

Cambridgeshire County Council

Independent review of the Cambridgeshire
County Council Internal Audit investigation

24 February 2021



Cambridgeshire County Council
Shire Hall,
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For attention of Gillian Beasley

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24 February 2021

Dear Gillian,

I am delighted to present this report setting out our independent review ("**Our Review**") undertaken by the Forensic and Investigation Services ("**FIS**") team at Mazars LLP ("**Mazars**"), of the Internal Audit investigation carried out by Cambridgeshire County Council ("**CCC**" or "**The Council**") into the facts and circumstances of the Manor Farm tenancy and the County Farms Service Review ("**The Matter**").

Our services were performed and this report has been developed in accordance with our signed Engagement Letter dated 04 January 2021 and are subject to the terms and conditions included therein. The procedures that were performed as part of our investigation do not constitute an audit, and should not be relied on as such. None of the observations contained within this report constitutes any legal opinion or advice.

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available to us during Our Review. Accordingly, changes in circumstances after this date could affect the findings and conclusions outlined in this report.

Our report is structured as follows:

- Executive Summary
- Scope of Work and Approach
- Matters relating to the Manor Farm tenancy
- Matters relating to Code of Conduct
- Matters relating to the County Farms Service

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We shall be pleased to discuss the observations set out in this report with you. Should you have any queries regarding this report, please do not hesitate to contact me.

Yours Sincerely,


Nigel Layton on behalf of Mazars LLP

Partner, Forensic and Investigation Services

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1

Executive Summary



1 - Executive Summary

1.1 Overview of the Engagement

1.1.1 We were instructed by CCC on 4 January 2021 to conduct an independent review of the Internal Audit investigation carried out by CCC into the facts and circumstances of the Manor Farm tenancy and the County Farms Service Review, and to conclude on the matters involved.

1.1.2 The concerns that gave rise to the Internal Audit Investigation were raised by a whistleblower on 15 January. The 7 areas that the whistleblower asked to be looked into were:

| Concern | Matter to be investigated |
|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Whether Councillor Hickford ("Cllr Hickford" or "Roger Hickford") influenced the criteria for judging tenancies in the two years prior to obtaining a tenancy for himself. |
| 2 | Whether any changes in criteria were advertised widely to ensure all potential applicants were aware of changes which were made to the criteria for judging tenancies. |
| 3 | The relationship Cllr Hickford had with officers in the County Farms department at Shire Hall, and whether these relationships might be expected to influence their ability to make unbiased judgements of any tenancy application made by Cllr Hickford. (I am in particular concerned that there have been some references to Cllr Hickford having frightened members of staff in the County Farms department, if this was the case it could have influenced officers judgements when awarding a tenancy.) |
| 4 | Whether the decision to abate rent to Cllr Hickford, prior to significant investment being made to the property, was an expected part of the business case when the tenancy was agreed, and whether this is normal practice for new tenancies. |
| 5 | Whether there should have been greater openness and transparency in decision making throughout the process of the award of the tenancy, the decision to invest in the property including the decision to make an investment the pay-back period for which would take the tenant (Cllr Hickford) over retirement age, and the decision to allow rent abatement while the process of investing in the property took place. |
| 6 | Whether the investment proposed for the property is in fact a good investment for the County Council, given that the proposed use is for a very specialised business, and the work may not be wanted by other possible tenants. |
| 7 | Whether it was appropriate for Roger Hickford to be the lead member for the Outcome Focused review of the County Farms estate when he was himself a tenant of the estate, and whether it was appropriate for him to be the "Member Champion" for the estate. |

1.1.3 The five conclusions reached by CCC's Internal Audit department from their investigation were as follows:

| No. | Internal Audit Conclusion |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Formal decision-making processes were not followed correctly |
| 2 | Transparency requirements were not fully achieved |
| 3 | Processes have not operated equitably |
| 4 | Internal Audit's considerations 'That no inappropriate advantage/disadvantage accrued to Mr Hickford as a result of his various Council roles. |
| 5 | There was a conflict of interest between Mr Hickford's roles as a Councillor and his tenancy of Manor Farm. |

1.2 Summary of our conclusions

1.2.1 In Summary, we reviewed the 5 conclusions reached by Internal Audit in relation to both the Manor Farm tenancy and the draft Code of Conduct report and our findings are as follows:

1.2.2 We have identified from our further procedures that some of the formal decision-making processes were followed, for example the award of the tenancy.

1.2.3 For most of the Manor Farm processes, there are no defined policies or procedures and therefore it is not possible to comment on whether or not decision-making processes have been followed as there is nothing to compare compliance with.



1 - Executive Summary

1.2.4 Our further procedures have identified that some of the processes did operate equitably, for example the award of the tenancy.

1.2.5 The main processes that were not operated equitably are:

- The negotiations and agreement of the tenancy terms;
- The approval of the refurbishment costs; and
- The procedure in relation to the Change of Use planning permission.

1.2.6 One recommendation has been made that suggests the Council reconsiders whether or not it is liable for the [REDACTED] of costs associated with the above processes and can be found in **Appendix 3**.

1.2.7 We reviewed the County Farms Service Audit recommendations and provided revised recommendations after the management responses from the Head of Property were considered. The revised recommendations can be found in **Appendix 4**.

1.2.8 We agree that the issues in relation Roger Hickford obtaining an advantage as a result of his Council roles are complex. There is sufficient evidence that pressure was placed on the County Farms team throughout the Manor Farm process that led to an advantage for Roger Hickford that would have not been afforded to other tenants due to his position in the Council.

1.2.9 We do not agree with the description in the Internal Audit conclusion that the words "some advantage" is strong enough based on the evidence we have reviewed.

1.2.10 The County Farms team have informed us that the pressure applied by Roger Hickford caused them to deviate from the standard practice that is applied for other tenants.

1.2.11 The same officers of the County Farms team informed us that they felt the pressure placed on them amounted to bullying, harassment and intimidation by Roger Hickford during the Manor Farm process.

1.2.12 Four recommendations have been raised in relation to Roger Hickford's behaviour and conduct for further review by the Council's Monitoring Officer in line with the Members' Code of Conduct and can be found in **Appendix 3**.

1.2.13 We agree that there was a conflict of interest between Roger Hickford's roles as a Councillor and as a tenant of Manor farm.

1.2.14 Three recommendations have been raised in relation to Roger Hickford's conflicts of interest for further review by the Council's Monitoring Officer in line with the Members' Code of Conduct and can be found in **Appendix 3**.

1.2.15 We identified inappropriate behaviour from Roger Hickford towards [REDACTED] at the beginning of the Manor Farm process whereby he asked for information on how much he needed to include in his application for the rent in order to win the tenancy.

1.2.16 One recommendation has been made for the Council's Monitoring Officer to review this matter in paragraph 1.2.15 in line with the Members' Code of Conduct.

1.2.20 A full list of our recommendations can be found in **Appendix 3** of this report.

1.2.21 We are satisfied that the 7 concerns raised by the whistleblower have been addressed in the Internal Audit investigation and Our Review.

1.2.22 It should be noted that we have been unable to include any comments or responses from Roger Hickford in relation to these conclusions and findings as he declined to attend a meeting with us despite being given two opportunities to do so.



2

Scope of Work and Approach



2 - Scope of Work and Approach

2.1 Scope of Work

2.1.1 This report is a factual report detailing our findings from our review of the Internal Audit investigation carried out by CCC into the facts and circumstances of the Manor Farm tenancy and the County Farms Service Review.

2.1.2 In summary we carried out the following procedures:

- a) Reviewed various CCC policies including those related to Conflicts of Interest, transparency and disclosures, decision-making, and the Members' Code of Conduct.
- b) Reviewed the draft Tenancy of Manor Farm, Girton & County Farms Process and Practice Report (the "Internal Audit Report") and the draft Code of Conduct Report (the "Separate Report") produced by Internal Audit.
- c) Reviewed all the documents and working papers associated with the Internal Audit Investigation.
- d) Undertook various meetings and interviews with:
 - Internal Audit
 - Cambridgeshire Police
 - LGSS
 - South Cambridgeshire District Council ("SCDC")
 - Both current and former CCC employees in the County Farms team
 - Deputy Chief Executive and Chief Finance Officer
 - IntaForensics
- e) Conducted a review of the email mailboxes of Roger Hickford (and the County Farms team) the Group Assets Manager, the Rural Assets Manager, the Principal Surveyor, and the Deputy Chief Executive.
- f) Reviewed the costs in relation to the extension and refurbishments of the Manor Farm dwelling.

- g) Reviewed the 31 recommendations raised by Internal Audit regarding the County Farms Service and the management responses the Head of Property.

2.2 Limitations

2.2.1 We have prepared this report solely for the use of CCC. However, we understand this report may be shared with CCC's regulators and legal advisors.

2.2.2 The conclusions in this report are based on our experience and on the evidence provided to us. If further evidence becomes available to us, these conclusions may change, and we will inform you accordingly.

2.2.3 It should be noted that the work we have completed does not constitute an audit and, other than as expressly set out in this report, we have not verified or in any other way checked the information set out in the documents we have reviewed.

2.3 Approach

2.3.1 We initially reviewed the draft Internal Audit Report that included Internal Audit's findings in respect of the Manor Farm tenancy process, including the application and awarding of the tenancy to Roger Hickford and the approval of the refurbishment and extension costs on the Manor Farm dwelling. This report also included Internal Audit's findings and recommendations in relation to the County Farms Service, including the audit of their policies and processes.

2.3.2 We then met with the Internal Audit employees at CCC that were responsible for the investigation into Manor Farm to understand their approach and the procedures that were undertaken in order for them to come to the conclusions they had presented in their report.

2.3.3 In order to satisfy ourselves that the Internal Audit conclusions in the Internal Audit Report were appropriate, we sought to measure the work of Internal Audit against the following criteria:

- Whether investigative procedures performed by Internal Audit were sufficient in both their extent and nature;
- Whether conclusions reached were reasonable given the work performed and the evidence collected; and
- Whether all the relevant facts and evidence were appropriately reflected in the report.



2 - Scope of Work and Approach

2.3.4 We received in excess of 600 documents and working papers that supported the Internal Audit investigation which we reviewed to address whether the procedures and actions taken by Internal Audit were sufficient and thorough enough to support their conclusions.

2.3.5 Our review identified a number of additional procedures that we would have undertaken had we been responsible for the investigation from the outset. In addition to the issues regarding the Manor Farm tenancy and the County Farms Service it became apparent there were Code of Conduct and Disciplinary issues that also needed further investigation.

2.3.6 We discussed the suggested additional procedures and the rationale for these procedures and agreed them with the Chief Executive, prior to undertaking them. The additional procedures that were agreed can be found in our addendum to our original Engagement Letter in **Appendix 1**.

2.3.7 The main additional procedure was a full email review of the key individuals' mailboxes as Internal Audit had only relied on selected emails that had been provided to them by the County Farms team. A full email review was requested by Roger Hickford in his interview with Internal Audit, and we agreed with the Chief Executive that for fairness of all parties involved this full review would be completed by us. Our detailed approach to the email review can be found in **Appendix 2**.

2.3.8 We completed all of the procedures outlined in our additional Engagement Letter and the Addendum to our Engagement Letter with the exception of the interview with Roger Hickford which he declined to attend on two occasions.

2.3.9 We agreed to provide an independent report on our findings in relation to the following 3 areas:

- The Manor Farm tenancy;
- Code of Conduct and Disciplinary issues; and
- The County Farms Service Audit.

2.3.10 We agreed that we would not undertake additional fact checking with key

stakeholders on the existing Internal Audit Reports as well as our own report when issued in draft.

2.3.11 Finally, we agreed to provide CCC with recommendations to be considered as a result of our findings from Our Review. Our recommendations can be found in **Appendix 3** of this report.

2.3.12 Where we have made reference to any findings that are included in the Internal Audit Report or the Separate Report we have included all the relevant footnotes in **Appendix 8**.



3

Matters relating to the Manor Farm tenancy



3 – Matters relating to the Manor Farm tenancy

3.1 Introduction

3.1.1 In this section, we present our findings in respect of the Manor Farm tenancy. In 2017 Roger Hickford, the Council's Deputy Leader, was awarded the tenancy of Manor Farm. The whistleblowing complaint lead to the Council undertaking an independent audit of the Manor Farm tenancy process.

3.1.2 This section will cover the 5 key conclusions that were set out in **Section 4** of the Internal Audit Report which were as follows:

| No. | Internal Audit Conclusion | Refer to Mazars Report |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 1 | Formal decision-making processes were not followed correctly | Paragraphs 3.2.5 to 3.2.28 |
| 2 | Transparency requirements were not fully achieved | Paragraphs 3.2.29 to 3.2.30 |
| 3 | Processes have not operated equitably | Paragraphs 3.2.31 to 3.2.77 |
| 4 | Internal Audit's considerations 'That no inappropriate advantage/disadvantage accrued to Mr Hickford as a result of his various Council roles. | Paragraphs 3.2.78 to 3.2.91 |
| 5 | There was a conflict of interest between Mr Hickford's roles as a Councillor and his tenancy of Manor Farm. | |

3.2 Our Findings in respect of Matters relating to the Manor Farm tenancy

Work performed

3.2.1 We reviewed the Internal Audit Report and the work undertaken by them and overall, we are satisfied with the work that was completed by Internal Audit in reaching their conclusions in respect of matters relating to the Manor farm tenancy. Our review of this work was based on how we ourselves would have conducted the investigation from the start. We are satisfied that the procedures undertaken were thorough, and the conclusions reached reasonable, based on the evidence and documents provided to us by Internal Audit.

3.2.2 However, we did identify a few additional procedures as detailed in paragraphs 3.2.3 and 3.2.4 below that we would have undertaken that were not performed by Internal Audit as part of their investigation.

3.2.3 We therefore conducted a full email review of key individuals (see **Appendix 2**) mailboxes as the procedure initially performed by Internal Audit was by of a voluntary handover of emails from members of the County Farms team. This procedure was necessary for us to satisfy ourselves that no email evidence had been missed as a result of the potentially selective basis on which they were provided.

3.2.4 We also held meetings and interviews with selected individuals in order to obtain further detail in relation to the five areas covered in 3.1.2.

Internal Audit Conclusion 1 - Formal decision-making processes were not followed correctly

3.2.5 We set out in **Figure 3.1** below the conclusion from the Internal Audit Report in respect of the formal decision-making processes.



3 – Matters relating to the Manor Farm tenancy

Figure 3.1 - Internal Audit's conclusions on decision-making processes¹.

4.2 Formal decision-making processes were NOT followed correctly:

4.2.1 The service maintains inadequate formal processes which compromises transparency and consistent treatment of tenants (see County Farms Audit Report). In areas where policy and procedures do exist, Internal Audit found a mixed picture of compliance with respect to the tenancy of Manor Farm. Some processes, such as the tenancy award process, were followed correctly,³ but others were not; in particular, repeated breaches of the service's Capital Investment Procedure were noted.⁴

4.2.2 Where formal policies and procedures do not exist, Internal Audit sought to compare the practice at Manor Farm with the custom and practice applied to other tenancies by the County Farms team. This also identified a number of areas of non-compliance or atypical decision-making in respect of the tenancy of Manor Farm.⁵

3.2.6 Overall, we agree with Internal Audit's conclusions regarding the inadequacy of the formal processes. We have detailed our findings in respect of the County Farms Service and their policies, procedures and controls in **Section 5** and **Appendix 4** details our comments regarding the 31 recommendations that were raised by Internal Audit in their report.

3.2.7 Internal Audit further comment that in areas where policies and procedures do exist, there has been a mixed picture of compliance. We also agree with this conclusion but have further findings from the additional work we performed. We detail these as follows:

The advertisement, evaluation and award of the Manor Farm tenancy

3.2.8 We are satisfied that the advertisement, evaluation and award of the Manor Farm tenancy was operated equitably, and that the tenant selected was the most appropriate out of the applicants based upon the disclosures by the applicant.

3.2.9 Of the 9 initial applicants, the two who were short listed for the second interview stage were said to be significantly stronger than the rest of the field. In this final round, it was determined by the interview panel that the land at Manor Farm was inappropriate

for the unsuccessful finalist's business which required a certain type of land capable of accommodating horses. As such, the successful tenant, Roger Hickford, was the most suitable candidate. We were also told in Interviews with three members of the County Farms team that Roger Hickford's application contained the best business plan and they were content that the tenancy had been awarded to the best submission. This conclusion was supported by a fully documented process that was included within the Internal Audit working papers we reviewed as well interviews conducted by Internal Audit and ourselves.

3.2.10 We therefore conclude that based on the evidence provided to us and the additional work performed by us, that the formal decision-making processes for the advertisement, evaluation and award of the Manor Farm tenancy were followed correctly and the tenancy was awarded to the most appropriate candidate.

Negotiation and approval of the tenancy agreement

3.2.11 The process of obtaining a signed tenancy agreement with Roger Hickford took longer than usual, and the tenant did not sign the agreement until 20 December 2017 despite being offered the tenancy in April 2017². It should be noted that the refurbishment works commenced on the farmhouse in November 2017³ prior to the agreement being signed.

3.2.12 Conversations held by both us and Internal Audit with the County Farms team suggest that whilst there were no set policies or procedures in place in respect of tenancy negotiations, generally the County Farms tenancies were straightforward and rarely required any deviation from standard practice and what would be considered a standard County Farms tenancy agreement.

3.2.13 The intricacies of this particular business tenancy however, and the added complexity that resulted from Roger Hickford's dual capacity as a tenant and Deputy Leader of the Council, meant that standard practice was likely insufficient in protecting the Council from significant deviations from standard tenancy terms. This is because of Roger Hickford's position as Deputy Leader of the Council and his potential influence and authority over the County Farms team. The flexibility and inadequacy of the County Farms systems a processes was later identified as a concern by the Deputy Chief Executive and Chief Finance Officer in an email on reflection of the Manor Farm process (see **Appendix 5, Item B4**), and was a significant component in the terms that are not standard practice agreed within the Manor Farm tenancy.



3 – Matters relating to the Manor Farm tenancy

3.2.14 We are therefore unable to conclude on the compliance with formal decision making processes in relation to the negotiation and approval of the tenancy agreement as there were no set policies or procedures in place in respect of tenancy negotiations and therefore nothing to compare the compliance against.

3.2.15 However, it should be noted that from our conversations with the County Farms team it was identified that it was not normal practice for certain additional provisions to be included in the tenancy agreement that were granted to Roger Hickford. We provide more detail on the process in relation to the negotiation and the approval of the tenancy agreement in our review as to whether the processes have been operating equitably or not (Internal Audit Conclusion 3).

The approval of refurbishment works

3.2.16 The lack of policy in regards to refurbishment costs was highlighted in an interview conducted by Internal Audit with the Group Assets Manager, who answered *"We don't have a written Cambridgeshire standard for what we'll do and pay for"*. Without some form of set standard, the Council would therefore have been exposed to subjective decision-making that would have been vulnerable to influence from third parties.

3.2.17 The Internal Audit Report⁴ did identify a number of concerns in relation to the way refurbishment costs were approved for the tenancy of Roger Hickford. We provide more detail on the process in relation to the approval of the refurbishment costs when we discuss if the processes have been operating equitably or not (Internal Audit Conclusion 3).

3.2.18 We are unable to conclude on the formal decision-making process for the approval of the £131k worth of refurbishment works as there is no current or historic policy in regards to refurbishment costs and their approval. It would not be possible to compare this to normal practice as the requests for refurbishment works will vary greatly in respect of the different tenancies across the County Farms Estate and would be unrealistic to benchmark against each other.

The approval of extension works

3.2.19 The planned extension to the Manor Farm property consisted of a two-storey addition, and was estimated to cost £183k (including provisions)⁵. The County Farms team did not have the authority or the budget to approve these costs themselves, so a

business case was required to be submitted to, and approved by, the Capital Programme Board, Commercial & Investment Committee, and the General Purpose Committee. The Commercial & Investment Committee kept Roger Hickford's identity a secret in order to treat him as a tenant equitably during the voting process and during this meeting the £183k of extension costs were approved.

3.2.20 The matter was then taken to the General Purposes Committee, a potential controversy was identified by the Leader of the Council, who raised his concerns to the County farms team (see Appendix 5, Item F2).

3.2.21 Roger Hickford was then revealed at the General Purposes Committee to be the tenant in question which did cause significant issue between Members (see Appendix 5, Item C7). This appears to have been the trigger point of the whistleblowing complaint that led to the investigation by Internal Audit.

3.2.22 We also note from the Internal Audit Report that Roger Hickford was in attendance at the General Purpose Committee of which he is a member. However, we are satisfied that the appropriate steps were taken at the time to eliminate conflicts of interest during the vote, with Roger Hickford leaving the meeting before the Manor farm extension was discussed and approved⁶.

3.2.23 We therefore concur with Internal Audit that the formal decision-making process in relation to the approval of the extension was followed correctly.

3.2.24 It should be noted that the extension costs were approved but were not actioned pending the finalisation of the Internal Audit Report.

Approval of Change of Use planning permission

3.2.25 In order for Roger Hickford to be able to run his proposed business from the Manor Farm property a Change of Use planning permission was required so that the barn could be used for commercial public use.

3.2.26 The approval of the Change of Use planning permission was the responsibility of South Cambridgeshire District Council and therefore was not the responsibility of the County Farms team. However, taking ownership and responsibility of the preparation of the application for the planning permission was a decision that was made by the County Farms team.



3 – Matters relating to the Manor Farm tenancy

3.2.27 We have not been provided with any evidence to show that there is a set policy or procedure when agreeing to prepare applications for planning permission on behalf of tenants and therefore we agree with Internal Audit's comments that there were no clear procedures in order for us to conclude on the formal decision-making processes in relation to this.

3.2.28 However, Internal Audit identified that it was not clear why the Council would fund this application and the Rural Assets Manager confirmed that there has only ever been one previous instance where the County Farms team have carried out a Change of Use planning permission application on behalf of tenants and the cost of this application was significantly lower. Therefore from this evidence it would appear to not be normal practice for the County Farms team to undertake Change of Use planning permission applications on behalf of the tenants.

Internal Audit Conclusion 2 - Transparency requirements were not fully achieved

3.2.29 We have included below in Figure 3.2 the conclusion from the Internal Audit Report that shows Internal Audit's conclusions in respect of the transparency requirements in relation to the Manor Farm tenancy.

Figure 3.2 - Internal Audits conclusions on transparency requirements⁷

4.3 Transparency requirements were NOT fully achieved:

4.3.1 The Members' Code of Conduct sets out the two corporate transparency requirements which are relevant in considering the tenancy of Manor Farm:

1. **Members must submit a formal Declaration of Interests:** As a tenants of the Council, Mr Hickford had a Disclosable Pecuniary Interest (DPI) as defined in the Localism Act 2011. Mr Hickford formally recorded his tenancy in his Councillor's Declaration of Interest, as required.⁶
2. **Members with a Disclosable Pecuniary Interest (DPI) may not take part in any discussion of matters, nor participate in any vote or remain in the room for a vote on a matter in which they have an interest:** The review has identified that Mr Hickford presented a County Farms Outcome Focused Review (OFR) report at Commercial & Investment Committee on the 26th January 2018 while also acting as a substitute member of the Committee. Mr Hickford then took part in the vote to progress the OFR to the next stage as per the line of enquiry outlined in the report. This could be a breach of the Code of Conduct.⁷

4.3.2 The Council's formal transparency requirements were therefore partially met.

4.3.3 Beyond the Code of Conduct, the Council has no further policy to regulate transparency requirements in a situation such as the Manor Farm tenancy, where a Councillor (or senior officer) is interacting with the Council as a customer. In consultation with the Monitoring Officer, Internal Audit has drafted a suggested guidance note to address the wider issue (see Appendix 4) and identified the following actions which would improve transparency in future similar cases:

- Member and officer engagement with the Monitoring Officer for advice on how to manage the relationship transparently and fairly.
- The customer to appoint a solicitor or agent to act on their behalf in negotiations with the Council.
- Ensuring that negotiations on behalf of the Council are led or the outcome approved, by a senior manager, and endorsed by the Monitoring Officer.

3.2.30 Overall, we agree with Internal Audit's conclusions in relation to the fact that the transparency requirements were not fully achieved. As this conclusion relates mainly to the Members' Code of Conduct we have discussed our findings in more detail in Section 4 of our report.

Internal Audit Conclusion 3 - Processes have not operated equitably

3.2.31 We have included below in Figure 3.3 the conclusion from the Internal Audit Report that shows Internal Audit's conclusions in respect of the processes not operating equitably.

Figure 3.3 - Internal Audits conclusions on transparency requirements⁸

4.4 Processes have NOT operated equitably:

- 4.4.1 The audit investigation has identified a number of areas where processes have not operated equitably, and decisions have been taken in respect of the tenancy of Manor Farm which are not equivalent to decisions made for other County Farms tenants. Some examples of this are:



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- Additional works for the house refurbishment which were requested by the tenants but not charged for.⁸
- The terms of the Business Tenancy Agreement, particularly the rent abatement agreed.⁹
- Council expenditure on the property, in particular the change-of-use planning application¹⁰ and replacement of the barn roof.¹¹

3.2.32 Overall, we agree with Internal Audit's conclusions in relation to the fact that the processes have not operated equitably. However, there are some processes which have operated as they should, for example, the advertisement, evaluation and award of the tenancy and also the approval of the extension costs.

3.2.33 We have detailed in our findings below further information that has been collated as a result of our additional procedures, on the processes that seem to have failed to operate equitably.

The additional works for the house refurbishment which were requested by the tenants but not charged for

3.2.34 The Internal Audit Report identified that the total expenditure associated with Roger Hickford's tenancy incurred up to 30 April 2019 was [REDACTED] of which [REDACTED] related to refurbishment of the dwelling, and [REDACTED] related to the planned extension works. A breakdown of these costs was presented in their report as in Figure 3.4 below:

Figure 3.4 – Breakdown of refurbishment costs⁹

| Expenditure Area | Actual Cost |
|------------------------------------------|-------------|
| House Refurbishment | [REDACTED] |
| Barn Re-Roofing | |
| Change of Use Planning Permission | |
| Other Barn Works | |
| External Refurbishment Works | |
| Tenancy Agreement & Legal Fees | |
| Miscellaneous Bills | |
| Sub total for Refurbishment Works | |
| Planned Extension | |
| Total Costs | |

3.2.35 The Internal Audit Report highlights that individual refurbishment costs were small enough to be approved by the Rural Assets Manager, and as such did not require approval from the Commercial and Investment Committee or another authority, as only costs in excess of £200k would need to be approved by the Commercial and Investment Committee¹⁰.

3.2.36 Our review of the documents provided to us by Internal Audit suggests the view held by the County Farms team regarding the refurbishment works was that they were a necessary expenditure required to bring the Manor Farm house up to modern standards in order to both be habitable and to appeal to future tenants.

3.2.37 Our conversations with the County Farms team corroborates this, with the Principal Surveyor describing the refurbishment works as *"would have been done for anyone, and we wouldn't have let a tenant move in without those works done"*. This is understandable given that we were informed in interviews that the property had not been refurbished for a considerable time.

3.2.38 Whilst we respect Internal Audit's review of the refurbishment costs on an individual basis, we note that there has not been an overlay of property experience fed into these conclusions provided in their report.

3.2.39 From our additional procedures and interviews we have discussed the breakdown of the refurbishment costs in detail and have identified a number of items where it remains questionable as to whether or not the Council should have funded them or they should have been a Tenancy Improvement Charge. These items are the additional legal fees for the tenancy agreement, the Change of Use planning permission fees and the barn re-roofing. The total of these items is [REDACTED]. We have raised recommendations in relation to these costs in Appendix 3.

3.2.40 The Internal Audit Report did identify a number of concerns in the way refurbishment costs were approved for the tenancy of Roger Hickford. In particular, the fact that refurbishment works had commenced a month before a signed tenancy agreement was obtained, and four months before the tenants improvement charge was signed¹¹.

3.2.41 Whilst general refurbishment works may have been necessary before any new tenant would have moved in, the tenant-specific works that had been requested (and which were intended to be paid by Roger Hickford via a Tenants Improvement Charge) did not fall under this category.



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3.2.42 The lack of agreement in place prior to the work being undertaken would have exposed the Council to the associated costs should the tenancy agreement never have been completed or the Tenants Improvement Charge refused. This was not normal practice for refurbishment works to be started before a tenancy agreement and a Tenants Improvement Charge was signed.

3.2.43 In addition to the above, our conversations with members of the County Farms team found that there were concerns raised about the mechanism by which Roger Hickford would approach the council for works to be done to the property. The normal process would consist of an application to the County Farms team which would then be evaluated and, if approved, would go through a number of other stages such as the Council's procurement procedure before any works were commenced.

3.2.44 Instead, Roger Hickford sourced his own contractors to carry out refurbishment works without approval from the County Farms team, and then attempted to get the Council to reimburse him. Whilst such a mechanism does exist and has been used before, [REDACTED] this was only standard in emergencies (such as emergency works required over the Christmas period). [REDACTED]

3.2.45 The planned extension to the Manor Farm property also needs to be addressed as the report by Internal Audit places significant criticism on the justification for the extension to the Manor Farm property, and critiques the financial case that was put forward. Within their report, Internal Audit include an appraisal of the investment¹² in the extension which focuses on payback received from the Tenants Improvement Charge. The Deputy Chief Executive and Chief Finance Officer highlighted concerns to us in interview that this payback analysis did not appropriately account for the uplift in value to the property as a result.

3.2.46 The payback analysis included in the Internal Audit Report is based on net cash flow rather than overall equity value of the County Farms Estate. The objectives of the County Farms Estate is "to run the estate commercially to maximise income and development returns" (see Appendix 5, Item A3), and as such, it may be appropriate for the equity value associated with the uplift in value from the extension works to be accounted for in the payback period calculation in order to reflect the development return aspect of the County Farms Estate objectives.

3.2.47 The Internal Audit calculations for payback only factor in the uplift in value from the extension upon sale, i.e. when cash is received. However, it could be argued that these calculations do not reflect the fact that the development to the Manor Farm property would have increased its value (and therefore the overall equity value of the County Farms Estate) irrespective of if or when it is sold¹³. As such, we recommend that the calculation of the payback period be reviewed by the Council as to whether it should be based on equity value rather than net cash flow.

3.2.48 Regardless of the payback calculation used however, the costs of the extension are a significant commitment of public money. Concerns regarding these costs were raised at the time by the County Farms team to the Deputy Chief Executive and Chief Finance Officer (see Appendix 5, Items C2 and C4), who told us that he felt the approval process in place provided enough reassurance that there was a business case for the extension and that the Council would benefit overall as a result, and as such, no action was required in respect of these concerns. Our email review found that the Deputy Chief Executive and Chief Finance Officer did explain this rationale to the County Farms team at the time (See Appendix 5, Item C6). We note that these costs were not actually incurred as they were deferred until the finalisation of the Internal Audit Report.

The terms of the Business Tenancy Agreement, particularly the rent abatement agreed.

3.2.49 As referred to in the Internal Audit Report, extended negotiations between the Council and the tenant resulted in an increase in legal costs incurred by the County Farms team.

3.2.50 Support from an appropriate policy could have prevented additional legal costs being incurred by the Council as policy would have been clear as to what could and couldn't be included in a tenancy agreement, therefore the negotiations would have been shorter.

3.2.51 We discussed the negotiation process of the additional terms with the LGSS representative involved in the Manor Farm agreement and he told us that throughout the process, Roger Hickford tried to make various additions and removals of provisions in the agreement.



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3.2.52 These variations required significant back and forth discussion with the County Farms team which therefore increased work hours charged to the Council by LGSS.

3.2.53 The representative from LGSS also told us that Roger Hickford had declined to appoint his own legal advisors and asked LGSS to act on his behalf as well as the Council's which was not normal practice. [REDACTED]

3.2.54 As identified in the Internal Audit Report, the most significant non-standard terms that made it in to Manor Farm tenancy agreement were the full rent abatement in lieu of the barn, the additional works to be completed by a specified date, and the Break Clause with termination repayment¹⁴.

3.2.55 In respect of the abatement, whilst it is standard practice across the County Farms estate to offer abatements of £400 or £500¹⁵ where a dwelling is not ready for occupation, the full abatement of £1,708.33¹⁶ per month in lieu of the barn was not standard.

3.2.56 Our review of emails found that an initial abatement offer was made in respect of the barn of £750 (see appendix 5, Item B1), and our conversations with the County Farms team suggest Roger Hickford demanded the abatement cover the full rental cost of the barn. [REDACTED] said that [REDACTED] only agreed to this as a result of the pressure applied by Roger Hickford, but at the time had no reason to believe the Change of Use planning permission process would extend beyond a few months (and therefore that the full rental abatement would not be active for a significant amount of time and that the Council would soon be receiving the full unabated rental income).

3.2.57 [REDACTED] also said in [REDACTED] interview with us that when Roger Hickford stated that he would not pay rent on the building until it was ready, that *"This again was him bullying and he wasn't going to take anything we said to the contrary effect. He did benefit from that and the only reason he got that was because he was deputy leader of the council. With others we would have ended negotiations"*.

3.2.58 In respect of any additional refurbishment works the Internal Audit Report highlights that [REDACTED] confirmed these were not usually included in terms within a tenancy agreement, and that they would typically be included in an Agreement to Lease or Tenancy at Will. We were able to corroborate this with evidence obtained from our email review (see Appendix 5, Items B7), which revealed

discussions regarding refurbishments being included in the tenancy agreement and concerns that this left the Council vulnerable to breach of terms if the works were not completed by the specified deadline.

3.2.59 We were told [REDACTED] that normally for a business tenant, an agreement to lease would be signed which would set out details such as who would submit the planning applications, the works to be done, the timeline, and the arrangements in place in the event of delays. This normal procedure was refused by Roger Hickford, and [REDACTED] felt Roger *"wouldn't entertain any such thought"* or follow normal procedure if it meant not getting what he wanted.

3.2.60 Roger Hickford was also offered a Tenancy at Will (which we were informed by the Rural Assets Manager was normal procedure in all tenancies) by the County Farms team on advice of LGSS. This agreement would have enabled the tenant access to the site earlier to begin works on preparing the site for business, but he refused to sign citing *"The document is too one sided, with many tenant obligations but nothing suggesting the specific obligations of the landlord...This is unacceptable as it means any improvements done by myself are done entirely at my risk, as the tenancy could be withdrawn by CF at any time"*. (see Appendix 5, Item B1b)

3.2.61 In respect of the Break Clause and termination reimbursement provision, whilst not a standard clause for a County Farms tenant, the two-way Break Clause in the event of change of use planning permission being refused was viewed by the County Farms team to be equitable and in the interests of both parties (see Appendix 5, Item B5).

3.2.62 The termination reimbursement component of this clause however is one-sided and only protects the tenants' interest. There is no protection for the Council for works paid by them on the dwelling should Roger Hickford activate the Break Clause (see Figure 3.5 below)

Figure 3.5 - Extract from Roger Hickford's tenancy agreement

10. MUTUAL BREAK CLAUSE

10.1 Until such time as the Planning Permission has been granted either the Landlord or the Tenant may terminate this Agreement by serving written notice on the other (a Break Notice) specifying a termination date which is not less than three months after service of the Break Notice (the Break Date)

10.2 Following service of a Break Notice this Agreement shall terminate on the Break Date



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10.3 Termination of this Agreement on the Break Date shall not affect any other right or remedy that either party may have in relation to any earlier breach of this Agreement

10.4 If the break right pursuant to this clause is exercised by either party then the Landlord shall repay to the Tenant the cost of any works carried out to the Landlord's Building that have already been completed and paid for by the Tenant by the Break Date (after receiving evidence of such expenditure)

3.2.63 Given that in these situations the landlord owns the asset (and therefore would benefit from necessary repair works or uplift in value from additions), it is not unreasonable for such a clause to offer greater protection to the tenant. However, in the Manor Farm situation, the Council would still have been exposed to termination reimbursements on costs that were only being approved for Roger Hickford that would not have been approved for other tenants.

Council expenditure on the property, in particular the Change of Use planning permission and replacement of the barn roof.

3.2.64 A particular point of contention identified in the Internal Audit Report was that of the costs incurred in replacement of the Manor Farm barn roof¹⁷. The barn roof was replaced as there was found to be asbestos in the roof after Roger Hickford commissioned an independent surveyor to inspect the barn.

3.2.65 It was argued that the barn roof could either be repaired at a smaller cost of [REDACTED] or replaced for a much higher cost of £18,387. The issue arose when it was identified that the barn would be used for commercial public use as part of Roger Hickford's business plan and the Asbestos Coordinator concluded the repairs to the roof were not satisfactory under the Control of Asbestos Regulations 2012 for public use.

3.2.66 The Internal Audit Report concludes that repair of the roof would have been satisfactory for commercial public use¹⁸, however this evidence is contradicted by 3.2.65.

3.2.67 Our review of emails and conversations with the Council's Asbestos Coordinator has found that replacement of the roof was mandatory in order to be compliant with Control of Asbestos Regulations 2012 for its intended commercial public use, which would be considered a high-risk situation under the regulations.

3.2.68 As the intended use of the barn was highlighted in Roger Hickford's business plan, the Council should have been aware of the potential costs to be incurred in respect of bringing the barn to a suitable and compliant condition for use by the tenant in his business.

3.2.69 Whilst the Asbestos Coordinator was adamant in [REDACTED] interview that replacement of the roof was necessary for the barn to be compliant for commercial public use, the view of others was that the replacement of the roof would not be agreed for other tenants. We have therefore raised this as a recommendation for something to be considered by the Council as to whether or not this full cost should be covered by them.

3.2.70 In addition to this, the costs incurred by the Council as a result of a lengthy and complicated Change of Use application process was another item of contention raised in the Internal Audit Report. When questioned on this, [REDACTED] said that the Change of Use approach was far more complicated than the County Farms team had initially expected, and that the conduct of Roger Hickford contributed significant delays to the application process.

3.2.71 These significant delays meant that from when the tenancy agreement was signed in December 2017 up until 5 March 2019, in total 14 months, Roger Hickford was in receipt of a rent abatement of £1,708.33 per month. To put this in to context, due to the delays in obtaining the planning permission, this cost the Council £24,798¹⁹.

3.2.72 The Group Assets Manager, with the benefit of hindsight, regrets that a Change of Use approach was taken in pursuit of planning permission for the Manor Farm site. The alternative option was to undertake the standard approach to planning permission rather than obtaining a change of use.

3.2.73 Our email review found multiple complaints from the County Farms team about the cost of the planning application and the fact that the Council would not normally have agreed to conduct the application process (see Appendix 5, Item D2). Many of these complaints also raised the fact that Roger Hickford was in disagreement about how the process was being run, and as a result refused to provide the necessary information for the County Farms team to submit the application in a timely manner (see Appendix 5, Item D3).



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3.2.74 Our email review also identified an email (see **Appendix 6, Item B**) from Roger Hickford stating “*This is my meeting, being arranged by me, with the Agent, to try and get things moving, and being done very quickly because of my contacts at SCDC*”. This demonstrates that Roger Hickford may have leveraged his Council links to bypass procedures a normal planning applicant would have to go through.

3.2.75 As a result of this, we discussed the matter with the Chief Internal Auditor at SCDC who told us that they conducted a review of the planning process for the Change of Use planning permission for Roger Hickford and did not identify any issues.

3.2.76 A number of the County Farms team informed us that Roger Hickford's refusal to cooperate also played a significant role in the initial refusal of the planning application, which was refused partly on noise concerns. Roger Hickford was requested on numerous occasions between the period of December 2017 and February 2018, to provide the necessary information to allow a noise survey to be completed, but refused (see **Appendix 5, Item D4**)

3.2.77 The approach pursued by Roger Hickford was in effect to ask the evaluators what the maximum feasible parameters in each category were, and then adapt the application to suit. **Appendix 5, Items D5 and D6** suggest that Roger Hickford's desired approach was not agreed on and was not appropriate to obtain the planning permission required.

[Internal Audit Conclusion 4 - Internal Audit's considerations 'That no inappropriate advantage/disadvantage accrued to Mr Hickford as a result of his various Council roles and Internal Audit Conclusion 5 - There was a conflict of interest between Mr Hickford's roles as a Councillor and his tenancy of Manor Farm.](#)

3.2.78 We have amalgamated the 2 final conclusions made by Internal Audit on Manor farm as our findings in respect of both of these concerns overlap some what. They will also be discussed in further detail in **Section 4** where we go into more detail about the Code of Conduct issues and our findings.

3.2.79 We have included below in **Figure's 3.6 and 3.7** the conclusions from the Manor Farm Tenancy and County Farm Service report that shows Internal Audit's conclusions

in respect of their considerations into inappropriate advantage/disadvantage accrued to Roger Hickford as a result of his various Council roles and their conclusions as to whether or not there was a conflict of interest between Roger Hickford's role as Councillor and his tenancy of Manor Farm.

Figure 3.6 - Internal Audit's conclusions the inappropriate advantage/disadvantage accrued to Roger Hickford²⁰

4.5 Internal Audit were asked to consider 'That no inappropriate advantage/disadvantage accrued to Mr Hickford' as a result of his various Council roles. This highlights the complexity of issues needing consideration as evidence shows that:

- 4.5.1** Some advantage has accrued to Mr Hickford as a result of his Council roles;
- 4.5.2** Where processes have not operated equitably, the outcome has mostly been to the advantage of Mr Hickford. The reasons where this occurred are complex including the inadequate formal processes within the County Farms team that increased the risk of inconsistent decision-making across all tenancies. It is not fair to conclude that if advantage (or disadvantage) accrued to Mr Hickford it derives from misconduct by Mr Hickford (or others). The causes must be considered and the Audit found those issues to be complex.
- 4.5.3** In a number of instances where processes have not operated equitably, officers have articulated that decisions were taken because of Mr Hickford's position.¹² Evidence in this area was not conclusive and it is not possible to determine with sufficient confidence whether this resulted from pressure intentionally applied by Mr Hickford, or simply a perception of pressure in the minds of staff dealing with a senior Councillor. It is important to recognise that any tenants or customer is entitled to engage with the Council robustly. Bullying or harassment of officers is however not acceptable and where evident must be considered under the proper policy / process. In line with Council policy, this question must be addressed through a separate process as required by the Member's Code of Conduct.
- 4.5.4** Internal Audit has developed a schedule (see **Appendix 6**) setting out areas of Council expenditure on Manor Farm which do appear not equivalent to Council expenditure on other properties and would normally be expected to be the liability of the tenants. In the absence of clear, documented policy it is recommended that senior management take advice on which elements the Council should request be repaid.



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Figure 3.7 - Internal Audit's conclusions on the conflict of interest between Roger Hickford's roles as Councillor and tenant²¹.

4.6 There was a conflict of interest between Mr Hickford's roles as a Councillor, and his tenancy of Manor Farm.

- 4.6.1 There is evidence of a conflict of interests between Mr Hickford's Councillor roles and the position as Council tenants. This is particularly evident with regards to Mr Hickford's appointment as Member Lead for the Rural Assets Outcome Focused Review (OFR). The OFR considered the objectives and strategy of the County Farms service, including formally reviewing whether or not the Council would continue to provide the service in-house.
- 4.6.2 It is important to recognise that any tenants or customer is entitled to engage with the Council robustly. Knowing that Mr Hickford was the Member Lead for a process that would make a recommendation regarding the future of their jobs may have consciously or unconsciously affected County Farms officers' ability to deal with him as they would any other tenants. There was a risk that this could make it difficult for officers to deal with Mr Hickford impartially and without favour.¹³
- 4.6.3 The tenants solicitors highlight that *'Our client strongly disagrees with the assertion that there is a conflict of interest. It would not matter to Mr Hickford or his business who runs the CF estate. This was a working group and officers had input too. Further it was not a decision-making body.'*
- 4.6.4 Although this conflict of interest was identified by several officers, the situation was not managed effectively. There is no formal guidance for officers or Councillors on how to manage a conflict of interest of this nature.
- 4.6.5 In light of this, Internal Audit has drafted a suggested policy to regulate situations where Councillors or senior officers interact with the Council as customers.

3.2.80 We agree with Internal Audit that some advantage has accrued to Roger Hickford due to his Council roles. However, from the evidence we have collated from the additional procedures that were undertaken by us we would state that the conclusion

"some advantage" by Internal Audit was weak and that it is apparent that a large number of advantages have been afforded to Roger Hickford due to his Council roles. For example, costs being approved that were not likely to be approved for other tenants and the additional terms to the tenancy agreement.

3.2.81 We agree that the issues in relation to the advantages afforded to Roger Hickford due to the processes not operating equitably are complex. However from the conversations we have conducted with multiple individuals and the full email review it could be argued that there was a significant amount of pressure being placed on the County Farms team throughout the entire Manor Farm tenancy process. Whether or not the behaviour of Roger Hickford amounts to misconduct, we would be unable to comment on as this would require further investigation by the Council's Monitoring Officer.

3.2.82 We do not agree with Internal Audit's comment that *"it was not possible to determine with sufficient confidence whether this resulted from pressure intentionally applied by Mr Hickford, or simple a perception of pressure in the minds of staff dealing with a senior Councillor. It is important to recognise that any tenants or customer is entitled to engaged with the Council robustly. Bullying or harassment of officers is however not acceptable and where evidence must be considered under the proper policy / process"*²².

3.2.83 From our conversations with individuals in the County Farms team it has been openly stated that they felt bullied and harassed by Roger Hickford. When asked about the issues detailed in paragraph 3.3.77 above, the responses of the County Farms were unanimous in attesting to the fact that Roger Hickford was only afforded deviations from standard practice as a result of his conduct toward the County Farms team and his position as Deputy Leader of the Council.

3.2.84 These concerns were raised to the Deputy Chief Executive and Chief Finance Officer on at least 7 occasions (see Appendix 5, Items H1 to H3 and I1 to I4) throughout the process.

[REDACTED] on one occasion the Deputy Chief Executive and Chief Finance Officer did speak to Roger Hickford and request an apology be sent to one of the team members which Roger Hickford did.



3 – Matters relating to the Manor Farm tenancy

3.2.85 The lack of support from the Deputy Chief Executive and Chief Finance Officer and the lack of policies in place would have left the County Farms team with no support to support in holding firm on issues during negotiations with Roger Hickford. This is discussed further in **Section 4**.

3.2.86 Finally we agree with the conclusion from Internal Audit that there was a clear conflict between Roger Hickford's role as a Councillor and his tenancy of Manor Farm. We have highlighted below a few select examples of how this is justified from our additional procedures that were performed but will discuss the issues regarding this and the Members' Code of Conduct in more detail in **Section 4** of this report.

Issues arising from the tenancy negotiations and approval of the agreement

3.2.87 As previously discussed there were a number of abnormal tenancy terms in the Manor Farm agreement. It could be construed that the influence of Roger Hickford throughout the negotiation process was a factor in the abnormalities. [REDACTED] explained that for usual tenancies, the County Farms team hold significant bargaining power over their tenants, leaving little room for negotiation. However, with Roger Hickford's tenancy, this was not the case [REDACTED]

3.2.88 Roger Hickford's position as Deputy Leader of the Council and his conduct towards members of the County Farms team was likely to have exerted significant influence over the County Farms officers during the negotiations process. [REDACTED]

3.2.89 The referrals to the Deputy Chief Executive and Chief Finance Officer provide a clear picture of the pressures the County Farms team were subject to at the time, and are indicative that a policy requiring decisions to be reviewed by a senior officer would have been appropriate and may have provided support to the County Farms team in

their negotiations with Roger Hickford.

3.2.90 Later on in the process of agreeing the terms for the tenancy agreement, the Rural Assets manager also explained in an interview with Internal Audit that a meeting was held between the County Farms team and the Deputy Chief Executive and Chief Finance Officer in December after a complaint [REDACTED] which accused the County Farms team of being dilatory. [REDACTED]

3.2.91 As a result of demands by Roger Hickford and pressure to get a tenancy agreement completed, the 20 December 2017 signed agreement included the aforementioned additional works clause. In the absence of appropriate controls or policy to prevent this, the Council were exposed to potential legal and financial liability by entering this agreement.



3 – Matters relating to the Manor Farm tenancy

3.3 Our Conclusions in respect of Matters relating to the Manor Farm tenancy

3.3.1 In the table below we have summarised the Internal Audit conclusion and have included our conclusions alongside these. We have commented on whether or not we agree with the Internal Audit conclusions and in instances where we do not agree with the conclusion we have summarised the reason for this.

| No. | Internal Audit Conclusion | Mazars Conclusion |
|-----|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Formal decision-making processes were not followed correctly | <p>Overall, we agree with the conclusion that the County Farms Service maintains inadequate formal processes. Further information on this can be found in Section 5 of this report.</p> <p>Internal Audit further comment that in areas where policies and procedures do exist that there has been mixed compliance. Overall, we agree with this conclusion.</p> <p>The policies and procedures have been followed correctly in relation to the tenancy award process and in relation to the approval of the additional extension works for the Manor Farm Dwelling.</p> <p>It is not possible for us to conclude on whether or not formal decision-making processes have been followed in relation to the tenancy negotiations, the approval of refurbishment works and costs on the dwelling, and the Change of Use planning permission as there is no formal policy or procedure for us to compare the compliance with. However, we have detailed in our findings that although there are no set policies or procedures, the actions taken in respect of these areas were not considered to be normal practice for other tenants.</p> <p>31 recommendations have been raised in Appendix 4 that relate to the policies and procedures for the County Farms Service which should be considered.</p> |
| 2 | Transparency requirements were not fully achieved | <p>Overall, we agreed with Internal Audit's conclusions that the transparency requirements were not fully achieved but have further findings in respect of this conclusion which can be found in Section 4 of this report as it mainly relates to the Members' Code of Conduct.</p> |
| 3 | Processes have not operated equitably | <p>Overall, we agree with Internal Audit's conclusions in relation to the fact that the processes have not operated equitably. However, there are some processes that have operated in accordance with their relevant policy or procedure and these should be noted in the report. These are the tenancy award process and the approval of the extension costs.</p> <p>We agree with Internal Audit that the 3 main areas in which processes did not operate equitably are the process relating to the additional works for the house refurbishment which were requested by the tenants, the terms of the tenancy agreement and the expenditure on the property, in particular the Change of Use planning permission and the replacement of the barn roof.</p> <p>A number of recommendations have been raised in Appendix 3 that relate to the main issues identified in these areas in which the processes did not operate equitably which should be considered by the Council.</p> |



3 – Matters relating to the Manor Farm tenancy

3.3 Our Conclusions in respect of Matters relating to the Manor Farm tenancy continued

| No. | Internal Audit Conclusion | Mazars Conclusion |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | Internal Audit's considerations 'That no inappropriate advantage/disadvantage accrued to Mr Hickford as a result of his various Council roles. | We amalgamated the 2 final conclusions made by Internal Audit on Manor Farm as our findings in respect of these concerns overlap. |
| 5 | There was a conflict of interest between Mr Hickford's roles as a Councillor and his tenancy of Manor Farm. | <p>Whilst we agree with Internal Audit that an advantage has accrued to Roger Hickford due to his Council roles, we do not agree with the wording of "<i>some advantage</i>" as we feel this conclusion is weak given the evidence we have reviewed and the number of advantages that have been afforded to Roger Hickford as a tenant due to his Council roles and his conduct.</p> <p>We do agree that the issues in relation to these advantages afforded to Roger Hickford due to processes not operating equitably are complex. However, we do not agree that evidence in this area was not sufficient to determine if this was from pressure applied by Roger Hickford. From the evidence we have reviewed and the conversations held with various members (past and present) of the County Farms team it is apparent that significant pressure was placed on the County Farms team throughout the entire Manor Farm tenancy process. We cannot comment on whether or not Roger Hickford's behaviour amounts to misconduct but we can conclude that there is enough evidence available to warrant further investigation by the Council's Monitoring Officer. Further detail on this is provided in Section 4 where we discuss the Code of Conduct issues.</p> <p>Internal Audit go on to say that tenants and customers are entitled to engage robustly with the Council but bullying and harassment of officers is not acceptable. We have detailed our findings in respect of this comment in Section 4 of our report from both a Members' Code of Conduct perspective and a Council Officers' Disciplinary perspective.</p> |



4

Code of Conduct and Officer Disciplinary Issues



4 – Code of Conduct and Officer Disciplinary Issues

4.1 Introduction

4.1.1 In this section, we present our findings in respect of matters relating to Code of Conduct.

4.1.2 There were two reports prepared by Internal Audit, one being the Internal Audit Report previously mentioned and one in relation to matters arising under the Members' Code of Conduct. The Internal Audit Report²³ provides the following conclusions in respect of Matters relating to Code of Conduct:

| No. | Internal Audit conclusion | Refer to Mazars Report |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 1 & 2 | Transparency requirements were not fully achieved and there was a conflict of interest between Roger Hickford's roles as a Councillor and his tenancy of Manor Farm | Paragraphs 4.3.1 to 4.3.47 |
| 3 | Some advantage has accrued to Roger Hickford as a result of his Council roles | Paragraphs 4.3.48 to 4.3.51 |

4.1.3 The Code of Conduct report was not finalised by Internal Audit but the draft report suggested that certain matters should be referred to the Monitoring Officer for further investigation.

4.1.4 Our review of the conclusions reached by Internal Audit in regards to Code of Conduct matters has been made in light of a full review of Council email boxes belonging to Roger Hickford, the Deputy Chief Executive, the Group Assets Manager, the Rural Assets Manager, and the Principal Surveyor. We have also taken in to consideration answers given by various individuals in remote meetings and interviews in forming our recommendations.

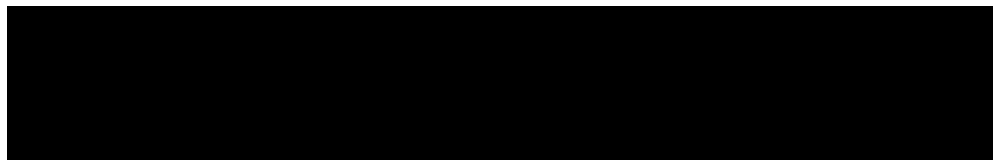
4.1.5 It should be noted that we felt that there were additional questions that were not put to Roger Hickford, either at all or in sufficient detail, in his interview with Internal Audit. These related to a number of potential bullying and harassment allegations under the Members' Code of Conduct.

4.1.6 It was the issues in 4.1.5 that we wished to discuss with Roger Hickford in his interview which he declined to attend.

4.1.7 We break down the Code of Conduct matters into the following subsections:

- Management of conflict of interest issues
- The conduct of Roger Hickford in his dealings with the County Farms team
- Whether Roger Hickford leveraged his capacity as Councillor in his dealings as a tenant, and whether this may have affected the decision-making of the County Farms team.

4.1.8 We also consider the following in respect of potential Officer Disciplinary Issues:





4 – Code of Conduct and Officer Disciplinary Issues

4.2 Our Approach in respect of matters relating to Code of Conduct

4.2.1 Our review of the Internal Audit Report, the Code of Conduct report, and the underlying evidence on which it was based revealed concerns relating to potential Code of Conduct issues, including potentially serious allegations of bullying & harassment.

4.2.2 When interviewed about various matters relating to the Manor Farm tenancy (Section 3 of this Report), the County Farms team were clear in their responses that it was the conduct of Roger Hickford throughout the process and the pressure that came with this that lead to certain decisions being made which were deviations from standard practice.

4.2.3 In response to these claims, it was necessary for us to supplement our interviews with our full review of emails to examine the communications between Roger Hickford and the County Farms team throughout the process in order to reach a conclusion on whether there are matters to be considered by the Council's Monitoring Officer in line with the Members' Code of Conduct.

4.3 Our Findings in respect of matters relating to Code of Conduct

[Internal Audit Conclusion 2 - Transparency requirements were not fully achieved and Internal Audit Conclusion 5 - There was a conflict of interest between Mr Hickford's roles as a Councillor and his tenancy of Manor Farm.](#)

4.3.1 As mentioned in paragraph 3.2.22 of this Report, there was a conflict of interest in respect of Roger Hickford's position as a Member of the General Purposes Committee for any investment decisions that would be discussed at their meetings in respect of Manor Farm. This was identified as a potential conflict by the Leader of the Council. However, as discussed in paragraph 3.2.22, we are satisfied that appropriate steps were taken to remove Roger Hickford from the meeting before any discussions took place on the matter.

4.3.2 Having reviewed email communications (see Appendix 5, Item F4) we are also satisfied that the Council's Monitoring Officer reviewed how the conflict of interest at the General Purposes Committee was managed and came to the conclusion that no constitutional, legal or procedural rules had been breached.

4.3.3 There are further conflict of interest issues highlighted in the Internal Audit Report in respect of Roger Hickford's role as County Farms champion²⁷, to which he was elected during the tenancy agreement negotiation process. This position gave Roger Hickford a significant role on the review team of the County Farms service.

4.3.4 The Internal Audit Report covers in detail the areas in which there were conflict of interest concerns in Roger Hickford's position as County Farms champion. The Transformation Manager leading on the County Farms Outcome Focused Review ("OFR") told Internal Audit that she raised the issue of a possible conflict of interest with Chris Malyon, who discussed with Councillor [REDACTED] who was the Chairman of the Assets & Investment Committee at the time).

4.3.6 Councillor [REDACTED] confirmed to Internal Audit that he was mindful of a potential conflict but as the OFR would make recommendations to the Commercial and Investment Committee, the potential influence that Roger Hickford would have could be managed and scrutinised by the Committee.

4.3.7 We agree that this was dealt with appropriately by the Transformation Manager, Deputy Chief Executive and Councillor [REDACTED]

4.3.8 The Internal Audit Report also considers two particular instances where the potential for a conflict of interest was significant. The first was on 26th January 2018²⁹, where a phase 2 report from the Rural Assets OFR was presented to the Commercial & Investment Committee. The Audit Report highlights that at this meeting, Roger Hickford was a substitute member, and voted on the decision to progress the Rural Assets OFR to phase 3. The report also states that under Section 8.1(b) of the Member's Code of Conduct (and as detailed in Section 31 of the Localism Act 2011), Members with a



4 – Code of Conduct and Officer Disciplinary Issues

disclosable pecuniary interest are not permitted to take part in any discussion of matters or vote on any matter in which they have an interest. We therefore agree with the comment made by Internal Audit that this could have been a breach of the Localism Act 2011 and the Member's Code of Conduct, and as such should be reviewed by the Council's Monitoring Officer.

4.3.9 The second instance highlighted in the Internal Audit Report is that of the second Rural Assets OFR Report, which was presented to the Commercial & Investment Committee on 23rd November 2018. The Internal Audit Report identifies several areas within the OFR report where recommendations made³⁰, or Roger Hickford's involvement in policy discussions may have constituted an actual or perceived conflict of interest.

4.3.10 One of the OFR areas identified by Internal Audit as a potential conflict was that of the decision on whether or not to continue the management of the County Farms estate in-house. Our review of emails (see Appendix 5, Items H1, H2 and H3) and notes taken by Internal Audit in their interviews with the County Farms team has found that there would have been a significant conflict of interest with Roger Hickford being involved in discussions on the future of the County Farms team given the state of the relationship between the two parties at the time.

4.3.11 In addition to paragraph 4.3.10 above, [REDACTED] told us in [REDACTED] interview that [REDACTED] felt there was also a conflict of interest in the discussion of target-setting for minimum revenue return. [REDACTED] felt Roger Hickford had significant involvement in the setting of a minimum 4% return policy for the County Farms Estate and was of the view that a minimum 4% return figure was pushed by Roger Hickford in his position as County Farms champion in order to set an unachievable target that would subject the County Farms Officers to scrutiny.

4.3.12 The 23rd November 2018 Rural Assets OFR illustrates comparisons between the County Farms Estate and other estates, and highlights that the only estate that was at the time achieving a 4% revenue return was the Duchy of Lancaster "because its commercial portfolio is mainly based in the northern cities with higher yields". Given this and paragraph 4.3.10 above, we recommend that property experts at the Council review whether the minimum return target of 4% set in the 23rd November 2018 OFR was

appropriate, and that the Council's Monitoring Officer review the extent to which Roger Hickford was involved in these discussions and whether his involvement was a potential conflict of interest and breach of the Members' Code of Conduct or the rules on pre-determination bias.

4.3.13 The Internal Audit Report also identifies that any involvement of Roger Hickford in the recommendation of a stepped improvement charge could have been a potential conflict, and explains that Roger Hickford would have benefitted by £1,532³¹ annually as a result of implementation of a stepped improvement charge. Given that he would have directly benefitted from this change should it be implemented, any involvement in the discussion or vote on this recommendation would have been a conflict of interest and as such, his potential involvement should be reviewed by the Council's Monitoring Officer.

[How Code of Conduct issues relating to the behaviour of Roger Hickford were covered in the investigation by Internal Audit](#)

4.3.14 The Internal Audit Report does not refer to the conduct of Roger Hickford in his dealings with the County Farms team. This is instead mentioned briefly in the draft Separate Report prepared by Internal Audit, which was to be issued to the Council's Monitoring Officer.

4.3.15 The Separate Report to be issued to the Council's Monitoring Officer restricts the detail of Roger Hickford's behaviour to two particular incidents, which were discovered by Internal Audit through their interviews with the County Farms team. The disclosures in respect of these incidents in the Separate Report are provided in Figures 4.1 and 4.2 on the next page.



4 – Code of Conduct and Officer Disciplinary Issues

Figure 4.1: Incident at on-site meeting between the [REDACTED] and Roger Hickford³²

- **Meeting with tenants 15th December 2017 at Manor Farm.** [REDACTED] attended the site to review the refurbishment with the new tenants, at which point it was identified that the works had not progressed as far as had been advised by the building contractor. [REDACTED] made a record of the incident to share with [REDACTED] line manager afterwards. This record states that Mr Hickford shouted at the [REDACTED] refusing to let [REDACTED] speak, and behaved in an aggressive and intimidating manner, making reference to his poor opinion of County Farms as a team (as an example: "I tried to respond but he shouted he didn't want to hear it. He was shouting things along the lines of 'The County Farms bubble has to end; you can't project manage anything. You have a terrible track record and I won't stand for it. No one will take responsibility for anything.'") [REDACTED] was left shaken and upset by this experience and the builders who were on-site came to check whether [REDACTED] was okay.

Figure 4.2 [REDACTED]

4.3.16 Through our interviews with the County Farms team and our full review of emails, we were able to find additional evidence to support the claims of the County Farms Officers that they had been subject to aggressive and intimidating behaviour by Roger Hickford throughout the Manor Farm process. These claims were raised by the County Farms team in their interviews with Internal Audit as a major factor in their decision-making and in the deviation from standard County Farms procedures.

4.3.17 Paragraphs 4.3.18 to 4.3.33 consider the various incidents and evidence that we discovered in detail, as well as how the County Farms Officers felt they were affected by these incidents.

[The conduct of Roger Hickford in his dealings with the County Farms team](#)

[meeting on 4 January 2017](#)

4.3.20 We then sought to understand from [REDACTED] when the alleged issues with Roger Hickford began. The first instance which [REDACTED] recalled to us was that of a conversation had with Roger Hickford at a tenant's meeting on 4th January 2017³⁴, which was prior to Roger Hickford's application for the tenancy, and which Roger Hickford was attending in his then role as Chair of the Assets & Investment Committee.

4.3.21 Details of this conversation were provided by [REDACTED] in [REDACTED] interview with Internal Audit, where they record that Roger Hickford asked [REDACTED]



4 – Code of Conduct and Officer Disciplinary Issues

██████████ "how much would I have to pay in rent to get Manor Farm". After the ██████████ initially declined to comment, Roger Hickford then pushed for an answer again, but was refused a second time before the conversation was dropped. This incident was not covered in the Internal Audit Report.

4.3.22 When we spoke with ██████████ provided us with the same account about how much Roger Hickford needed to pay to secure the tenancy but also added that when ██████████ refused to provide the information Roger Hickford said he was sorry if he put him in an awkward position.

4.3.23 Roger Hickford's conduct in this situation could be perceived as him attempting to leverage his Council links to the County Farms team to gain an advantage over other prospective tenants. This is potentially an inappropriate request which should be referred to the Council's Monitoring Officer for consideration.

Emails from Roger Hickford to the County Farms team

4.3.24 Our full review of emails discovered a number of instances where communications made by Roger Hickford could be perceived as aggressive and intimidating. **Appendix 6** provides these emails from Roger Hickford in a catalogue that was collated as part of Our Review, and provides a clear picture of the pressure he was applying on the County Farms team.

4.3.25 The emails provided in **Appendix 6** reveal a common pattern of potentially inappropriate tone and content. These emails could be perceived as a breach of the Members' Code of Conduct and should be considered by the Council's Monitoring Officer.

4.3.26 **Appendix 6 Item B** also raises a particular concern about the way Roger Hickford was attempting to dictate proceedings. In this email, he says to the Group Assets Manager "From our recent meetings all I have seen from you is an argumentative, finger-pointing individual who does not listen and keeps repeating the same irrelevant information. I do not wish this meeting to go the same way, and would like your absolute assurance that you will not act in this way... should you try to attend

my meeting without giving the above assurances, which I do not feel are unreasonable, then I will cancel the meeting on the spot". This passage could be deemed inappropriate conduct and a potential breach of the Members' Code of Conduct and should be considered by the Council's Monitoring Officer.

Memos from the ██████████ and ██████████

4.3.27 As outlined in paragraph 4.3.15, the Separate Report refers to two specific in-person incidents between Roger Hickford and ██████████. As detailed in the memos of the ██████████ (which were written immediately after each of the events and can be seen at **Appendix 5, Items G2 and G3**. Our interview with the ██████████ in respect of these incidents, and in particular the on-site 15th December 2017 meeting which ██████████ attended alone reaffirmed the comments seen in **Figures 4.1** ██████████

4.3.28 Our review of emails also found an additional memo prepared by the ██████████ after an 11th April 2018 on-site meeting at Manor Farm with Roger Hickford and the Deputy Chief Executive in attendance (see **Appendix 5, Item G4**). At this meeting, Roger Hickford was noted as "being in an argumentative mood, shouting and at times becoming uncontrollable. He did not allow me to answer shouting over any attempt". Roger Hickford demanded at this on-site meeting that the Council was to pay for another planning application, despite ██████████ previously refusing to agree to the Council funding a second application.

4.3.29 Both of these memos detail behaviour that could be deemed inappropriate conduct and a potential breach of the Members' Code of Conduct and should be considered by the Council's Monitoring Officer.



4 – Code of Conduct and Officer Disciplinary Issues

Impact on the County Farms team

4.3.30 Our review of emails found further discussions of the impact Roger Hickford's behaviour was having on the members of the County Farms team (see Appendix 5). These emails suggest that the [REDACTED] had to both step down from working on the Manor Farm project as a result of the way Roger Hickford was making them feel.

4.3.31 Our interviews with the County Farms team also gave us insight in to how the County Farms Officers were affected by Roger Hickford's behaviour. [REDACTED]

Impact on wider Council employees

4.3.32 We also identified emails which detail Roger Hickford's behaviour outside of the Manor Farm Matter. Appendix 5, Item G6 details an email sent to Internal audit as part of their investigation by the [REDACTED], where allegations of overly assertive behaviour and bullying are made. The [REDACTED] also mentions that the colleague who was the alleged victim of bullying by Roger Hickford had indicated to him that *"his experience of what he perceived as bullying over a number of Committee cycles has had a lasting impact on his presentation of papers at meetings"*.

4.3.33 The Chief Internal Auditor also spoke to us of how he felt bullied throughout the Internal Audit investigation due to the constant barrage of criticisms and requests from Roger Hickford's legal team. This had a particular effect on the Chief Internal Auditor when Roger Hickford began to question the competency and management of the Internal Audit service, and resulted in the Chief Internal Auditor having to step away from work for health reasons. [REDACTED]

4.3.34 The impact of the matters referred to in 4.3.30 to 4.3.33 should be considered further by the Council's Monitoring Officer

Matters to be considered under Council Disciplinary Procedures

4.3.35 [REDACTED]

4.3.36 [REDACTED]

4.3.37 [REDACTED]

4.3.38 [REDACTED]

4.3.39 [REDACTED]

[REDACTED]

4.3.40 [REDACTED]

4.3.41 [REDACTED]



4 – Code of Conduct and Officer Disciplinary Issues

4.3.42

4.3.43

4.3.44

4.3.45

4.3.46

4.3.47

[Internal Audit Conclusion 4 - Internal Audit's considerations 'That no inappropriate advantage/disadvantage accrued to Mr Hickford as a result of his various Council roles](#)

4.3.48 The Internal Audit Report touches on the fact that during the correspondence between Roger Hickford and the County Farms team, the lines between Roger Hickford's capacity as a County Councillor and a private tenant were blurred, and that as a result it may not have always been clear whether they were dealing with instructions from the Deputy Leader of the Council and County Farms Champion, or from a private tenant of the County Farms estate.

4.3.49 **Appendix 7** provides a breakdown of whether emails sent by Roger Hickford could be perceived as being sent in his capacity as Deputy Leader or as a tenant. We note that in a number of emails sent from his personal email address, there are communications that could only have been made in his capacity as a Councillor.

4.3.50 In addition to this, the County Farms Officers told us that Roger Hickford mixed his capacity as Councillor and tenant at in-person meetings too. [REDACTED] referred specifically to the 'heads will roll' comment made by Roger Hickford at the 15th December 2017 on-site visit [REDACTED] noting that this comment "could only have been made in his capacity as Councillor" and his authority as Deputy Leader.

4.3.51 Given the points made in 4.3.48 to 4.3.50 above, it would have been very difficult for the County Farms to distinguish between whether they were dealing with the Deputy Leader or a private tenant.



4 – Code of Conduct and Officer Disciplinary Issues

4.4 Our Conclusions in respect of matters relating to Code of Conduct

4.4.1 In the table below we have summarised the Internal Audit conclusion and have included our conclusions alongside these. We have commented on whether or not we agree with the Internal Audit conclusions and in instances where we do not agree with the conclusion we have summarised the reason for this.

| No. | Internal Audit Conclusion | Mazars Conclusion |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 & 2 | Transparency requirements were not fully achieved and there was a conflict of interest between Roger Hickford's roles as a Councillor and his tenancy of Manor Farm | <p>Overall, we agree with Internal Audit's conclusions that transparency requirements were not fully achieved due to Roger Hickford's DPI and his subsequent involvement in the discussions and presentation of an OFR report at a Commercial and Investment Committee meeting. We also agree with Internal Audit's conclusion that there was a conflict of interest between Roger Hickford's roles as a Councillor and his tenancy of Manor Farm. We therefore recommend that these matters be reviewed by the Council's Monitoring Officer</p> <p>We have identified 2 potential conflicts of interest in particular that we have raised as a recommendation for the Council's Monitoring Officer to review and consider if these constitute a breach of the Members' Code of Conduct.</p> |
| 3 | Some advantage has accrued to Roger Hickford as a result of his Council roles | <p>Whilst we agree with Internal Audit that an advantage has accrued to Roger Hickford due to his Council roles, we do not agree with the wording of "some advantage" as we feel this conclusion is weak given the evidence we have reviewed and the number of advantages that have been afforded to Roger Hickford as a tenant due to his Council roles.</p> <p>We do agree that the issues in relation to these advantages afforded to Roger Hickford are complex. However, we do not agree that evidence in this area was not sufficient to determine if this was from pressure applied by Roger Hickford. From the evidence we have reviewed and the conversations held with various members (past and present) of the County Farms team it is apparent that significant pressure was placed on the County Farms team throughout the entire Manor Farm tenancy process. It has also been relayed to us by County Farms Officers that deviation from the standard practice for tenants has occurred due to this pressure from Roger Hickford.</p> <p>We cannot comment on whether or not Roger Hickford's behaviour amounts to misconduct but we can conclude that there is enough evidence available to warrant further investigation by the Council's Monitoring Officer. We have evidenced numerous emails, memos and the impact that the behaviour and conduct of Roger Hickford has had on various Council employees that needs to be considered in the Monitoring Officer's investigation.</p> <p>We detail our recommendations in relation to these issues in Appendix 3.</p> |



5

Matters relating to the County Farms Service



5 – Matters relating to the County Farms Service

5.1 Introduction

5.1.1 In this section, we present our findings in respect of the County Farms Service audit.

5.1.2 Internal Audit stated that in light of the evidence reviewed for the Manor Farm tenancy it would be considered essential that the wider operation of the Farms Service be properly considered to give proper context to the policy, consistency and operational management of the service.

5.1.3 As a result, an audit of the County Farms Service was undertaken and in particular, the audit sought to review the following key areas:

- The tenancy application, evaluation and award process;
- Contract monitoring arrangements to ensure rent is collected in line with the lease arrangements on all occupied properties and to identify and address any non-payment;
- Policies and procedures around rent reviews and setting rental rates;
- Policies and procedures regarding investment in County Farms properties and how payback is assured; and
- The outcomes of the Rural Assets Outcome Focused Review and the extent to which recommendations have been implemented in practice.

5.1.4 Internal Audit gave Limited assurance over the systems and processes in place within the County Farms team. The report states *“There are significant weaknesses that present a high risk to the control environment due to a lack of comprehensive formal systems or policy within the service. Where processes or forms do exist, these are not always fit-for-purpose and do not have a consistent focus on the aim of generating the best possible financial return for the Council”*³⁸.

5.1.5 As a result of the Limited assurance provided on the Farms Service a total of 31 recommendations were raised for the County Farms Service by Internal Audit for consideration and implementation in order to improve the service.

5.2 Our Approach in respect of matters relating to the County Farms Service

5.2.1 We reviewed the County Farms Service report and the associated 31 recommendations that were raised in this report for the Farms Service to consider.

5.2.2. Whilst the majority of the recommendations raised by Internal Audit were agreed by the Interim Head of Property, we also met with the now permanent Head of Property to understand his views on the appropriateness of the recommendations that had been raised.

5.2.3 We reviewed the 31 recommendations and the associated management responses from the permanent Head of Property and produced revised recommendations which can be found in **Appendix 4** of this report.

5.3 Our Findings in respect of matters relating to the County Farms Service

5.3.1 Whilst some of the recommendations raised by Internal Audit were accepted by the permanent Head of Property, there were a number of recommendations that were not agreed as it was not felt that the content of the recommendation fully aligned with the objectives of the Council. The recommendations were prepared by auditors and not property experts. In some circumstances the changes were being recommended based on a different Council with a completely different Estate portfolio and therefore were not realistic.

5.3.2 We also identified that where recommendations were accepted or comments were provided on the recommendations that were not accepted, there was no definitive timeline produced for the expected implementation of the changes in order for the Audit Committee to monitor and manage the progress of implementation.

5.4 Our Conclusions in respect of matters relating to the County Farms Service

5.4.1 We have provided 31 revised recommendations for the County Farms Service in **Appendix 4** which should be considered by the Council.

5.4.2 Once the recommendations have been considered we would recommend that a detailed action plan be devised by the Head of Property and the County Farms team to ensure all actions included within the recommendations are completed and there are clear timescales and implementation dates to be met.

5.4.3 By implementing an action plan and proposed implementation dates it will allow for the process to be properly documented and monitored by the necessary Board/Committee or Working Group to ensure their timely completion.



6

Appendices



Appendix 1 – Extract from our Engagement Letter dated 4 January 2021 and Addendum signed 25 January 2021

Engagement Letter dated 4 January 2021

Services

1.1 We understand that this matter relates to the internal audit performed by CCC in their investigation into the tenancy award process of the Manor Farm property (“The **Property**”).

1.2 You have appointed the Forensic and Investigation Services (“**FIS**”) Team at Mazars LLP to carry out an independent, external review of the work done to date in regards to the Matter, and to come to an independent conclusion on the final findings of the Internal Audit Report prepared by CCC. We break down the scope of our work as follows:

Stage 1

1.2.1. Review the work completed and evidence collated to date by CCC’s Internal Audit department, including a review of:

- Second round stakeholder comments;
- The tenancy award process, from initial tender of the lease through to award of the tenancy;
- Conflicts of Interest Policy;
- Policies in relation to transparency and disclosures;
- Decision-making Policy, and;
- Procedures undertaken by CCC’s Internal Audit department in obtaining evidence.

Stage 2

1.2.2. Make any inquiries we deem necessary in order to obtain a sufficient and appropriate understanding of the facts of the Matter. We will ensure that any inquiries we believe are necessary are discussed with you prior to undertaking them.

Stage 3

1.2.3. Come to an independent conclusion on the final findings of the Matter, and provide recommendations for the final draft of your report on the Matter. Our conclusion and recommendations shall be presented to CCC in a separate report.



Appendix 1 – Extract from our Engagement Letter dated 4 January 2021 and Addendum signed 25 January 2021

Addendum signed 25 January 2021

Services

1. We shall carry out the following additional Services (“Additional Services”) which shall be provided pursuant to the terms of the Existing Agreement:

- Hold meetings with the following parties:
 - Cambridgeshire Police
 - IntaForensics
 - [REDACTED] Asbestos & Legionella Co-Ordinator for CCC
 - LGSS
 - South Cambridgeshire District Council
- Perform a full email review of CCC inboxes belonging to key individuals from January 2017 to date
- Conduct interviews with [REDACTED] and Roger Hickford
- Quantify the amount of any undue benefit in relation to the Matter, to identify the amounts owed to or by CCC
- A review of Subject Access Requests, Freedom of Information requests, and other legal correspondence
- Review additional Code of Conduct issues.



Appendix 2 – Our approach to the email review

Initial Email Review

Procedure Overview

Our email review was conducted to enable us to be satisfied that no evidence that should have been seen was missed in the Internal Audit work. We therefore obtained the entire email inbox history of the following individuals up to 2019:

[REDACTED]

[REDACTED]

[REDACTED]

- Councillor Roger Hickford

Together, the four inboxes contained an overall population of 325,412 items.

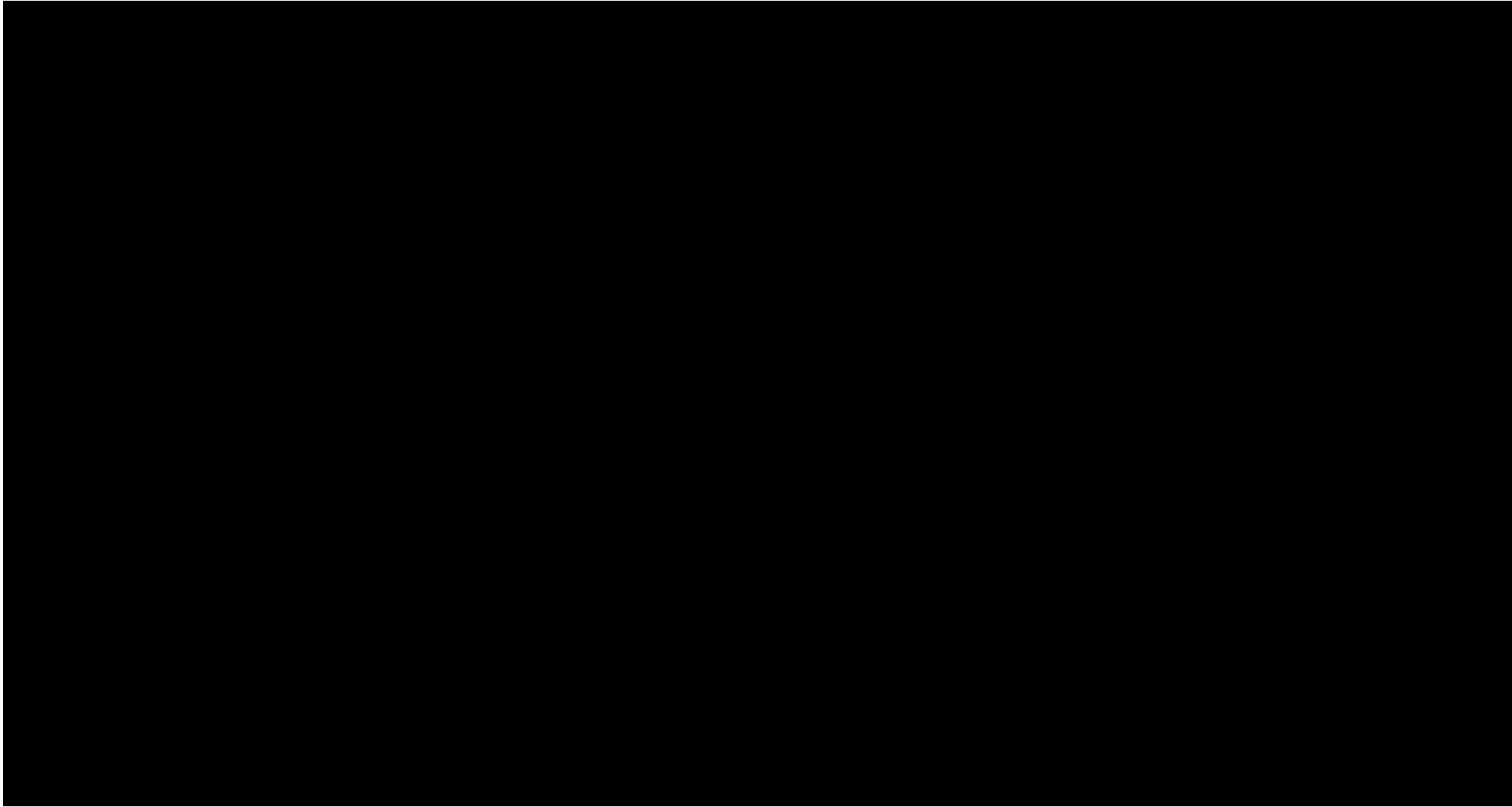
Search Criteria breakdown

[REDACTED]

[REDACTED]

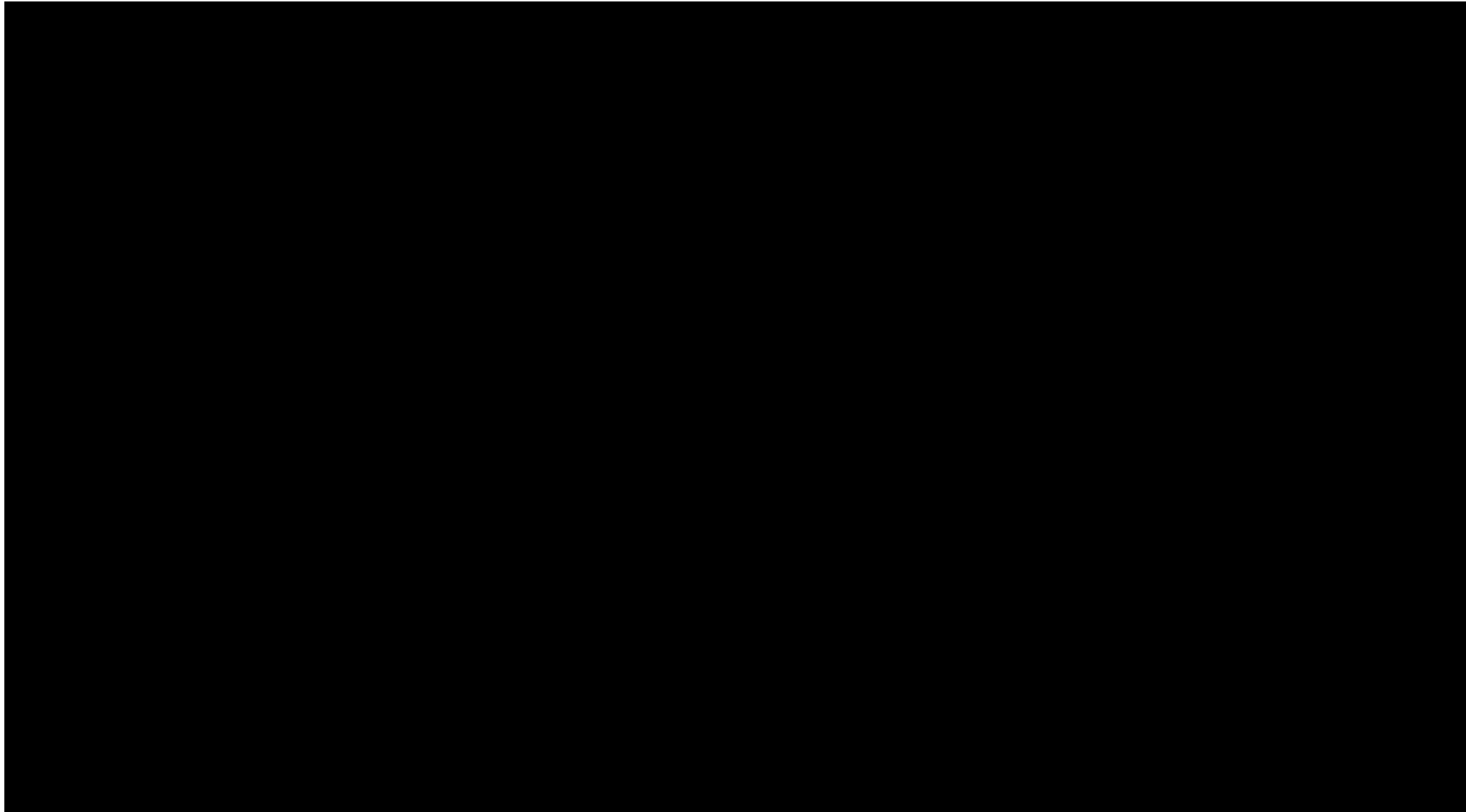


Appendix 2 – Our approach to the email review



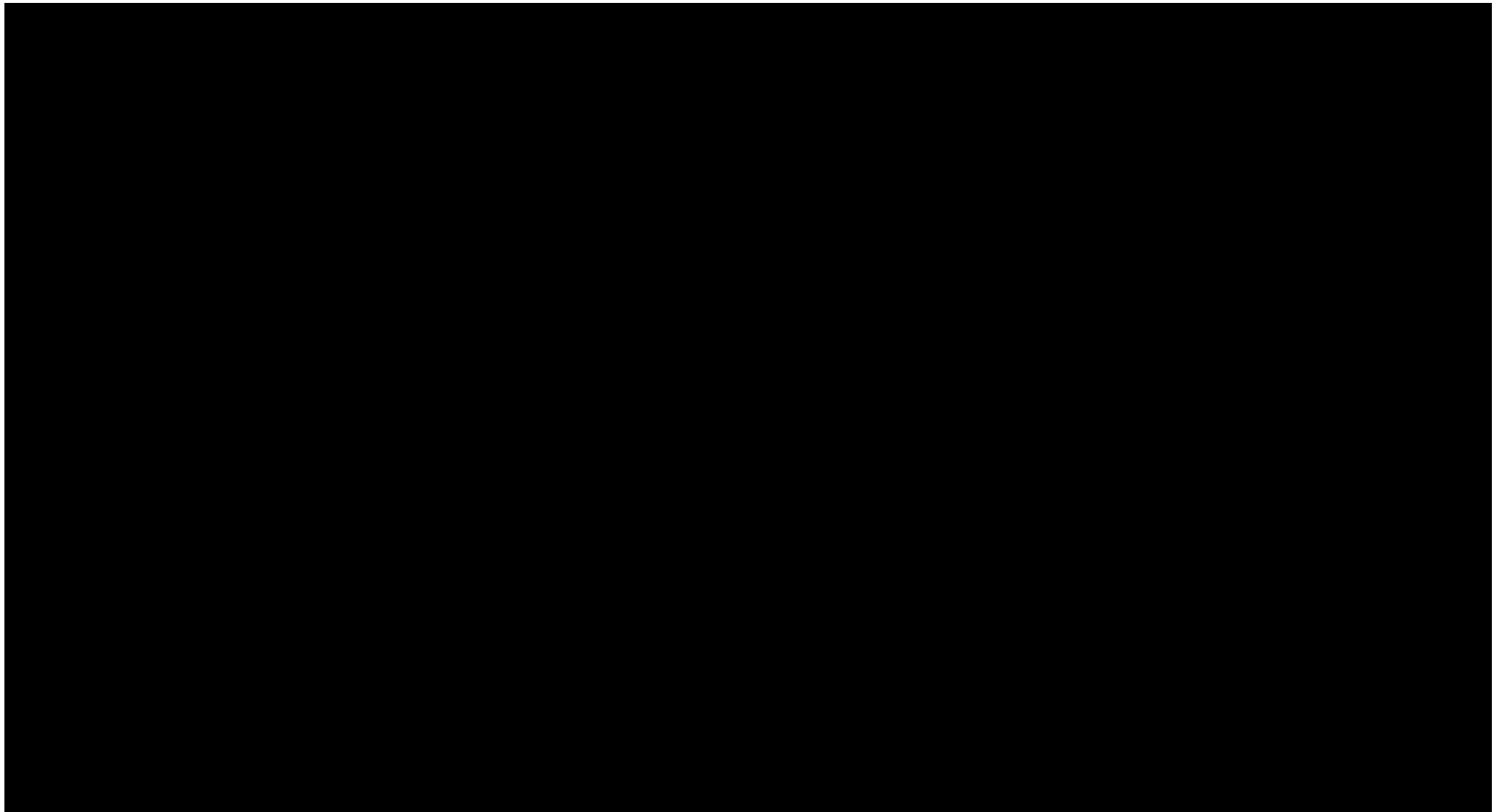


Appendix 2 – Our approach to the email review





Appendix 2 – Our approach to the email review





Appendix 3 – Our recommendations

| No. | Mazars Recommendation | CCC Management Responses |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Recommendation relating to refurbishment costs | | |
| 1 | <p>The Council should consider reviewing the rationale and approval of the costs for:</p> <ul style="list-style-type: none"> • The legal fees in relation to the tenancy agreement; • The Change of Use planning permission fees; and • The fees in relation to re-roofing the barn. <p>The legal fees in relation to the tenancy agreement need to be reviewed as it has been highlighted that the negotiations regarding the additions and variations to the standard tenancy agreements were as a result of numerous back and forward conversations with Roger Hickford to agree terms that are not standard practice. The Council should consider if Roger Hickford is liable to repay some of the additional costs that were incurred as a result of these negotiations.</p> <p>The fees for the Change of Use planning permission need to be reviewed as it has been highlighted that some of the delay associated with the Change of Use planning permission was due to Roger Hickford not providing the requested information in a timely manner. The Council should consider if Roger Hickford is liable to repay some of the costs associated with the Change of Use planning permission.</p> <p>The fees in relation to the re-roofing of the barn need to be reviewed as we have received conflicting views on whether or not the requirement to replace the barn roof would be something that would have been awarded to all tenants. The Council should consider if they should have paid for the entire costs associated with re-roofing the barn.</p> | |
| Recommendations relating to Roger Hickford's conflicts of interest | | |
| 2 | We recommend that the instance detailed on 26th January 2018 whereby Roger Hickford voted on the decision to progress the Rural Assets OFR to phase 3 should be considered by the Council's Monitoring Officer as to whether or not this constitutes a breach of the Members' Code of Conduct. | |
| 3 | <p>We recommend that the Council's Monitoring Officer review the extent to which Roger Hickford was involved in the discussions regarding the minimum 4% return target set in the 23rd November 2018 OFR and whether or not this was a conflict of interest and constitutes a breach of the Members' Code of Conduct.</p> <p>We also recommend that Council property experts review the 4% target on revenue return is appropriate.</p> | |



Appendix 3 – Our recommendations to the report

| No. | Mazars Recommendation | CCC Management Responses |
|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| 4 | We recommend that the Council's Monitoring Officer review the extent of Roger Hickford's involvement in the discussions or vote for the possible implementation of the stepped improvement charge and whether or not this is a conflict of interest and constitutes a breach of the Members' Code of Conduct. | |
| Recommendation in relation to the incident between the [REDACTED] and Roger Hickford | | |
| 5 | We recommend that the incident whereby Roger Hickford asked the [REDACTED] for information on what rent needed to be put in his application to win the tenancy should be referred to the Council's Monitoring Officer for consideration in line with the Members' Code of Conduct. | |
| Recommendations in relation to Roger Hickford's conduct and behaviour | | |
| 6 | We recommend that the emails outlined in Appendix 6 be reviewed by the Council's Monitoring Officer to determine if Roger Hickford's conduct and behaviour constitutes a breach of the Members' Code of Conduct. | |
| 7 | We recommend that the conduct displayed in the email outlined in paragraph 4.3.30 be referred to the Council's Monitoring Officer to determine if Roger Hickford's conduct could be a potential breach of the Members' Code of Conduct. | |
| 8 | We recommend that the memos prepared by the [REDACTED] and the [REDACTED] are reviewed by the Council's Monitoring Officer to determine if the conduct displayed by Roger Hickford could be a potential breach of the Members' Code of Conduct. | |
| 9 | The impact of the matters referred to in paragraphs 4.3.34 to 4.3.37 relating to Roger Hickford's conduct should be referred to the Council's Monitoring Officer for consideration as to whether or not this constitutes a breach of the Member' Code of Conduct. | |
| Recommendations to Chief Executive for consideration | | |
| 10 | [REDACTED] | |
| 11 | | |



Appendix 4 – Adjusted recommendations arising from the County Farms practice and processes audit

| No. | County Farms Service Audit Recommendation | Management Responses | Mazars Comments |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | <p>The core recommendation is for a comprehensive review of team policies and procedures, and the introduction of formal written process documentation for all key processes.</p> <p>In particular this should include establishing clear approval requirements for financial decisions. Following discussions with the current Head of Property, it has been proposed that the following approval limits will apply:</p> <ul style="list-style-type: none"> • Rural Assets Manager – approval up to £1,000. • Group Assets Manager – approval up to £2,500. • Head of Property – approval up to £5,000. • Head of Finance – approval over £5,000 up to Committee approval threshold. <p>It is further recommended that the lead auditor from this work be seconded into the County Farms team for an interim period, to implement these changes. This arrangement will bring the team the benefit of the comprehensive background knowledge and systems understanding developed by the auditor to date.</p> | <p>Not agreed. This recommendation appears to be two separate recommendations.</p> <p>The first proposing a comprehensive review is agreed.</p> <p>The second, the revised approval process is not. This may be counterproductive in introducing inefficiency into decision making processes, as well as unsupported by evidence as to how this would deliver improvement. It is not aligned with existing CCC policies and has been copied from a smaller unitary authority with a significantly smaller estate that is managed through an outsourced property team to a different set of governance processes and reporting channels that do not relate to the processes at Cambridgeshire.</p> <p>With a permanent Head of Property now in post with rural and urban estate management experience there appears to be no evidence of a benefit from involving the Head of Finance, particularly in relation to low value transactions from £5,000. This is duplicated with Recommendation 18.</p> <p>A member of the Audit team has been working with the interim Rural Asset Manager on processes. A new permanent Rural Asset Manager is due to commence with CCC in late November 2020 and will take forward the review of rural asset processes.</p> | <p>The comprehensive review has been agreed and CCC should satisfy themselves that this has either been undertaken, the review has been started or has a planned start date.</p> <p>With regards to the approval process, the Head of Property should work with the permanent Rural Asset Manager to establish approval requirements for financial decisions in a way that is efficient and effective for the County Farms Service. Approval limits should be agreed that are appropriate to the size of the estate held by Cambridgeshire.</p> |



Appendix 4 – Adjusted recommendations arising from the County Farms practice and processes audit

| No. | County Farms Service Audit Recommendation | Management Responses | Mazars Comments |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2 | <p>Part 1: Given the findings outlined above, and given the fact that the Estate Strategy has not been reviewed since 2012, it is recommended that any further amalgamations of holdings are put on hold until a comprehensive review of the Strategy is complete. This should focus on identifying the most effective means of increasing rents across the estate.</p> <p>The revised Strategy should be subject to formal approval by the Commercial & Investment Committee, as the lead Committee for the County Farms estate.</p> <p>Part 2: Estate Objectives and Strategy should be re-drafted in light of the overriding objective mandated by Members that the priority purpose of the County Farms estate is to maximise returns. Proposed revisions to the Objectives and Strategy should be presented to the Commercial & Investment Committee for their formal approval.</p> | <p>Not agreed. The recommendation is based upon historic information that is not current. The current County Farms Strategy and objectives were approved by Members in February 2020 and has been detailed by the Group Asset Manager.</p> <p>Maximising rents is not a stated objective of the Farms Estate. The underlying approach of the Farms team is to maximise rental income, except where this conflicts with the long term interests of the Estate, is not aligned to good estate management practice or wider Estate objectives. All decisions will be recorded and supported by appropriate governance.</p> | <p>The recommendation in relation to the review of the County Farms Strategy needing a comprehensive review has been addressed as an updated Strategy and objectives have been agreed by Members in February 2020.</p> <p>The Head of Property should ensure that all decisions in relation to the increase of rents/maximising of rents are properly documented and recorded and kept on file should any decisions be challenged in the future. This includes keeping a record of rationale for decision making as well as as fully documented audit trail of the governance behind the decision making.</p> |
| 3 | <p>It is recommended that the County Farms team identify a set of KPIs, aligned to team objectives and strategy, which will assist the effective measurement of team performance both within the Strategic Assets management structure and, where appropriate, as part of corporate performance reporting. Examples of possible KPIs could include:</p> <ul style="list-style-type: none"> • % uplift after rent review compared to national and regional averages. • Return on investment from improvement charges and payback rates. • % uplift on re-rental of farms compared to national and regional averages. • Income increases compared to inflation and/or the team's 4% target. • Vacancy rates by number and time elapsed. • Debt levels, including time elapsed. <p>It must be stressed that these suggestions are far from exhaustive and a comprehensive suite of KPIs should be developed.</p> | <p>Agreed, noting that whilst there is a role for KPI's, KPI's should only be used where there is a clear business benefit. CCC currently has a corporate set of KPI's which the Farms Estate feed into. Relevant, proportionate and appropriate KPI's will be devised for the Estate.</p> | <p>This recommendation has been agreed. The Head of Property should ensure that the relevant, proportionate and appropriate KPIs are devised and that they are communicated clearly to the Farms Estate team.</p> |



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| 4 | <p>A data cleanse of the property data should be undertaken, followed by an exercise to compare these property listings to those on the County Farms list, to ensure that all farms are accounted for in terms of lease arrangements. This exercise should also ensure that property names are consistent across different systems, and introduce a standardised code to refer to each holding.</p> <p>County Farms should be included as active users of the new property asset management system currently being procured, unless there is a compelling reason to exclude the farms estate from this system.</p> | <p>Agreed. It is intended that the Farms Estate will be fully incorporated in the review of a replacement property management system for the entire CCC Estate.</p> | <p>This recommendation has been agreed. A timeline on when the new property management system for CCC is expected to be rolled out should be communicated to the Audit Committee or other relevant Board/Working Group upon receipt of these recommendations so that progress can be monitored.</p> |
| 5 | <p>Each County Farms property should be assigned a unique property code, and transactions should be assigned to the relevant farm when invoicing is raised on ERP Gold. This system could align with the introduction of standardised coding (see 6.1, above).</p> | <p>Agreed.</p> | <p>This recommendation has been agreed. A target date for completion of this recommendation should be communicated to the Audit Committee or other relevant Board/Working Group upon receipt of these recommendations so that progress can be monitored.</p> |
| 6 | <p>The County Farms team should conduct a complete review of all invoicing raised in 2018/19 and 2019/20 to date and check each invoice back to the Rental Agreement spreadsheet. Where discrepancies are identified, these should be investigated and either corrected invoicing should be issued or the Rental Agreement Spreadsheet updated to form an accurate master record. The Rental Agreement Spreadsheet should also be updated with details of all information relevant to the income from each tenancy, including Improvement Charges, payment plans etc. This should then be used as the basis for raising each round of invoicing, rather than the previous payment run.</p> <p>Subsequently, a formal reconciliation process should be introduced to check back invoices raised to the master spreadsheet after each invoicing run.</p> | <p>Agreed. This appears to be 2 separate recommendations. The review of historic invoicing is agreed and will be undertaken, with the appropriate records updated and the results of the review reported to the County Farms Working Group.</p> <p>The separate issue of future invoicing requires review, pending the adoption of a new property database system and potentially incorporating invoicing and financial management systems. The proposal regarding the Rental Agreement Spreadsheet may be labour intensive and not supported by current staff resourcing. The process requires review and an effective process devised that ensures accurate invoicing.</p> | <p>This recommendation has been agreed. The future invoicing process needs to be reviewed and updated once more information is known about the new property database system. A timeline on when this expected to be completed should be communicated to the Audit Committee or other relevant Board/Working Group to ensure that progress can be monitored.</p> |



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| 7 | The County Farms team should consider setting up "subscriptions" for each tenants, which would enable invoices to be raised automatically in ERP Gold. Once subscriptions are set up, this should free up more time for the team to implement the new monitoring and reconciliation processes recommended above. | It is agreed that a suitable process that is robust and effective is required. This may not necessarily be via ERP. | The Head of Property should provide an update on what has been done to date to review the current invoicing system and whether or not ERP is suitable, and if not, what a suitable alternative is to ensure this is being addressed. A target date for completion of this should be communicated to the Audit Committee or other relevant Board/Working Group upon receipt of these recommendations so that progress can be monitored. |
| 8 | In line with the process envisaged in existing Tenancy Agreements, the County Farms team must start to charge interest on all debts, in line with the rate specified in the relevant tenancy agreement. | <p>Not agreed. Whilst interest should be charged in a pro-active manner it is not considered commercial or good practice to charge interest unilaterally on farm or indeed commercial or residential rents and may not be appropriate for the council when considering its full range of duties and responsibilities, and the multi-faceted role of the Farms Estate in supporting the county and in particular its rural areas.</p> <p>The proposed approach is simplistic and does not reflect seasonal cashflow and other challenges facing farm tenants. A responsible agricultural landlord may wish to adopt a considered approach to debt management aligned to estate objectives. The Council has wider duties to its residents and business including social value. A unilateral approach may not be aligned to these and may not offer best value if it leads to financial failure of tenants. The approach to interest as a charge or debt should be included as part of the debt management approach under Recommendation 9.</p> | This recommendation has not been agreed but a resolution has been suggested in Recommendation 9 that will assist in dealing with the issue relating to debt management. |
| 9 | <p>A formal policy on debt management must be developed and implemented by the County Farms team. In particular it is recommended that this should include referral of debts to the County's Debt Team. Not only would this improve transparency in debt management and monitoring, but it would also be likely to improve relationships between tenants and County Farms officers by clarifying the separation of processes between tenants management and debt collection.</p> <p>The County Farms team should review their records management and record retention processes and ensure that records are retained and accessible in line with Council requirements.</p> | Agreed. Given the complexities and sensitivities of farm debt, referral to the Council Debt team will be via an agreed process where the Farms team are unable to satisfactorily resolve matters locally. A process will be agreed between these teams to ensure that any legal, financial and reputational risk is minimised. All debt management decisions will be suitably recorded. | This recommendation has been agreed. A target date for completion of this recommendation should be communicated to the Audit Committee or other relevant Board/Working Group upon receipt of these recommendations so that progress can be monitored. The Head of Property should ensure that any new agreements/processes/policies/procedures are fully documented and communicated to all relevant staff. |



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| 10 | <p>Part 1: A policy on tenancy advertisement should be formalised and documented. Where holdings are small or in valuable business locations, the County Farms team should consider advertising in non-agricultural arenas, to attract a wider range of potential tenants and businesses. Where diversification is encouraged, this should be explicitly stated in the advertisement and associated documents.</p> <p>Part 2: All farms tenancies which are available for re-letting should be advertised on the open market as standard, to ensure that the Council can demonstrate that best value is achieved for its land, and that fair and transparent tenancy award processes are in place. Where land is likely to primarily be of interest to existing tenants, they should be able to apply through this process and it may be appropriate to introduce a cut-down application form for existing tenants.</p> <p>If there is a clear and valid reason that a tenancy is not suitable for advertisement on the open market then a formal process of approval should be introduced with documented sign-off of this decision required from the Head of Property and approval from the County Farms Working Group and/or Commercial & Investment Committee as appropriate.</p> | <p>The proposed approach to tenancy advertising should be endorsed by the County Farms Working Group, who determine the strategy and policies for the rural estate. The Working Group will agree the strategic direction for the approach and the policy will then be written and formalised, with sign-off from the Working Group.</p> <p>This will include a formal route for approval of any exceptions to the agreed approach from the Head of Property and the County Farms Working Group.</p> | <p>This recommendation has been agreed. A target date for completion of this recommendation should be communicated to the Audit Committee or other relevant Board/Working Group upon receipt of these recommendations so that progress can be monitored. The proposed approach to tenancy advertising should be put in a formal report to the County Farms Working Group for their consideration. If agreed the new policy should be fully documented and communicated to all relevant staff.</p> |
| 11 | <p>The application form for tenancies should be amended to include any associations, links to the Council, or close personal relationships with officers or Members of Cambridgeshire County Council to be disclosed.</p> | <p>Agreed.</p> | <p>This recommendation has been agreed. A target date for completion of this recommendation should be communicated to the Audit Committee or other relevant Board/Working Group upon receipt of these recommendations so that progress can be monitored. Once the application form has been amended, the updated version should be communicated to all relevant staff.</p> |
| 12 | <p>In order to encourage a more diverse range of businesses, it is recommended for the County Farms team to provide two versions of the application forms and budget forecast forms etc.; one for agricultural use and one for other business proposals.</p> | <p>Agreed.</p> | <p>This recommendation has been agreed. A target date for completion of this recommendation should be communicated to the Audit Committee or other relevant Board/Working Group upon receipt of these recommendations so that progress can be monitored. Once the application form has been amended, the updated version should be communicated to all relevant staff.</p> |



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| 13 | <p>Part 1: The evaluation criteria should be reviewed and aligned with the criteria which are made public to applicants on the Council's website, to consistently and transparently reflect the ways in which applicants will actually be evaluated. The revised criteria must have due regard to discrimination issues and specifically must not include exclusions prohibited under discrimination legislation</p> <p>"Lifestyle" applicants should not be dismissed if they are offering a good rent for the farm, and should be progressed through the interview and evaluation process.</p> <p>The requirement that houses are not sub-let should be publicised in advertisements, to avoid time being wasted evaluating tenants whose business plans are not suitable.</p> <p>Part 2: Given the County's budget situation, it would be expected that greater emphasis should be placed on the need to obtain the best possible return from County Farms, provided the return is sustainable.</p> <p>It is recommended that the current evaluation process is amended with the greatest weighting placed on the financial criterion. If candidates meet basic expectations in terms of presenting a robust Business Plan, having sufficient experience, financial backing and appropriate plans for environmental management of the property, the tenancy should then be awarded to the candidate who is able to offer the highest level of rent.</p> <p>The recommended approach is to establish a standard baseline score which candidates must meet across non-financial criteria, and then award tenancies to the highest bidding candidate who has met the baseline score</p> <p>Cont'd over page</p> | <p>Agreed in part - this appears to be several separate recommendations.</p> <p>The evaluation criteria and process will be reviewed to ensure that a consistent approach to decision-making and evaluation of Business Cases in place. Evaluation and selection criteria have been reviewed and will be assessed for Equality compliance.</p> <p>The council has a growing range of non-financial policies that it wishes to incorporate into commercial and other decisions, such as social value and climate change. These may influence evaluation and selection processes. A clear route for formal approval of any exceptions to the normal approach, by the Head of Property and the County Farms Working Group, will be introduced. This will also introduce a process of review of the successful applications by the County Farms Working Group or Commercial & Investment Committee (or such other process as approved) to ensure greater oversight.</p> <p>Evaluation and selection criteria have been reviewed and will be assessed for Equality compliance.</p> <p>The council will review and formalise their approach to 'lifestyle tenants', noting that whilst they may offer a superior rental return, they may provide lesser contributions to the local economy and community compared to an agricultural or rural based business. This reflects the council's objective to "optimise" returns and not "maximise" rents. It may be counter-productive to wider council objectives if employment and other local functions or opportunities are reduced, or other Farms Estate objectives or benefits are adversely impacted.</p> <p>The length of tenancies and extensions will be reviewed.</p> | <p>This recommendation has been agreed in part. A target date for completion of the review of the evaluation criteria, decision making and the approval of exceptions and the length of tenancies and extensions should be communicated to the Audit Committee or other relevant Board/Working Groups upon receipt of these recommendations so that progress can be monitored. The updated evaluation criteria and the process for the approval of exceptions should be clearly documented and communicated to all of the relevant staff upon implementation to ensure the most up to date version of the process is being followed. The updated evaluation criteria must also be communicated clearly for future applicants to be aware of them prior to applying for a tenancy.</p> |



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| 13 | <p>Part 3: Where tenancy applications are contingent on e.g. extensions or other inward investment into a holding, the estimated costs and impacts of this must be taken into account in the evaluation of the tenancy, offset against the applicant's proposed rent amount. A formal approval-in-principle for the additional investment should be sought at this stage, as this is effectively when the Council is committing to incur these costs.</p> <p>The tenancy length awarded should also reflect such requirements; realistically if a tenancy is required to be longer than 5 years to pay back the level of investment required, this should be recognised and evaluated at the outset.</p> | <p>Agreed in part - this appears to be several separate recommendations.</p> <p>The evaluation criteria and process will be reviewed to ensure that a consistent approach to decision-making and evaluation of Business Cases in place. Evaluation and selection criteria have been reviewed and will be assessed for Equality compliance.</p> <p>The council has a growing range of non-financial policies that it wishes to incorporate into commercial and other decisions, such as social value and climate change. These may influence evaluation and selection processes. A clear route for formal approval of any exceptions to the normal approach, by the Head of Property and the County Farms Working Group, will be introduced. This will also introduce a process of review of the successful applications by the County Farms Working Group or Commercial & Investment Committee (or such other process as approved) to ensure greater oversight.</p> <p>Evaluation and selection criteria have been reviewed and will be assessed for Equality compliance.</p> <p>The council will review and formalise their approach to 'lifestyle tenants', noting that whilst they may offer a superior rental return, they may provide lesser contributions to the local economy and community compared to an agricultural or rural based business. This reflects the council's objective to "optimise" returns and not "maximise" rents. It may be counter-productive to wider council objectives if employment and other local functions or opportunities are reduced, or other Farms Estate objectives or benefits are adversely impacted.</p> <p>The length of tenancies and extensions will be reviewed.</p> | <p>This recommendation has been agreed in part. A target date for completion of the review of the evaluation criteria, decision making and the approval of exceptions and the length of tenancies and extensions should be communicated to the Audit Committee or other relevant Board/Working Groups upon receipt of these recommendations so that progress can be monitored. The updated evaluation criteria and the process for the approval of exceptions should be clearly documented and communicated to all of the relevant staff upon implementation to ensure the most up to date version of the process is being followed. The updated evaluation criteria must also be communicated clearly for future applicants to be aware of them prior to applying for a tenancy.</p> |



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| 14 | While rental levels should be realistic and achievable based on the planned use of the farm, it is recommended that the service would drive much greater value from its estate if a competitive bidding process were introduced to allow tenants who make it to the interview stage to formally review and re-bid on their rental offers. The team should also establish a target rent value for each property at re-rental. | Agreed. | This recommendation has been agreed. A target date for completion of this recommendation should be communicated to the Audit Committee or other relevant Board/Working Group upon receipt of these recommendations so that progress can be monitored. Once the process for the bidding process has been updated, this should be communicated clearly for future applicants to be aware of the new process. |
| 15 | A formal process should be introduced for succession tenancy applications, including the retention of relevant documentation in line with the Council's standard retention policy, and the formal scoring of applicants. Audit has earlier (Section 7.4) recommended the establishment of a baseline score for non-financial criteria for tenants applications, and this could also be applied as a "minimum cut-off" score below which prospective succession tenants will not be considered. The process should also specify that succession tenancies will not be let below market rate. | Agreed. | This recommendation has been agreed. A target date for completion of this recommendation should be communicated to the Audit Committee or other relevant Board/Working Group upon receipt of these recommendations so that progress can be monitored. Once the process for succession tenancy applications has been reviewed and agreed it should be clearly documented and communicated clearly to all relevant applicants. |
| 16 | In order to drive best value from the estate, the County Farms team should cease the practice of offering succession tenancies where there is no legal requirement to do so (i.e. for anything other than AHA tenancies). When a farm comes up for renewal, it should be advertised on the open market as standard, with any interested successors free to apply and their applications judged against other candidates according to the standard County Farms process. | Not agreed. The council has an existing succession policy. This will be reviewed, however a blanket exclusion has not been evidenced as 'best value' given potential benefits and asset management opportunities carefully managed and appropriate succession tenancies can provide for good estate management. A process for managing and evaluation succession tenancy proposals will be agreed with members. | The Head of Property has agreed to implement a process for the management and evaluation of succession tenancy proposals and should provide the Audit Committee or other relevant Board/Working Group with a target completion date to ensure that progress on this can be monitored. Once the new process has been formally approved by Members this should be communicated to all relevant staff. |
| 17 | The County Farms team should take legal advice on the interest rates currently used in their tenancy agreements, and consider lowering the Default Interest Rate in any new tenancies granted, to reflect present low interest rates and ensure that such rates are enforceable by the Council. | Agreed. | Once legal advice has been obtained by the Council on the interest rates used in their tenancy agreements this should be reported on and any changes should be communicated clearly with existing tenants (if it impacts on their tenancy agreements) and other relevant staff within the Council. A target date for completion of this recommendation should be communicated to the Audit Committee or relevant Board/Working Group to ensure progress can be monitored. |



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| 18 | Following discussions with the current Head of Property regarding the immediate improvements which can be made within the County Farms team, it has been agreed that an equivalent to the Delegated Authority form used at Peterborough will be introduced to document approval of new leases. It is understood that this will require authorisation from the Head of Finance (for leases over £5,000) and the Monitoring Officer will also be asked for approval in any particularly complex or significant matters. | <p>Not agreed. See commentary in Recommendation 1. The authority levels and process at Peterborough reflect the fact the unique and very different situation in respect of property management at Peterborough. Peterborough property staff are not direct council employees. There does not appear to be a clear need for or benefit from Cambridgeshire Farms matters being referred to the CCC Head of Finance as there are sufficient permanently employed officers with adequate council approval levels under the council's existing Scheme of Authorisation, including the recently appointed Head of Property.</p> <p>It is agreed a form recording decisions is required, and that there should be referrals to the Monitoring Officer in accordance with the Council's constitution and policies.</p> | <p>The comments from the Head of Property seems reasonable as to why this recommendation is not agreed as there are currently officers in the County Farms team who have sufficient levels of authorisation as per the Scheme of Authorisation.</p> <p>The form for recording decision making should be developed and a target date for completion of this part of the recommendation should be communicated clearly with the Audit Committee or other relevant Board/Working Group to ensure progress and implementation is monitored.</p> |
| 19 | <p>It is recommended that formal guidance to officers within the County Farms team about the rent review process is produced, in line with RICS guidance. The process should be refreshed to consider the inclusion of, for example:</p> <ul style="list-style-type: none"> • Index linked rent reviews, for instance: • Linking rent-reviews for Farm Business Tenancies to the percentage increase/decrease in rents nationally and/or within the East of England, as per the annual published Farm Rents dataset produced by DEFRA. • Linking rent reviews for commercial business tenancies to the Commercial Rent Index. • Linking rent reviews to the Retail Price Index to account for the general rate of inflation. • Documenting the Council's target rent at the start of negotiations so that this may be compared with the final rent agreed. • Each rent review should be documented and the variation signed off by two managers in line with the new Delegated Authority form to be introduced. • Formally identifying where proposed rents fall below the level that would be expected according to these independent comparators, and requiring a higher level of sign-off for any rents agreed below these levels. | <p>Agreed, noting that rent review processes will reflect appropriate RICS, CAAV and other relevant practice to ensure that tenancies offer commercially acceptable and attractive terms to tenants to achieve best outcomes.</p> <p>The use of indices raises questions about 'best value'. Between 2007 and 2017 for example agricultural rents rose on average by 4.5% per annum (Savills Benchmarking data 2018) but CPI was 2.8% pa (Bank of England Inflation Calculator). Any usage of indices would need to demonstrate the linkage between the index and market rents to ensure it did not prejudice either landlord or tenant relative to market conditions.</p> | <p>The Head of Property has agreed to implement formal guidance to the County Farms team on the rent review process ensuring this is appropriately in line with RICS and CAAV guidance. Once this guidance has been created it should be formally documented so officers can refer to it at a later date as well as being communicated clearly.</p> <p>A target date for completion should be communicated to the Audit Committee or other relevant Board/Working Groups to ensure that progress can be monitored.</p> |



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| 20 | A formal policy is required to set out the circumstances under which a rent abatement will be considered, and how such abatements will be calculated and approved. Proposed rent abatements (or other rent variations) should require the same level of authorisation as rent reviews i.e. documented justification for the decision and formal sign-off by two managers using the new Delegated Authority form to be introduced. | Agreed. This policy should be validated by the County Farms Working Group. | This recommendation has been agreed. A target date for completion should be communicated to the Audit Committee or other relevant Board/Working Groups to ensure that progress can be monitored. Once the policy has been validated by the County Farms Working Group it should be clearly communicated to all relevant staff to ensure compliance with the policy. |
| 21 | <p>Part 1: The County Farms Capital Investment Procedure should be updated to require evaluation of the cost of the scheme against the expected rental price increase on the open market, to verify whether the additional income generated from the 7% Improvement Charge agreed by the sitting tenants would also be sustainable on the open market.</p> <p>The procedure should specify that the Council's cost of capital must be taken into account when assessing payback periods for investments.</p> <p>The procedure should specify that a Net Present Value calculation should be undertaken to verify that the investment has a positive rate of return (it is recommended that this should be done with reference to the Social Time Preference Rate recommended in the Green Book produced by HM Treasury).</p> <p>Part 2: The Council should be assured that the improvement(s) funded by the investment will lead to an uplift in rental value for the property on the open market, which is equivalent to or greater than the monthly cost of the Improvement Charge, and this should be formally recorded for each investment; or The standard five-year tenancy term for the tenants needs to be extended, to provide security that investments are paid back in full.</p> | <p>Agreed subject to establishing a revised Improvement Charge process that is cost effective in relation to investment values. This will focus on ensuring appropriate payback of the investment over the life of the agreement and any subsequent rental uplift or benefit beyond the term of agreement.</p> <p>For low value investments, the 7% annual Improvement Charge approach will be reviewed with consideration given to the value of the investment is divided across the remaining years on the lease to ensure payback by the end of the lease term. This proposed approach is supported by Internal Audit.</p> | <p>The Head of Property should ensure that a revised Improvement Charge process is developed that is then put into writing and communicated to all relevant staff.</p> <p>There should be an agreed value to determine what is specified as a "low value investment" to ensure that there isn't any confusion on the process for adopting the Improvement Charge.</p> <p>A target completion date should be communicated to the Audit Committee or other relevant Board/Working Group to ensure that progress can be monitored.</p> |



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| 22 | <p>Part 1: The Capital Investment Procedure should be updated to specify that Improvement Charges should be uplifted at rent review in line with actual inflation.</p> <p>Part 2: The County Farms Capital Investment Procedure should be amended to state that Business Cases should be produced at an earlier stage in the process, once an estimated cost for the project has been produced. If the final tender generates a significantly higher cost (for instance this could be determined as greater than 5% variance to the original proposal), this would then require re-approval.</p> | Not agreed. The Capital Investment Procedure and Improvement Charge process will be reviewed as per comments on Recommendation 21. The use of indices will need to be considered in the legal and commercial context of this and the issues raised in the comments on Recommendation 19. Rent reviews are separate from Improvement Charges and processes will need to reflect this. | <p>As per Recommendation 20, the Improvement Charge process will need to be revised and reviewed and any amendments or changes will need to be put in writing and communicated effectively.</p> <p>The Head of Property should consider the recommendation regarding the cost of the Capital Investment Procedure and if the final costs exceed the estimated costs in the Business Case. Decision making and approval should be properly documented to detail why costs have exceeded the estimates in the business case and should be kept on file.</p> <p>A target date of completion should be communicated to the Audit Committee or other relevant Board/Working Group to ensure progress can be monitored.</p> |
| 23 | The practice of allowing tenants to retrospectively ask the Council to fund works they have carried out and treat this as an Improvement Charge is not appropriate and should be immediately discontinued. | Agreed and complete. | This recommendation has been agreed and has said to have been completed. Evidence should be provided to the Audit Committee or other relevant Board/Working Group to show that the practice of allowing tenants to retrospectively ask the Council to fund works they have carried out themselves has been discontinued. |
| 24 | The County Farms team should take legal advice regarding the best way to secure repayment of Improvement Charges. Colleagues in LGSS Law have provided some initial advice that this may be best achieved through introducing Funding Agreements in place of Improvement Charge Letters. If a Funding Agreement were in place regarding an Improvement Charge, then in the event that a tenants sought to leave their tenancy earlier than expected (and if payback is not likely to be achieved through an uplift in rent on the open market as a result of the investment) the remaining debt would be enforceable through the courts. | Agreed. Comprehensive legal advice is required from specialist agricultural lawyers and appropriate stakeholder bodies. There are commercial and legal considerations in seeking a current tenant to fund long term improvements that will benefit the landlord and/or future tenants. | <p>The Head of Property should ensure that the comprehensive legal advice on this matter is sought and documented and then appropriate procedures are put in place to address the risk of recovering debts on Improvement Charges should a tenant choose to leave their tenancy earlier than expected.</p> <p>A target date of completion should be communicated to the Audit Committee or other relevant Board/Working Group to ensure progress can be monitored.</p> |



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| 25 | Improvement charges should be recorded on the Rental Agreement Spreadsheet. The County Farms team should maintain a record of investments and improvement charges agreed on each property over time. The team should monitor the payback of investments in individual farms (including Improvement Charges levied on incumbent tenants and considering subsequent uplifts). | Agreed. The team will also explore the possibility of charging for Improvement Charges on a quarterly basis. | This recommendation has been agreed. A target date of completion should be communicated to the Audit Committee or other relevant Board/Working Group to ensure progress can be monitored. |
| 26 | The team should apply, and maintain records of, Improvement Charges separate to rent, and reflect such charges separately on rent review spreadsheets to ensure that they cannot be forgotten in subsequent rent reviews. | Agreed. | This recommendation has been agreed. A target date of completion should be communicated to the Audit Committee or other relevant Board/Working Group to ensure progress can be monitored. |
| 27 | A clear housing standard should be established, as this is a key control over refurbishment processes. A set standard ensures equity between tenants; clarity for officers on what may and may not be funded; and compliance with the government's Decent Homes Standard. Moreover it ensures that long-term sitting tenants are formally offered updates to their housing as appropriate. There should also be a formal, documented approval process for the specification of any such refurbishment and how the costs will be divided between County Farms and the tenants. | Agreed. An appropriate standard for houses as will be defined and agreed with the County Farms Working Group as guidance for improvement decisions. | This recommendation has been agreed. When an appropriate standard for houses is defined and agreed this should be communicated to all relevant staff to ensure compliance with the guidance. A target date of completion should be communicated to the Audit Committee or other relevant Board/Working Group to ensure progress can be monitored. |
| 28 | There must be a clear division of duties with regards to tender review. The architect may advise whether any bids should not be accepted due to not meeting the technical requirements, but County Officers must make the decision on award of any procurement in line with agreed delegations. | Agreed. | This recommendation has been agreed. A target date of completion should be communicated to the Audit Committee or other relevant Board/Working Group to ensure progress can be monitored. |
| 29 | Final proposed specifications should be assessed against the County Farms Standard and any variations from the Standard should have initial approval recorded by a manager, along with identification of whether the variation will be funded by the Council (and if so, why), by the tenants, or split between both parties. This document, with details of the proposed Improvement Charge, should then be approved in line with agreed delegated authorities. | Agreed. | This recommendation has been agreed. A target date of completion should be communicated to the Audit Committee or other relevant Board/Working Group to ensure progress can be monitored. |



Appendix 5 – Evidence Matrix

| Item | Description | Evidence file |
|------|---------------------------------------------------|---------------|
| A | Evidence regarding the Manor Farm tenancy process | |
| A1 | | |
| A2 | | |
| A3 | | |
| A4 | | |



Appendix 5 – Evidence Matrix

| Item | Description | Evidence file |
|----------|----------------------------------------------------------------------------|---------------|
| B | Evidence of discussions and negotiations of tenancy agreement terms | |
| B1 | | |
| B2 | | |
| B3 | | |
| B4 | | |
| B5 | | |
| B6 | | |
| B7 | | |



Appendix 5 – Evidence Matrix

| Item | Description | Evidence file |
|----------|---------------------------------------------------------------------------------|---------------|
| C | Evidence of discussions regarding Manor Farm refurbishment and extension | |
| C1 | | |
| C2 | | |
| C3 | | |
| C4 | | |
| C5 | | |
| C6 | | |
| C7 | | |



Appendix 5 – Evidence Matrix

| Item | Description | Evidence file |
|----------|------------------------------------------------------------------------|---------------|
| D | Evidence of discussions about change of use planning permission | |
| D1 | | |
| D2 | | |
| D3 | | |
| D4 | | |
| D5 | | |
| D6 | | |



Appendix 5 – Evidence Matrix

| Item | Description | Evidence file |
|------|-------------------------------------------------------------------------------------------------|---------------|
| E | Evidence of discussions about removal of rent abatement after change of use permission obtained | |
| E1 | | |



Appendix 5 – Evidence Matrix

| Item | Description | Evidence file |
|----------|---------------------------------------------------------------------|---------------|
| F | Evidence of discussion about potential conflicts of interest | |
| F1 | | |
| F2 | | |
| F3 | | |
| F4 | | |



Appendix 5 – Evidence Matrix

| Item | Description | Evidence file |
|----------|----------------------------------------------------------------------------|---------------|
| G | Evidence of discussion about Roger Hickford's conduct and behaviour | |
| G1 | | |
| G2 | | |
| G3 | | |
| G4 | | |
| G5 | | |
| G6 | | |



Appendix 5 – Evidence Matrix

| Item | Description | Evidence file |
|------|-------------------------------------|---------------|
| H | Evidence of Code of Conduct matters | |
| H1 | | |
| H2 | | |
| H3 | | |



Appendix 5 – Evidence Matrix

| Item | Description | Evidence file |
|------|----------------------------------------------------|---------------|
| I | Evidence of Manor Farm process concerns [REDACTED] | |
| I1 | [REDACTED] | |
| I2 | | |
| I3 | | |
| I4 | | |



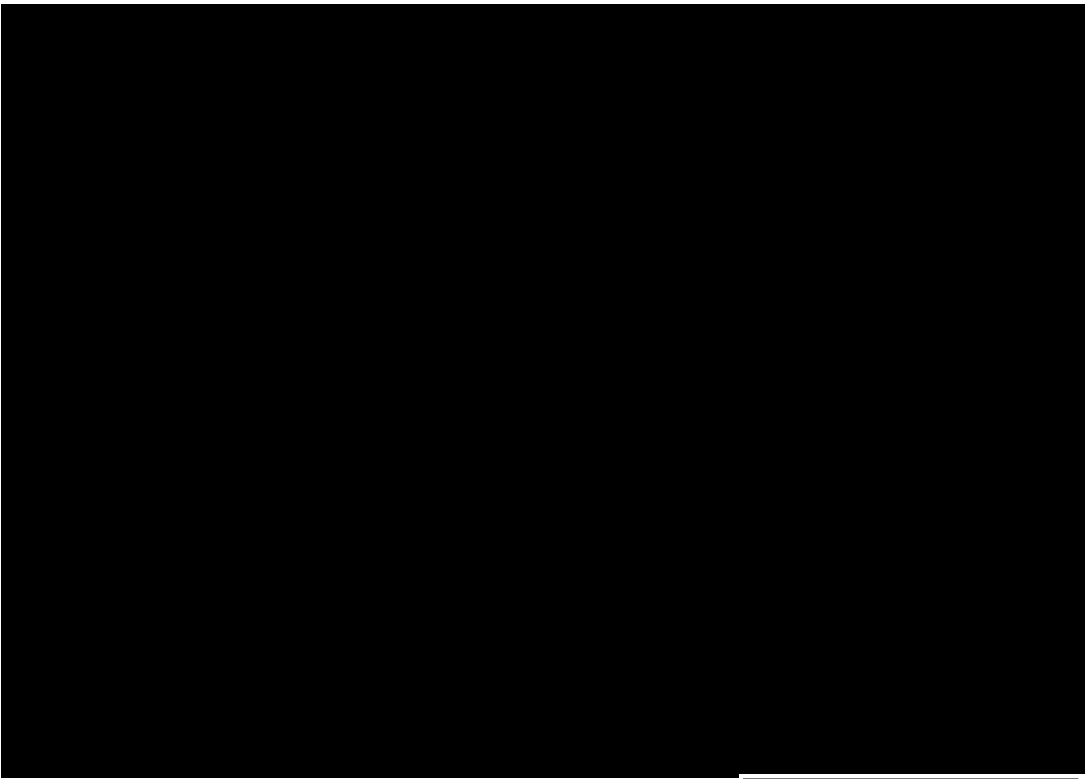
Appendix 6 – Catalogue of emails from Roger Hickford

| Item | Description | Evidence file |
|------|-------------|---------------|
| A | | |
| B | | |
| C | | |
| D | | |
| E | | |
| F | | |

| Item | Description | Evidence file |
|------|-------------|---------------|
| G | | |
| H | | |
| I | | |
| J | | |
| K | | |
| L | | |



Appendix 7 – Examples of Roger Hickford communicating in a dual-capacity as Councillor and tenant

| Item | Description | Evidence file |
|------|-------------------------------------------------------------------------------------|---------------|
| A |  | |
| B | | |
| C | | |
| D | | |
| E | | |
| F | | |



Appendix 8 – References to the Internal Audit Report

1. Paragraphs 4.2.1 and 4.2.2
2. Paragraphs 7.3.1 and 13.2.2
3. Paragraphs 7.6.1
4. Paragraph 2.2
5. Paragraph 2.1.4
6. Page 113
7. Paragraph 4.3
8. Paragraph 4.4
9. Page 4
10. Paragraph 2.2.3
11. Paragraph 7.3
12. Appendix 5
13. Appendix 5
14. Paragraph 9.2
15. Paragraph 9.3.6
16. Paragraph 9.3.3
17. Paragraph 12.2
18. Paragraph 12.2.5
19. Paragraph 10.2.4
20. Paragraph 4.5
21. Paragraph 4.6
22. Paragraph 4.5.3
23. Paragraph 4.2 to 4.6
24. Appendix 7
25. Paragraph 13.2
26. Paragraph 13.2.2
27. Paragraph 13.3
28. Paragraph 14.3.2
29. Paragraph 14.3.3
30. Paragraph 14.3.4
31. Page 54
32. Separate Report - Page 54
33. Separate Report - Paragraph 7.4.1
34. Page 107
35. Paragraph 4.2
36. Paragraph 4.5
37. Appendix 8
38. Paragraph 5.1



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