportunities proposed by the County Council and the University and Colleges meeting aspirations to retain a long term stake in any development and the draw down of revenue income streams

2. MAIN ISSUES

- 2.1 The HDA continues to develop and is now actively working on potential development sites for the three founding councils. As the HDA grows towards a more formal structure, its Board has identified the need for a Member Reference Group to provide oversight and guidance for the next stages.
- 2.2 The proposed Group does not have a formal structure or status at present but will develop its terms of reference, including how it will provide input into a formal company structure as it progresses alongside the HDA. It is proposed that the Group will have equal representation, made up of one Member from

each founding council.

2.3 The County Council itself has commissioned the HDA in respect of sites within its development programme for its own portfolio. The County Council's Investment Review Group (IRG), set up as an advisory group for the development programme via General Purposes Committee, has proposed that the Committee nominates one Member from IRG as the County Council's representative for the HDA's Member Reference Group, to provide continuity of knowledge and information. All Members from IRG are willing to perform this role.

2.4 The current members of IRG are:-

- Cllr Paul Bullen
- Cllr Roger Hickford
- Cllr David Jenkins
- Cllr Paul Sales

2.5 General Purposes Committee is asked to agree the nomination of one of the Members in 2.4 above to the Joint Member Reference Group for the HDA.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

The activities of the HDA contribute to housing development, employment, and provision of housing in the county.

3.2 Helping people live healthy and independent lives

The development of high quality affordable housing provision and general needs housing will provide a better environment for people to live in, and helps meet the wider City Deal objectives.

3.3 Supporting and protecting vulnerable people

The development of high quality affordable housing provision and general needs housing will provide a better environment for people to live in, and helps meet the wider City Deal objectives.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There are no significant implications within this category.

4.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

4.3 Equality and Diversity Implications

There are no significant implications within this category.

4.4 Engagement and Consultation Implications

There are no significant implications within this category.

4.5 Localism and Local Member Involvement

There are no significant implications within this category.

4.6 Public Health Implications

There are no significant implications within this category.

GENERAL PURPOSES COMMITTEE AGENDA PLAN, TRAINING PLAN AND APPOINTMENTS TO OUTSIDE BODIES, PARTNERSHIP LIAISON AND ADVISORY GROUPS, AND INTERNAL ADVISORY GROUPS AND PANELS

To: **General Purposes Committee**

Meeting Date: **15th March 2016**

From: **Democratic Services Manager & Policy and Projects Manager**

Electoral division(s): **All**

Forward Plan ref: **Not applicable** *Key decision:* **No**

Purpose: **The General Purposes Committee is asked to consider its Agenda Plan and Training Plan, and agree appointments to Outside Bodies and Internal Advisory Groups and Panels.**

Recommendation: **The General Purposes Committee is asked to:**

- a) review its Agenda Plan attached at Appendix 1;**
- b) review and agree its Training Plan attached at Appendix 2; and**
- c) agree the appointment of Councillor Paul Sales to the Investment Review Group to replace Councillor Ashley Walsh.**

<i>Officer contact:</i>	
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1.0 BACKGROUND

Agenda Plan

- 1.1 All Policy and Service Committees review their agenda plans at every meeting.

Training Plan

- 1.2 At the meeting of the Council held on 24 March 2015, it was agreed that each service committee should consider and approve its own training plan at every meeting. Members of the Constitution and Ethics Committee were concerned about the low take up at training events and were keen that Members should be accountable publicly for their attendance. It was also thought that taking the training plan to the committee meeting would facilitate the organisation of training at a time convenient for the majority of committee members.
- 1.3 For the General Purposes Committee the development of a training plan has been considered in light of the strategic functions of the Committee, as well as the service-based functions for Customer Service and Transformation and LGSS Managed.
- 1.4 At its last meeting, the Committee approved its training plan. Since that meeting, training on the role of emergency planning, which took place before the January meeting, has been added to the plan.

Appointments to Internal Advisory Groups and Panels

- 1.5 The Committee reviewed its appointments to outside bodies, internal advisory groups and panels, and partnership liaison and advisory groups at its meeting on 28 July 2015. Since that meeting, the following change has arisen:

Investment Review Group

- 1.6 The Labour Group wishes to replace Councillor Walsh with Councillor Sales on the Investment Review Group.

2.0 ALIGNMENT WITH CORPORATE PRIORITIES

2.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

2.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

2.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

3.0 SIGNIFICANT IMPLICATIONS

3.1 Resource Implications

The General Purposes Committee (GPC) training plan will be developed to bring a greater Member understanding of the strategic resource issues facing the Council.

3.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

3.3 Equality and Diversity Implications

The GPC training plan, as drafted for this report, includes equality and diversity specifically as a topic for further Member development.

3.4 Engagement and Consultation Implications

There are no significant implications within this category.

3.5 Localism and Local Member Involvement

There are no significant implications within this category.

3.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
Council Agenda and Minutes – 24 March 2015 General Purposes Committee – 28 July 2015	http://www.cambridgeshire.gov.uk/info/20146/council_meetings

GENERAL PURPOSES COMMITTEE AGENDA PLAN

Published on 1st March 2016



Cambridgeshire
County Council

Notes

Committee dates shown in bold are confirmed.

Committee dates shown in brackets and italics are reserve dates.

The definition of a key decision is set out in the Council's Constitution in Part 2, Article 12.

* indicates items expected to be recommended for determination by full Council.

+ indicates items expected to be confidential, which would exclude the press and public. Additional information about confidential items is given at the foot of this document.

Draft reports are due with the Democratic Services Officer by 10.00 a.m. eight clear working days before the meeting.

The agenda dispatch date is six clear working days before the meeting.

Committee date	Agenda item	Lead officer	Reference if key decision	Spokes meeting date	Deadline for draft reports	Agenda despatch date
15/03/16	1. Minutes – 02/02/16	M Rowe	Not applicable	25/02/16	02/03/16	04/03/16
	2. Treasury Management Q3 Report	M Batty	Not applicable			
	3. Integrated Resources and Performance Report (January)	P Emmett	2016/002			
	4. Resources and Performance Report (January) – Customer Service and Transformation and LGSS Managed	I Smith	Not applicable			
	5. IT options for Members	S Grace	Not applicable			
	6. Cambridgeshire Public Services Network Re-procurement	N Godfrey	Not applicable			

Committee date	Agenda item	Lead officer	Reference if key decision	Spokes meeting date	Deadline for draft reports	Agenda despatch date
	7. Total Transport pilot scheme	T Parsons	2016/007			
	8. Scheme of Financial Management*	C Malyon	Not applicable			
	9. Commercial Proposals Protocol	C Malyon	Not applicable			
	10. Sawston Community Hub	J Macmillan	Not applicable			
<i>[26/04/16] Provisional Meeting</i>				17/03/16	13/04/16	15/04/16
31/05/16	1. Minutes – 15/03/16	M Rowe	Not applicable	28/04/16	18/05/16	20/05/16
	2. Treasury Management Outturn Report	M Batty	Not applicable			
	3. Integrated Resources and Performance Report (March)	P Emmett	2016/003			
	4. Resources and Performance Report (March) – Customer Service and Transformation and LGSS Managed	I Smith	Not applicable			
	5. Quarterly Risk Management Report	S Norman	Not applicable			
	6. Final Report from the Member Working Group on Consultation	M Soper	Not applicable			
	7. Exploration of options in relation to supply of agency workers	P White	2016/018			
<i>[28/06/16] Provisional Meeting</i>					15/06/16	17/06/16
26/07/16	1. Minutes – 31/05/16	M Rowe	Not applicable		13/07/16	15/07/16
	2. Quarterly Risk Management Report	S Norman	Not applicable			

Committee date	Agenda item	Lead officer	Reference if key decision	Spokes meeting date	Deadline for draft reports	Agenda despatch date
<i>[23/08/16] Provisional Meeting</i>					23/08/16	12/08/16
20/09/16	1. Minutes – 26/07/16	M Rowe	Not applicable		07/09/16	09/09/16
	2. Quarterly Risk Management Report	S Norman	Not applicable			
<i>[25/10/16] Provisional Meeting</i>					12/10/16	14/10/16
29/11/16	1. Minutes – 20/09/16	M Rowe	Not applicable		16/11/16	18/11/16
<i>[20/12/16] Provisional Meeting</i>					07/12/16	09/12/16
10/01/17	1. Minutes – 29/11/16	M Rowe	Not applicable		28/12/16	30/12/16
24/01/17	1. Minutes – 10/01/17	M Rowe	Not applicable		11/01/17	13/01/17
	2. Quarterly Risk Management Report	S Norman	Not applicable			
<i>[28/02/17] Provisional Meeting</i>					15/02/17	17/02/17
21/03/17	1. Minutes – 24/01/17	M Rowe	Not applicable		08/03/17	10/03/17
	2. Quarterly Risk Management Report	S Norman	Not applicable			
<i>[25/04/17] Provisional Meeting</i>					25/04/17	13/04/17
06/06/17	1. Minutes – 21/03/17	M Rowe	Not applicable		23/05/17	25/05/17

Notice made under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 in compliance with Regulation 5(7)

1. At least 28 clear days before a private meeting of a decision-making body, public notice must be given which must include a statement of reasons for the meeting to be held in private.
2. At least 5 clear days before a private meeting of a decision-making body, further public notice must be given which must include a statement of reasons for the meeting to be held in private, details of any representations received by the decision-making body about why the meeting should be open to the public and a statement of the Council's response to such representations.

Forward plan reference	Intended date of decision	Matter in respect of which the decision is to be made	Decision maker	List of documents to be submitted to the decision maker	Reason for the meeting to be held in private

Decisions to be made in private as a matter of urgency in compliance with Regulation 5(6)

3. Where the date by which a meeting must be held makes compliance with the above requirements impracticable, the meeting may only be held in private where the decision-making body has obtained agreement from the Chairman of the Council.
4. Compliance with the requirements for the giving of public notice has been impracticable in relation to the business detailed below.
5. The Chairman of the Council has agreed that the Committee may hold a private meeting to consider the business referred to in paragraph 4 above because the meeting is urgent and cannot reasonably be deferred for the reasons stated below.

Date of Chairman's agreement	Matter in respect of which the decision is to be made	Reasons why meeting urgent and cannot reasonably be deferred

For further information, please contact Quentin Baker on 01223 727961 or Quentin.Baker@cambridgeshire.gov.uk

GENERAL PURPOSES COMMITTEE TRAINING PLAN

The Training Plan below includes topic areas for GPC approval. Following sign-off by GPC the details for training and development sessions will be worked up.

Appendix 2

Ref	Subject	Desired Learning Outcome/Success Measures	Priority	Date	Responsibility	Nature of training	Attendance by:	Cllrs Attending	Percentage of total
	Strategic finance and budgeting	Members will gain a more detailed understanding of the strategic financial management of the Council's budget, and the future challenges associated.		TBC	Chris Malyon				
	The Council's asset portfolio and approach to asset management	Background knowledge on the Council's asset portfolio, and understanding of the approaches taken to best utilise this		TBC	Chris Malyon				
	Background to services provided by Customer Service & Transformation	Members will gain an insight into the range of frontline and back-officer services provided across CS&T: <ul style="list-style-type: none"> Consultation 		24 Nov	Sue Grace Mike Soper / Elaine O'Connor	Presentations & Q&A.	Cllrs Schumann, Count, Leeke, Kavanagh, Rouse, Orgee, Hickford, Bates. Criswell, Cearn, Tew,		

Ref	Subject	Desired Learning Outcome/Success Measures	Priority	Date	Responsibility	Nature of training	Attendance by:	Cllrs Attending	Percentage of total
							Reeve, Bullen, Jenkins, Nethsingha & McGuire		
	Understanding Health and Social Care integration	<i>Collaboration with Service Committee development around the Better Care Fund to be explored</i>		TBC	TBC				
	Regional governance	Understanding the range of regional governance structures that exist across Cambridgeshire, such as the LEP. Also understanding potential future models of governance for local public services		TBC	TBC				
	Equality and Diversity responsibilities	Understanding the responsibilities the Committee has to comply with equality legislation and to provide services for all Cambridgeshire communities		20 Oct 2015	LGSS Law / CS&T		Cllrs Bailey, Bates, D Brown, Count, Criswell, Hickford, Hipkin, Jenkins, McGuire, Reeve, Tew, Walsh, Divine, Williams		

Ref	Subject	Desired Learning Outcome/Success Measures	Priority	Date	Responsibility	Nature of training	Attendance by:	Cllrs Attending	Percentage of total
	Background to services provided by Customer Service & Transformation	Members will gain an insight into the range of frontline and back-officer services provided across CS&T: Information Security & Sharing		22 Dec 2015	Sue Grace Dan Horrex. (CS&T)	Presentati on & Q&A.	Cllrs Bailey, Bates, D Brown, Bullen, Cearn, Count, Criswell, Hickford, Jenkins, McGuire, Orgee, Reeve, Tew, Whitehead		
	Emergency Planning	Members will gain an insight into the role of Emergency Planning		14 Jan 2016	Sue Grace Stuart Thomas	Presentati on & Q&A.	Cllrs Bailey, Bates, D Brown, Cearn, Count, Criswell, Divine, Hickford, Hipkin, Orgee, Reeve, Rouse and Tew		

