

# AUDIT AND ACCOUNTS COMMITTEE



**Date: Tuesday, 23 January 2018**

**Democratic and Members' Services**  
Quentin Baker  
LGSS Director: Law and Governance

**14:00hr**

Shire Hall  
Castle Hill  
Cambridge  
CB3 0AP

**Kreis Viersen Room**  
**Shire Hall, Castle Hill, Cambridge, CB3 0AP**

## AGENDA

Open to Public and Press

1. **Apologies for absence and declarations of interest**  
*Guidance on declaring interests is available at*  
<http://tinyurl.com/ccc-conduct-code>
2. **Audit and Accounts Committee Minutes 21st November 2017** **5 - 26**
3. **Minute Action Log update** **27 - 40**
4. **Closedown 2017-18 Progress Report** **41 - 46**
5. **Integrated Resources and Performance Report for the period** **47 - 80**  
**ending 30th November 2017**
6. **Internal Audit Progress Report** **81 - 104**
7. **Forward Agenda Plan update 9th January 2018 (Autosaved)** **105 - 114**

**8. Date of Next Meeting - the next scheduled meeting is on 27th March 2018.**

**9. INFORMATION**

Please note at the conclusion of this meeting there will be a private training and update session for the Committee which was originally to be before the March Committee meeting.

The Audit and Accounts Committee comprises the following members:

Councillor Mike Shellens (Chairman) Councillor Terence Rogers (Vice-Chairman)

Councillor Sandra Crawford Councillor Peter Hudson Councillor Mac McGuire Councillor David Wells and Councillor John Williams

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

Clerk Name: Rob Sanderson

Clerk Telephone: 01223 699181

Clerk Email: [rob.sanderson@cambridgeshire.gov.uk](mailto:rob.sanderson@cambridgeshire.gov.uk)

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**AUDIT AND ACCOUNTS COMMITTEE: MINUTES**

**Date:** 21<sup>st</sup> November 2017

**Time:** 2.00 – 5.00 p.m.

**Place:** Room 128, Shire Hall, Cambridge

**Present:** Councillors: S Crawford, P Hudson, M Shellens, (Chairman) T Rogers  
(Vice Chairman) D Wells and J Williams

**Apologies:** Councillor M McGuire

**Action**

**42. DECLARATIONS OF INTEREST - none**

**43. REQUEST TO SPEAK FROM A MEMBER OF THE PUBLIC**

Although not included as a standard agenda item for the Committee, the Chairman indicated that he was allowing Mike Mason (who had registered to speak as a member of the public but had submitted the details to Democratic Services after the required deadline), to speak under his Chairman's discretionary powers. This however was not to be seen as setting a precedent and the expectation was that public speakers requesting to speak should in future meet the Council laid down Constitution deadlines.

Mr Mason had within the required statutory period submitted a formal objection and request to inspect the County Council Accounts for the year ended 31<sup>st</sup> March 2017. His request to speak to the Committee was to inform Members on the current status of his objection. The objection had been referenced in the External Auditor report presented to the September Committee meeting and at that meeting the External Auditor, when asked by the Chairman, had given an initial oral view that the details of the objection, while still being reviewed, were not considered material to the Financial Statements (*Note: and would therefore not prevent the Accounts from being signed off*). At the time of the current meeting the External Auditor was still investigating the non-material issues raised by Mr Mason and would, on completion, present her conclusions in writing to both him and the Council's Section 151 officer. Following this the Accounts sign off certificate would be completed.

Mr Mason explained that he had undertaken two interviews with the Auditor and, prior to this, had attended an inspection meeting at Shire Hall with the Chief Finance Officer and two members of the close-down team. He placed on record his thanks for the assistance provided in terms of making documents and accounts

data available to him. He indicated that once he had completed his analysis of this complex and detailed information, he intended to provide a further report to both the Council and the External Auditor. He highlighted that in his judgement as an objector his personal view was that the Auditor would be unable to issue an unqualified final opinion and had urged her to consider whether a public interest report should be issued. He also challenged the Council and the Auditor on their interpretation of the CIPFA code in respect of the use of future City Deal funding as useable reserves within the current balance sheet.

While it was not appropriate for the Committee to provide a response on an ongoing objection to the Accounts, the Chairman asked whether any Members of the Committee had any questions of clarification they wished to raise. As none were received, the Chairman thanked Mr Mason for his contribution and the Committee noted the update he had provided.

#### **44. MINUTES OF THE MEETING HELD ON 19<sup>th</sup> SEPTEMBER 2017**

That subject to the following change:

Page 6 Minute 32 'Integrated Resources and Performance Report for the period ending 31<sup>st</sup> July 2017: second bullet second line replace the word "more" with word "less" so that it reads "... in less affluent years there might be the need to suspend spend-to-save"

the minutes of the meeting held on 19<sup>th</sup> September 2017 were confirmed as a correct record and were signed by the Chairman.

#### **CHANGE IN THE ORDER OF THE AGENDA**

The Minute action log was taken at the end of the meeting.

#### **45. REGISTRATION OF LAND PURCHASED FOR HIGHWAY PURPOSES**

Further to the previous milestone report presented to the July Committee, this report updated the Committee on the Highways Assets project to register with Her Majesty's land registry (HMLR) approximately 6,000 parcels of land purchased for highways schemes.

The update's key issues being:

- Lodgement Process and Costs - The first of the scanned deeds was electronically lodged in August and formally registered by HMLR in October. A further batch was lodged in October. (batches of 20 have been requested). HMLR has offered stepped targets for the registration of highway land, with priority sites

(publicly held land in areas of greatest housing need) to be completed by 2020 and all remaining sites by 2025. This was likely to require a rollover of the budget.

- That the identification of specific parcels not required for highway purposes which might have development potential had commenced.
- Publicity regarding the pioneering electronic lodgement process had also begun, with a view to generating potential income from consultancy/advisory services to other public bodies.
- Adopting an 'asset management' approach toward the highway land, to allow land parcels under the Highway Service's responsibility to be more effectively and efficiently managed.
- Explaining in response to request at the July meeting regarding seeking a discount from the cost of registration that the current Service Level Agreement already provided for County Council to receive the maximum available discount for registering voluntarily.

It was resolved:

to note the report and to request a further update at the May 2018 Committee meeting and, if practicable, include details on:

- Any income generated from consultancy work from the sale of any surplus land
- How much land had been identified for potential sale
- Any further detail of what the above identified land might be used for.

**RVS to add  
to agenda  
plan**

#### **46. SAFER RECRUITMENT IN SCHOOLS UPDATE**

This report updated the Committee on the Schools Intervention Service monitoring of the Leadership of Safeguarding, including safer recruitment in maintained schools.

It was highlighted that:

- Sixteen new maintained school Headteachers had received a safeguarding visit so far in the term with four to be completed in November.
- 33 schools had received a safeguarding review in the current term. 17 had been full safeguarding reviews with the rest receiving a health check following previous reviews.

- Only 16 remaining maintained schools which had not been recently inspected still require a safeguarding review to be undertaken during the term.
- No major safeguarding issues had emerged from the reviews, but in a small number of cases there had been revisits to ensure that recommendations had been followed up. This was an improved position on a year ago and a significantly improved position on two years ago, which was recognised and commended by the Committee at the meeting.
- The Service had also carried out six Child Protection Safeguarding Audits to ensure that this aspect of safeguarding was effective with Headteachers having found the recommendations helpful in improving their practice.
- Details were provided of the School Intervention Service updated review tool to ensure that safeguarding and safer recruitment in schools was effective.
- It was highlighted that one maintained school had received an ineffective judgement for safeguarding from OFSTED since the last report. This school was previously advised on the changes it needed to implement which had not been followed. Since then an Education Adviser and the Schools Intervention Service had ensured that the necessary changes were implemented and a recent monitoring visit had described safeguarding as effective. From the current reports published OFSTED comments on school practice and Local Authority support had been very positive. None of the safeguarding complaints made to OFSTED during the current term had been in respect to safer recruitment.
- The Schools Intervention Service had set up a comprehensive training programme for all schools on the Leadership of Safeguarding with details set out in section 6 and Appendix 1 to the report.
- In terms of Schools accessing nationally accredited safer recruitment training, two sessions had been planned for the current term with the current month's course fully booked. One in-house session had been requested by one Cambridgeshire Multi-Academy Trust with another completed in the summer holidays at an Independent school. Records were kept of who attended the training allowing challenge for continued not non- attendance.
- Regarding the issue of assistance being provided from the Cambridgeshire Safeguarding Children's Board on



undertaking safeguarding checks in academies - an action from the July meeting – there had been discussions with the Board and as an additional point, it was highlighted that new guidance required academies to co-operate with partners.

Responses to issues raised by Members included:

- Confirmation that Academies were charged for requested audits, the exceptions being those arising from a complaint to Ofsted or from the Local Safeguarding Children's Board.
- In reply to whether checking the background of teachers on safeguarding grounds could also be extended to families, this was not possible on data protection grounds. However it was explained that for primary school and early years teaching there was an exclusion based on 'disqualification by association' if the person lived in the same household as someone who had been barred from teaching on safeguarding grounds. Schools were adopting the same approach for sports coaches.
- Being informed that Government appointed trusts to run a school were currently exempt from Local Authority safeguarding inspections unless invited in, even though the Local Authority was technically responsible for safeguarding in schools in the County. **In a discussion on whether representations should be made to the Secretary of State to require such audits, Councillor Williams undertook to raise the issue with the Executive Director of People and Communities. Action.**
- In response to a query on whether the review inspections looked beyond the tick boxes in term of the necessary paper work being completed to provide assurance that schools were actually implementing the guidance, this was the purpose of the Leadership of Safeguarding training.
- Clarification that spot checks involved not only speaking to teachers, but also other staff and students.

Cllr Williams

It was resolved:

To note the report and to receive a further report at the March Committee meeting.

#### **47. CHILDREN'S SOCIAL CARE-LOADS QUARTERLY UPDATE**

Concerns were previously raised by this Committee regarding high children's social care caseloads. It was agreed that the Committee

should initially receive on a quarterly basis update reports to enable the Committee to monitor the potential risk involved. This was the second report.

Key issues highlighted included:

- Following the children's change programme units and teams had now located into the new districts. This had caused some short term movement of cases, with some units over the anticipated caseload.
- Over the last quarter most of the districts had remained at a consistently high case load level. However Fenland, Ely and Hunts were showing around 40- 60 fewer cases compared to Cambridge City and South Cambridgeshire. This was being reviewed as it was believed that part of the issue was over- referring, due to different thresholds being applied.

Further to a request at the July meeting, details were also provided of the Early Help offer to the districts which had been established in the first week of July and reviewed whether children and their families were better supported by family workers rather than social workers. The integrated 'Front Door' had started in April focusing on identifying the right services for children at the right time, through one contact point.

In respect of the continued issue of recruiting sufficient social workers, there was still the need to approach agencies to try to cover vacant posts, but even agency staff were in short supply, due to the demand for them from other authorities.

**Action - There was a request that lines on graphs in future should be in a format which would be distinguishable when printed in black and white. (e.g. using different symbols on different lines).**

**SJ Smedmor  
/ Lou  
Williams to  
action**

Other issues raised in discussion included:

- One Member raised the question of whether it was possible to monitor the effect of the closure of children's centres. In response it was explained that all children's services were monitored and the lead officer did not believe that the closure of children's centres would result in more children being admitted into care.
- Asking the impact of the shortage of staff in City / South Cambs in terms of the risk to children, it was explained that every referred child had an allocated social worker and checks and balances were in place on the work being undertaken. For obvious reasons more social worker time

was allocated to keeping children safe compared to children in need.

Regarding a question on staff retention, it was explained that the County Council had a good record with retaining established staff and while it did not lose many to other authorities, it did lose them to the Children and Family Court Advisory and Support Service (CAFCASS) who were always seeking experienced Social workers.

**Action: The Chairman asked for a progress update to be sent to the Committee regarding the retention level of the 47 recently appointed social workers.**

**SJ Smedmor  
/ Lou  
Williams to  
action**

In response to a question on the cost of Looked After Children / foster placements (with there always being a shortage of foster parents) the approximate costs were as follows;

- In-house foster carers £200-£400 per week
- Out of county foster carers £800 a week
- Residential placements £3k per week.

There were currently 696 children in care in the County which was a higher number than for the County Council's statistical neighbours.

It was resolved:

- a) To note the report.
- b) To note the continued monitoring of caseloads for the Children's Social Work Units by Children and Families Leadership Team.
- c) To receive a further progress monitoring report at the May 2018 Committee meeting

#### **48. CAMBRIDGESHIRE MUSIC – RECRUITMENT UPDATE**

The Committee received a progress report regarding the previous request for officer action to help speed up the recruitment process for music teachers in order to allow the manager to manage his staffing establishment. This included the ability to place advertisements in a far more timely manner (currently the sign off process could take three weeks). Due to the nature of music teacher demand, any opportunity identified required quick fulfilment and the current delay was affecting the ability of the Music Service to undertake contracted provision and as a result, work was often lost to competitors.

Cambridgeshire Music recruited in almost all circumstances to fulfil requests for provision of chargeable services. Their ideal target would be to complete a recruitment process to contract and potential start in less than one month.

Matthew Gunn reported that in respect of his ongoing discussions with HR, progress had been slow which was further hindered by the delay in the introduction of ERP Gold which had been cited as the technical solution to improve the access and abilities managers would have to manage establishment. Members expressed concern that it appeared that very little progress had been made in the year since the last report, with one member stating that his recollection was that the Section 151 officer had undertaken to become involved to ensure a solution was provided.

The Committee's view was that for a Trading Service such as this, exceptions needed to be made and a streamlining process introduced to allow the manager to manage within the budget, as the additional recruitment of music teachers paid for itself through the fees charged.

The Chairman suggested it was a budgetary control problem and was therefore a finance issue. While the Deputy Section 151 Officer was of the view that it was a HR systems process matter, **he agreed to investigate further and provide a response on the issues by the end of the following week. Action**

**Tom Kelly**

The report was noted.

#### **49. ANNUAL EXTERNAL AUDIT LETTER**

The Committee received BDO's Annual Audit letter which summarised the key issues arising from the work carried out by the External Auditor in respect of the year ended 31<sup>st</sup> March 2017. It combined the information provided in the separate final ISA 260 Reports for the Council Accounts and Pension Fund also included on the agenda.

With respect to the Council's financial statements, BDO issued their unmodified opinion on the Council and Pension Fund financial statements on 12<sup>th</sup> October 2017. At the same time also issuing their unmodified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

BDO's audit had identified material misstatements relating to both the recognition of grant income and presentation of items in the cash flow statement which had been reported to the Audit and Accounts Committee on 19<sup>th</sup> September 2017 with subsequent updates provided to the Chairman, Vice Chairman and Finance

Officers on 3<sup>rd</sup> and 11 October. BDO had previously reported on uncorrected misstatements which Management and the Committee had concluded were immaterial in respect of the agreed thresholds.

A public objection had been received regarding the lawfulness of certain transactions included in the financial statements and decisions made by the Council. At the time of this report's publication the work remained ongoing, although BDO were satisfied that the matters brought forward by the objector did not have a material effect on the financial statements or on BDO's value for money conclusion.

With regard to the Financial Statements, the following outcomes were reported against the said risk categories:

- Management override of controls (Council and Pension Fund) – no issues to report.
- Revenue Recognition (Council - Management had corrected the errors identified in relation to the matters listed in the report in their final financial statements.
- Property plant and equipment valuations (Council) - no issues to report.
- Pension Liability assumptions ( Council) - no issues to report
- Valuation of investments (Pension Fund) – BDO had concluded that the valuation basis used appeared reasonable and the values were not materially misstated. They had identified immaterial variances arising from the fact that some investment reports used during the preparation of the financial statements were not coterminous with year-end. Officers had further discussed the issue of late unquoted investments and in future BDO would be asking for a valuation at the time and also a forecast for the end of the year. The latter would not require updating if it met a reasonableness test. Anything judged as not being clearly trivial would be recorded as a misstatement.
- Grant received in relation to City Deal – Finance officers corrected a misstatement of £100m in the final financial statements.
- Treatment of revenue expenditure funded from capital under Statute (REFCUS) (Council) – Finance officers had corrected the error identified in the final financial statements.
- Page 64 of the agenda (page 7 of the report) set out details of the material audit differences for the Council and Pension Fund that had been corrected in the financial statements.

The following issues were raised / discussed:

- It was clarified that all material misstatements identified had been rectified by the accounts sign off date. **As this was not specially stated in the Executive Summary it was**

**requested that in future years this type of information should be included.** The External Auditor agreed that while the Audit Letter could not be changed this year as it had already been published, this information would be provided in future letters. **Action**

**Lisa Clampin**

- External Audit clarified that they did not direct what should finally go into the Accounts but use professional scepticism to provide independent challenge to areas in the draft financial statements based on the requirements of financial reporting standards. Ultimately it was stated that the Council consider the challenge points made by the External Auditor on aspects of accounting treatment and estimation, and made the final decision on specific accounts treatments providing reasons for it. If the External Auditors did not agree, they had the option to issue a qualified opinion on the Accounts. However as set out in the report, BDO concurred with the assumptions made by the Council officers.
- There was a reference to page 64 bullet 4 regarding audit differences which remained uncorrected, **Action the Chairman requested Finance provide more details of the line reading £710,000 arising from unadjusted misstatements identified in the prior period in relation to the accounts.**
- Page 64 Audit Differences on the Pension Fund – the Chairman requested more detail on the two figures shown as bullets and why they had not been corrected in the final accounts. *Note: They were not adjusted as they were not material. The detail was included in the 'Final ISA 260 Report - Pension Fund Audit' page 136 included later on the Agenda.*

**T Kelly**

**It was resolved:**

To note the contents of the letter.

**50. FINAL ISA 260 AUDIT COMPLETION REPORT**

This report presented the final ISA 260 Audit Completion report and highlighted the changes made to the version presented to the Committee in September as detailed in section 2.1 of the report.

Issues raised included:

- Page 86 “We identified that employer pension contribution amounts disclosed for four of the eight senior officers included in the disclosure were overstated” In response the Deputy Section 151 officer explained that senior

management had been overstated with some applied incorrectly. This had been corrected in the final version of the Accounts.

- The Vice Chairman drew attention to the last two lines of the Audit findings and conclusion text reading “Management agreed to correct this error in the final version of the financial statements” with Audit confirming this should have read that “it had been corrected in the final version of the accounts”.
- Page 93 - Value of the Pension Fund - the Chairman queried the text reading

*“We have compared the rate of return on fund assets by the actuary (25%) to the actual fund returns reported the pension fund accounts (24.17%) we have calculated the projected impact of the difference between the two rates on the net liability recognised in the Council’s balance sheet. This results in a judgemental understatement of the net pension liability of £6.047m. We have recorded this as an unadjusted error at Appendix 1”*

asking which one was used and why was it different. In response it was explained that the value used in the Accounts was the estimated value 25% and that the Auditors looked at the final accounts to see the difference. £6.047m was the unadjusted figure.

- Page 94 The Chairman drew attention to the text at the top of the page reading “The draft financial statements were provided to us for audit two weeks later than planned....” The Deputy Section 151 officer clarified that they had been provided by 30<sup>th</sup> June as additional information had been requested.
- Page 96 – of the findings – “.... control deficiencies when determining the current year’s valuation estimate ..... is likely to impede the Council’s ability to assess the reasonableness of its professional valuer’s conclusions and the accuracy of its estimates for the current and prior year valuations...”. The Chairman asked for more details of the recommendation and the management response. This was provided on page 110 of the report.
- The comment was made that on page 94 the auditors were asking for more information but on page 109 they were suggesting less information was required. Lisa Clampin indicated that additional information was only requested when required.

- Regarding Appendix II Recommendations and Action Plan and particularly pages 105-106 **Action there was a request for an update to be provided by the next meeting on the status of the management responses where the timeframe was completion by December or before.**
- Pages 114 the Chairman highlighted an example of a very long sentence with over 100 words when plain English recommended sentences of no more than 14 words. **He asked that in future External Audit should avoid using such long sentences.**

**Tom Kelly**

**BDO to take account in all future reports.**

It was resolved:

To note the final version of the Audit Completion Report.

## **51. FINAL ISA 260 REPORT – PENSION FUND AUDIT**

This report presented the final ISA 260 Pension Fund Audit Completion Report and highlighted the changes made to the version presented to the Committee in September. Section 2 set out the changes to the report from the version submitted to the September Committee meeting.

Issues raised included:

- Page 133 – Pension Fund Annual Report – Requesting an update on the text reading “our review of the separate pension fund annual report is in progress and we will provide an oral update on the findings to the Audit and Accounts Committee” It was explained that the stand alone accounts were signed off the previous week, 16<sup>th</sup> November.
- Requesting an explanation of why the mortality figures shown on page 142 did not match the figures shown in the earlier report on page 91. The explanation was that it was an error when correcting an earlier typo. It was highlighted from the reply given that there was a quality control issue when only one person was cross checking the figures in two reports. As with all the errors identified as explained earlier, it was now too late to change them as the reports had been published.
- The Vice- Chairman queried why the Pension Fund report went to the Pensions Committee but the Pensions accounts only went to Audit and Accounts Committee. It was explained that this was in line with national requirements but that a more detailed explanation would be provided outside of the meeting.

**Tom Kelly**



It was resolved:

To note the final version of the Audit Completion Report and the changes made to the version presented to the Audit and Accounts Committee on 19<sup>th</sup> September. 2017.

## **52. PREPARING FOR THE 2017-18 CLOSEDOWN**

This report detailed the work being undertaken in order to ensure that the 2017-18 accounts were delivered by the radical new statutory deadline for sign off of the accounts by the end of July. The intention was that the draft Statement for 2017/18 would be presented for audit before 31 May, with formal approval sought for the final Statement by 31 July. Work was already underway with colleagues across all LGSS authorities to identify and deliver the tasks required that would allow these deadlines to be met.

The work undertaken was based upon an analysis of the lessons learned from the 2016/17 process, identifying any causes of delay, together with an evaluation of the experiences of 'early adopters' - councils that already produce their accounts early. From this evaluation a series of key principles had been used to focus required activities into work streams under the headings: a) Financial system and quality of data b) Key improvements in Financial Processes, c) Improving the quality of financial reporting d) Engaging the External Auditor. The detail of the activities required were set out in section 1.4.1 to 1.4.4 of the report.

The Chairman expressed his concern that he had been assured that the 2016-17 year's accounts would be delivered on time and despite close liaison including meetings between officers and BDO, this had not been achieved. Officer indicated that a meeting was scheduled for 29<sup>th</sup> November to look at the lessons that had been learnt and could be applied to enable the early preparation of the 2017-18 accounts.

Issues raised in discussion included:

- Key areas would be early engagement on identified technical matters e.g. the treatment of Cambridgeshire Housing Investment Company and the greater use of estimates based on reasonableness of the assumptions being made, while ensuring that all relevant statutory requirements were being followed, which would also ensure appropriate transparency.
- Redeploying sufficient additional staffing expertise in the right place to ensure early delivery and ensuring the quality of data was accurate were also seen as being crucial. This did not necessarily mean an increased volume of staffing

resources. The Chairman suggested that as the Council was undergoing significant transformation with staff undertaking new jobs, mistakes would inevitably be made, which would add to the complexity. He had already discussed with the Deputy Section 151 Officer the need to ensure there was additional staffing resource resilience.

- Regarding 1.4.4 g) - information required from third parties - and a question raised on when notification would take place, it was explained that all parties had already been informed of the target dates and for which delivery would be monitored.
- The Chairman raised the issue of the difficulties that could arise as a result of late questions being raised by the External Auditors and their impact on the timetable. Therefore early delivery and sign off was required on as much of the accounts as possible. Lisa Clampin clarified that audit queries were only raised where necessary clarification was required. Late receipt of both workings papers and evidence to support entries in the accounts delayed the audit process.
- The Chairman highlighted that identified complex errors needed to be highlighted and actioned at as early a stage as possible *(to avoid the issue that had delayed the 2015-16 accounts)*
- One Member queried what monitoring would be undertaken to ensure progress was being made before the May Committee meeting. It was suggested that as there were still a number of committee meetings before that date, update reports could be provided.

It was resolved

To note the report and to receive updates on progress to future meetings.

**RVS to add  
to agenda  
plans**

### **53. TRANSFORMATION FUND MONITORING REPORT Q2 2017-18**

As part of a new approach to business planning, focused on outcomes, it was agreed that the Council would establish a fund that could be used to resource the costs of delivering transformation, ensuring that finance is not a barrier to change at pace across the organisation. A fund of nearly £20m was established and there was now a programme of schemes which have received funding and are supporting the delivery of saving in the current financial year (2017/18) and beyond.

General Purposes Committee (GPC) was responsible for stewardship of the fund, approving business cases for new proposals and reviewing progress with existing schemes. The report included on the agenda was for approval by General Purposes Committee and was provided for information to this Committee, outlining progress in delivery of the projects for which transformation funding had been approved at the end of the second quarter of the 2017/18 financial year.

In respect of the scheme description regarding enhanced Occupational Therapy Support to reduce the need for double handed care (A/R. 6.165) there was a discussion regarding the reasons for delayed hospital discharges. The pressures included the complex care packages required for increasing numbers of elderly as the elderly population increased. Measures being taken to improve the situation, included putting in place more reablement workers, although they were also currently difficult to recruit. Councillor Hudson the Chairman of the Health Committee outlined the role that his Committee had in scrutinising the NHS, including the performance of hospitals and that they were working closely with Adults Committee which was yielding positive results. The question was raised on whether the issue was a shortage of care places or care home and residential homes. It was confirmed that all were in short supply compared to the demand for them. Details were provided of the Adult Challenge Programme model of Social care which was to be reviewed in the new year.

Another member made the point that all projects needed to be assessed for whether they were providing value for money.

In discussion some concern was expressed regarding the number of layers of management included in the new People and Communities Directorate and whether this could be detrimental to economy efficiency and effectiveness in delivering front line services. In discussion, the Head of Internal Audit suggested that Human Resources should be asked to provide a briefing note in the context of overall Council structures. If the Committee still had concerns then Internal Audit could investigate further. Action:

**Democratic Services contact HR**

**RVS**

It was resolved:

To request a further update Report to the Committee's March meeting.

**RVS add to  
Agenda Plan**

**54. INTERNAL AUDIT PROGRESS REPORT TO 31<sup>ST</sup> OCTOBER 2017**

This report provided an update on the main areas of audit coverage and the key control issues arising for the period 1<sup>ST</sup> September 2017 to 31<sup>st</sup> October 2017.

Paragraph 1.1 listed the audit assignments which had reached completion since the previous Committee report with Section 4 providing more detail on the summaries of completed audits with satisfactory or less assurance. Table 2 set out the audit assignments which had reached draft report stage. Further information on work planned and in progress was set out in the Audit Plan attached as Appendix A.

Section 2 - Fraud and corruption update – included details of:

- The investigations caseload of the Internal Audit team provided in Table 3.
- Details of Whistleblowing Policy.

Outstanding management actions at the end of October 2017 were summarised in Table 5, which included a comparison with the percentage implementation reported at the previous Committee. A summary of the outstanding recommendations, and the progress with implementing them, was provided in Appendix B of the report.

Section 5 ‘Other Audit Activity’ provided an update on ;

- NHS Digital Audit
- Support to quality Governance and Practice Development Team
- Information Management Board
- Pressures on the Internal Audit Plan. This highlighted that as previously reported the time needed to support the PKF Community Transport Investigation had been much higher than initially expected. As a result, the Audit Plan was currently at capacity. With the adjustments previously agreed at the September meeting it would not be possible to cover further audits without undermining the Plan’s coverage. Further additions to the Plan as detailed in the section were likely to require additional funding.

A proposal was put forward for the Council’s insurers, Zurich, to conduct a risk management health check and benchmarking review across each of the three LGSS partner Councils as set out in paragraph 5.5 of the report (the recommendation incorrectly showed it as 5.4). This would include a desktop review of key documents, interviews with senior managers, and a full report providing independent assurance into the effectiveness of risk management at each organisation and on developing common risk management approaches. This service would be offered at no extra cost, as part

of the service provided by Zurich and the Committee was invited to agree the proposed health check.

Issues raised included:

- In respect of the Project Management Methodologies audit undertaken on the implementation of new project management methodologies at Cambridgeshire County Council (CCC) this had resulted in limited assurance being given. The audit was undertaken after several project audits had highlighted weaknesses in project management at Cambridgeshire. It identified a need for a council-wide methodology for project management to be developed in order to provide staff working on projects with a clear process to follow, governance structures, and good practice guidance. New Council-wide project management methodologies, as recommended in previous audit reports, had not been developed and the control weaknesses around projects identified had therefore not been addressed. There was still a lack of comprehensive guidance to support project managers across the organisation. As a result, the Council remained exposed to an increased risk of project failure. While the report indicated that limited assurance applied at the time of writing the report, as a result of the audit findings, a meeting had been arranged for December between Internal Audit, the Transformation Team, the Business Intelligence service, and Finance. This meeting would discuss initial proposals for a project management process and a plan to address the lack of project management guidance.

As this was already an area of specific concern to the Council stemming from the large project cost increases in the Ely Archives Project compared to the original estimates, **The Chairman requested an update on progress required to be included as a section in the next Internal Audit Progress report, including an update on the progress against the original recommendations. Action.**

**M Kelly**

- The Vice Chairman asked why the audits on page 164 in table 2 (apart from the first one listed and referred to above) were not included in the current report. It was explained that they were still in draft or interim stage at the time the report was written. If once completed the audit concluded that they could only be given a satisfactory assurance opinion or below, they would come forward in summary form to the Committee at the next available meeting.
- Issues were raised regarding Appendix B with updates requested for future meetings where target dates were not

shown or had been passed. e.g. Page 182 Transformation programme benefits realisation where the governance arrangements had still to be clarified. A third were currently not meeting their target dates. It was clarified in answer to a question that with regard to the target entries for Section 106 and the Energy Efficiency Fund showing end of April 2017, they were an error and would be amended to read 2018. **The Head of Internal Audit confirmed that updates would be included in the next Internal Audit Progress report which was standard practice. Action**

**M Kelly**

Regarding the resourcing and timing of the independent investigation report on Fenland Association for Community Transport (FACT) while the consultants PFK expected to have the report finalised in January they were still currently at the interview stage. The final version would require review by senior management, including Legal Services, to agree a response and also the reporting path. It was agreed that an issue of this complexity would require a special meeting of this Committee. Democratic Services had proposed three dates in January but the date for a special meeting clearly would now have to slip to at least early February as sufficient notice needed to be given regard to setting up the meeting, securing a suitable venue to ensure stakeholder attendance could be accommodated, sending out an agenda to meet the legal deadlines, etc. (*Note Democratic Services would require at least three weeks notice*) It was suggested that as it was still too early to finalise a date, it should be agreed via a delegation outside of the meeting.

Regarding Appendix B 'Summary of Outstanding Actions' and those with a target date of the end of September, these would be updated for the next report (as the report had been written and presented before the end of September).

It was resolved:

- a) To note the contents of the update report.
- b) To agree the provision of the risk management health check and benchmarking review service by the Council's insurers 'Zurich' as detailed in paragraph 5.5 of the report.
- c) That following agreement by SMT, the Chief Internal Auditor in consultation with the Chairman, Vice Chairman and Democratic Services, be delegated to agree the date for a special meeting to discuss the FACT report.

**55. INTEGRATED RESOURCES AND PERFORMANCE REPORT  
FOR THE PERIOD ENDING 30<sup>th</sup> SEPTEMBER 2017**

This draft report presented for information the financial and business information to assess progress in delivering the Council's Business Plan. It was in draft form as it was not due to go forward to General Purposes Committee, the Committee for agreeing the recommendations, until later in the month.

The overall revenue budget position was showing a forecast year end pressure of £+4.8m, an increase of £38k on the forecast pressure reported in August. There had been increases in People and Communities offset by improvements forecast for Economy Transport and Environment (ETE), with the detail set out in section 3 of the report. The Capital programme was forecasting a balanced budget at year end.

In discussion issues raised included:

- Paragraph 3.2.2 People and Communities Learning Disability Partnership – a request for an explanation for the text stating that there has been an increased pressure of £317k from that reported in August. This was mainly due to the reduced slippage on staffing costs following the transformation of the service. It was also asked whether this had been built into the budget. It was explained that the restructuring had taken place in the current year and needed to reflect posts deleted or vacancies.
- Regarding the savings tracker, the Council was on track to deliver £27.6m of savings against the original Plan. Green rated savings totalled £21.7m exceeding the target for those initiatives.
- Page 209 Appendix 2 – Reserves and Provisions – There was a query regarding line 9 Commercial and Investment (C and I) under the heading 'Equipment Reserves' of the amount shown of £726K It was explained that the Education IT Service had just transferred and needed a new server replacement.
- A3 colour appendix page 219 A/R 6.205 'Children's Social Care support for young people with complex needs' with reference to the forecast commentary reading "Currently forecasting shortfall in 2017-18 due to delayed start of the hub but still forecasting ability to meet total savings over the next two year's" **Councillor Crawford requested additional information regarding the reasons for the delay with the hub which was part of the 'No Wrong Door approach'.**  
**Action**

**Democratic Services to request Sarah-Jane Smedmor provide the response**

It was resolved;

To note the report.

**56. AUDIT AND ACCOUNTS MINUTE ACTION LOG FOR NOVEMBER 2017 COMMITTEE MEETING**

**The Minute Action Log**

The following issues were raised in relation to issues in the Minutes and the Action Log:

- Page 21 Item 5 Integrated Resources and Performance Report – Children, Families and Adults – Basic Need Secondary – revised budget (for St Bedes school) - **Action request for an update on the insurance discussions to be sent to the Chairman outside the meeting** **Tom Kelly**
- Page 22 Corporate Risk Register - further response requested on what other funding options could there be if there was insufficient infrastructure funding – this related to the further response received on the definition of insufficient infrastructure funding – **This was to be actioned by Bob Menzies arranging a meeting with the Chairman.** **Bob Menzies**
- **Page 30. Audit and Accounts Training Plan – It was agreed that the session to take the Committee through the detail of a non- contentious project should be before the March meeting.** **M Kelly / Democratic Services to seek suitable room.**

**It was resolved:**

To note the Minutes Action log update.

**57. AUDIT AND ACCOUNTS FORWARD AGENDA PLAN**

In discussion the following changes were agreed:

- The Following update reports to the May 2018 Committee meeting:
  - Registration of Land Purchased for Highway Purposes
  - Social Care Case Loads
- Removing FACT from the January meeting. A special meeting to be called.
- The Workforce Strategy to be taken off the next agenda as the draft was to be shared with the Chairman before being presented to the January General Purposes Committee and February Council meetings.



- The following update reports to go to the March meeting:
  - Transformation Fund
  - Safer Recruitment
- Progress Reports on preparing for the 2017-18 Closedown to be added to the January and March Committee meetings.

The Forward Plan with the above changes was noted.

**58. DATE OF NEXT MEETING – 2.00 P.M. 23<sup>rd</sup> JANUARY 2018**

Chairman  
23<sup>rd</sup> January  
2018



**AUDIT AND ACCOUNTS COMMITTEE MINUTES ACTION LOG FOR JANUARY 2018 COMMITTEE MEETING**

<b><u>NO</u></b>	<b><u>TITLE OF REPORT / MINUTE AND ACTION REQUESTED</u></b>	<b><u>LEAD</u></b>	<b><u>PROGRESS / RESPONSE</u></b>
<b>ACTIONS ARISING FROM THE MINUTES OF THE 7<sup>th</sup> JUNE MEETING 2016 COMMITTEE MEETING</b>			
<b>1.</b>	<b>MINUTE 214 - ISA 260 UPDATE REPORT - REGISTRATION OF LAND PURCHASED FOR HIGHWAYS PURPOSES</b>		
	There was a request for a six month progress update on the 18 month project to register all 6,000 parcels of land purchased for highways schemes with the Land Registry.	<b>Mike Atkins / Camilla Haggett (re-Rhodes)</b>	A report was presented to the 24 <sup>th</sup> January 2017 Committee meeting with an update to the July and November Committees. A further report has been scheduled for the May 2018 meeting  <b>Action ongoing</b>
<b>ACTIONS ARISING FROM THE MINUTES OF THE JULY 2016 COMMITTEE MEETING</b>			
<b>2.</b>	<b>MINUTE 226. MINUTES</b>		
	<b>Minute 213 'Systems in place to ensure that Section 106 Funds do not go unspent'</b> - The Committee at its September 2016 meeting agreed the following approach: <ul style="list-style-type: none"><li>Funds being applied against applicable expenditures,</li></ul>		An e-mail update was sent to the Chairman on 3 <sup>rd</sup> March 2017 stating that all the previously identified expired S106 receipts had been applied against eligible expenditure except £59K from Sidgwick Avenue as discussions were still on-going with the University as to how to use this. At that time no further S106 receipts had expired without having been being used.

	<ul style="list-style-type: none"> <li>undergoing discussions with a respective developer as to alternative possible uses for the funds, and if agreement was not possible, the funds being repaid.</li> <li>that where there were any exceptions / negotiations requiring monies to be returned, the Committee should be provided with details, either via an email or a report. <b>As an update, the November 2016 Committee meeting agreed that the updates should be provided on a six monthly basis.</b></li> </ul>	Originally S Heywood / now Tom Kelly	<p>The further six monthly update was provided to the Chairman in September 2017 identifying that no monies had been required to be returned to developers. <b>Next update due in March 2018. (Action: Tom Kelly)</b></p> <p><b>ACTION ONGOING</b></p>
<b>ACTIONS ARISING FROM THE MINUTES OF THE 29<sup>th</sup> NOVEMBER 2016 COMMITTEE MEETING</b>			
<b>3.</b>	<b>MINUTE 261 – CAMBRIDGESHIRE COUNCIL WORKFORCE STRATEGY UPDATE</b>		
	There was a request that once implemented, there should be a regular quarterly report on the Action Plan progress.	<b>Martin Cox / Lynsey Fulcher</b>	<p>An update report with the Draft Strategy was included on the May 2017 Committee agenda. As a result of the comments made the report did not go forward to General Purposes Committee (GPC) in June or to full Council in July as Strategic Management Team (SMT) deemed more work was required. At the November 2017 meeting it was reported as an update that the expectation was that a report would be presented to the January GPC Committee and February 2018 Council meetings.</p> <p>There has however now been further slippage as a result of SMT requiring that the staff survey and its results should be published first. The services action plans arising for the Survey are currently being prepared and actions from them would then need to be added</p>

			<p>to the Strategy. It was not now expected that the final Strategy would be in a position to be finalised for several more months.</p> <p>The main report lead Lynsey Fulcher had agreed in December to meet with the Chairman early in the New Year to arrange a suitable dates to discuss a draft.</p> <p><b>ACTION ONGOING</b></p>
4.	<p><b>MINUTE 264. INTEGRATED RESOURCES AND PERFORMANCE REPORT TO END OF AUGUST 2016 - Children Families and Adults – Basic Need Secondary –</b> reading “a +£1.3m in-year overspend is forecast. This is a movement of +£1.8m on the position reported last month and has been caused by accelerated spend on the St Bede’s program, which is part of the Cambridge City 3 form entry scheme. This has arisen due to works commencing earlier than anticipated to accommodate the fire damage sustained at the (St Bede’s) school. A revised budget for the project will be known in September 2016, which will include funding from the loss adjuster”. <b>There was a request from the Chairman for an update as the above date had passed.</b></p>	<p><b>S Heywood / T Kelly</b></p>	<p>An initial update response sent to the Chairman in January 2016 explained that the insurance claim discussions were ongoing. The final figure to be dependent on the level of fees the insurance company would be prepared to fund. A further update was provided on 7<sup>th</sup> March 2017 indicating that the final figure was not likely to be known until “well into the next financial year”.</p> <p>An e-mail update was sent to the Chairman on 22<sup>nd</sup> December 2017. This provided details of the total agreed claim for the fire reinstatement works and confirmation that the insurer would be paying the full amount (for the works, but also all the project fees) with the figures reflected in the Council’s financial monitoring information.</p> <p><b>ACTION COMPLETED.</b></p>

<b>ACTIONS ARISING FROM THE MINUTES OF THE 30<sup>th</sup> MAY 2017 COMMITTEE MEETING</b>			
5.	<p><b>Page 28 Item 10 Minute 287 Audit and Accounts Minute Action Log a) - Risk 9 on Corporate Risk Register - Further response on definition of what would represent sufficient Infrastructure Funding</b> - On the response provided and the wording at the end of the response reading “.... This risk reflects the fact that there is a significant chance that over time, the available funding will not be sufficient to meet all stated needs”</p> <p><b>A further response was requested outside of the meeting to the Chairman regarding if there was insufficient funding what other funding options could there be.</b></p>	<p>Tom Kelly /Tom Barden</p>	<p>A meeting was finally able to take took place between Councillor Shellens and Bob Menzies in early December where the Chairman enquired regarding the infrastructure projects not being delivered due to their not being sufficient funds, and what the shortfall was. In response, The Chairman was provided with information regarding the Local Transport Plan and the Transport Investment Plan, that showed the projects the officers wished to undertake, explaining that the list was not fixed, with new infrastructure requirements continuing to come forward.</p> <p><b>ACTION COMPLETED</b></p>
<b>ACTIONS ARISING FROM THE MINUTES OF THE 21<sup>st</sup> NOVEMBER 2017 COMMITTEE MEETING</b>			
6.	<b>MINUTE 45 REGISTRATION OF LAND PURCHASED FOR HIGHWAY PURPOSES</b>		
	RVS to add to agenda plan	<p>Rob Sander Son (RVS)</p>	<p>Added.</p> <p><b>ACTION COMPLETED</b></p>

7.	<b>MINUTE 46 - SAFER RECRUITMENT IN SCHOOLS UPDATE</b>		
	<p>On being informed that schools run by Government appointed trusts were currently exempt from Local Authority (LA) safeguarding inspections unless invited in, <b>In a discussion on whether representations should be made to the Secretary of State to require such audits, Councillor Williams undertook to raise the issue with the Executive Director of People and Communities. Action.</b></p>		<p>In a response to Councillor Williams dated 29<sup>th</sup> December Wendi Ogle-Welbourn replied stating “<i>We do not have any powers to inspect safeguarding in schools - be it maintained or academy. We can ask to undertake reviews and I believe in maintained schools we can insist upon accessing the provision to undertake a review. The legislation says - Paragraph 60 of the Department of Education’s statutory guidance on safeguarding : Governing bodies and proprietors of all schools and colleges should ensure that their safeguarding arrangements take into account the procedures and practice of the Local Authority (LA) as part of the inter-agency safeguarding procedures set up by the local safeguarding children board (LSCB).</i></p> <p><i>The children act says – “Local Authorities (Las) are required to provide services for children in need for the purposes of safeguarding and promoting their welfare. Concerns around safeguarding can be referred to the Regional Schools Commissioner or the Office for Standards in Education, Children's Services and Skills (Ofsted) who may refer back to the LA to review (this is where we can make enquires) but not do inspections.</i></p> <p><i>I am clear that the governing bodies/Trusts are responsible for safeguarding in schools and the local authority should be advisers only and only when Ofsted ask us to intervene should we do so”.</i></p> <p><b>ACTION COMPLETED</b></p>

8.	<b>MINUTE 47. CHILDREN'S SOCIAL CARE-LOADS UPDATE</b>		
	a) There was a request that lines on graphs in future should be in a format which would be distinguishable when printed in black and white. (e.g. using different symbols on different lines).	<b>SJ Smedmor / Lou Williams</b>	<p>It was confirmed that graphs would be produced in future reports more in line with those already produced for the Finance and Performance Reports.</p> <p><b>Action ongoing</b> as the next update report as requested at the November meeting was not now due until May.</p>
	b) The Chairman asked for a progress update to be sent to the Committee regarding the retention level of the 47 recently appointed social workers.	<b>SJ Smedmor / Lou Williams to action</b>	<p>A response was sent to the Chairman with the update information on 9<sup>th</sup> January. It is included as <b>appendix 2</b> to this report.</p> <p><b>ACTION COMPLETED</b></p>
9.	<b>MINUTE 48. CAMBRIDGESHIRE MUSIC – RECRUITMENT PROBLEMS UPDATE</b>		



	<p>The Head of the Music Service reported that progress had been slow which was further hindered by the delay in the introduction of ERP Gold. The Committee's view was that a streamlining process was needed to allow the manager to manage within the budget, as the additional recruitment of music teachers paid for itself through the fees charged. <b>The Deputy Section 151 Officer agreed to investigate further and provide a clarification response.</b></p>	<p><b>Tom Kelly</b></p>	<p>An email response was sent on 22nd December to the Chairman and to Councillor Hudson which updated the position on the reported delays in being able to advertise vacant posts at Cambridgeshire Music as follows:</p> <p>Reviewing the process to get from <b>A</b> [a manager deciding to recruit] to <b>B</b> [seeing a post as open on <a href="https://www.publicsectorjobseast.co.uk/">https://www.publicsectorjobseast.co.uk/</a> ], have confirmed that:</p> <ol style="list-style-type: none"> <li>1. Managers are reminded to have finance and director sign-off before recruiting by the recruitment system, however the website does not enforce this before publishing*</li> <li>2. However, in order to recruit, managers must have a vacancy within the establishment (this is the list of agreed posts held by the system).</li> </ol> <p>*the establishment control process was reformed earlier in 2017 to be lighter touch - putting the onus onto managers to have got sign-off rather than insisting on sign-off being evidenced.</p> <p>With this in mind I have suggested to Matthew, Wendi and Cambridgeshire Music that:</p> <ul style="list-style-type: none"> <li>• there is already pre-agreed standing financial sign-off for posts within Cambridgeshire Music that generate a surplus above their cost.</li> <li>• that Wendi (as Executive Director) similarly delegates a standing sign-off for Cambridgeshire Music posts that generate a surplus above their costs (and that Cambridgeshire Music will obtain this in individual cases ahead of a job offer being made rather than ahead of launching a recruitment)</li> </ul>
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			<ul style="list-style-type: none"> <li>that Cambridgeshire Music create flexibility in their 'establishment' (i.e. extra posts are listed on the system) so that they always have "empty" posts ready to use on the recruitment system at the right time.</li> </ul> <p>We know that some teams within the Council are getting vacancies listed online within a matter of hours, so there isn't an insurmountable issue with the recruitment website.</p> <p>Additionally People and Communities are making permanent and investment of ~£85k in the proposed Business Plan for next year in a small team of recruitment support advisors to help smooth this process for individual managers.</p> <p>Taken together, I think having pre-agreed posts ready should significantly reduce any delays Cambridgeshire Music are currently experiencing in being able to recruit.</p> <p>Let me know if you would like to talk this through further.</p> <p>Many thanks</p> <p>Tom Kelly Head of Finance LGSS – Cambridgeshire County Council 01223 703599</p>
10.	<b>MINUTE 49 - ANNUAL EXTERNAL AUDIT LETTER</b>		
	a) It was clarified that all material misstatements identified had been rectified by the accounts sign off date. <b>As this was not specially stated in the Executive Summary it was requested that in future years this</b>		

	<b>type of information should be included</b> in future letters.	<b>L Clampin BDO</b>	External Audit agreed to make this change in future letters.  This action would be monitored for compliance in September 207  <b>ACTION ONGOING</b>
	a) Page 64 bullet 4 regarding audit differences which remained uncorrected. The <b>Chairman requested Finance provide more details of the line reading £710,000 arising from unadjusted misstatements identified in the prior period in relation to the accounts.</b>	<b>T Kelly</b>	          <b>ACTION ONGOING</b>
<b>11.</b>	<b>MINUTE 50 - FINAL ISA 260 AUDIT COMPLETION REPORT</b>		
	a) Regarding Appendix II Recommendations and Action Plan and particularly pages 105-106 <b>Action there was a request for an update to be provided by the next meeting on the status of the management responses where the timeframe was completion by December or before.</b>	<b>Tom Kelly</b>	          <b>ACTION ONGOING</b>
	b) Pages 114 the Chairman highlighted an example of a very long sentence with over 100 words and <b>asked that in future External Audit should avoid using such long sentences.</b>	<b>BDO to take account in all future reports.</b>	To be monitored.  <b>ACTION ONGOING</b>

<b>12.</b>	<b>MINUTE 51 - FINAL ISA 260 REPORT – PENSION FUND AUDIT</b>		
	<b>The Vice- Chairman queried why the Pension Fund report went to the Pensions Committee but the Pensions accounts only went to Audit and Accounts Committee.</b> It was explained that this was in line with national requirements but that a more detailed explanation would be provided outside of the meeting.	<b>Tom Kelly</b>	A response was provided to the Vice Chairman on 23 <sup>rd</sup> November with the text included in Appendix 2 to this Action Log.  <b>ACTION COMPLETED</b>
<b>13.</b>	<b>MINUTE 52 - PREPARING FOR THE 2017-18 CLOSEDOWN</b>		
	To receive updates on progress to future meetings.	<b>RVS</b>	Update reports were added as items to both the January and March 2018 meetings on the agenda plan.
<b>14.</b>	<b>MINUTE 53 - TRANSFORMATION FUND MONITORING REPORT Q2 2017-18</b>		
	a) Some concerns were expressed regarding the number of layers of management included in the new People and Communities Directorate and whether this could be detrimental to economy efficiency and effectiveness in delivering front line services. In discussion, the Head of Internal Audit suggested that Human Resources should be asked to provide a briefing note in	<b>RVS contact</b>	A request was made to Human Resources (HR) for a briefing paper to be provided. This is still in the process of being actioned.  <b>ACTION ONGOING</b>

	the context of overall Council structures. If the Committee still had concerns then Internal Audit could investigate further. <b>Democratic Services contact HR</b>	<b>Janet Atkin</b>	
	b) To request a further update Report to the Committee's March meeting.	<b>RS add to Agenda Plan</b>	This has been added. <b>ACTION COMPLETED</b>
<b>15.</b>	<b>MINUTE 54 - INTERNAL AUDIT PROGRESS REPORT TO 31<sup>ST</sup> OCTOBER 2017</b>		
	a)		
	<p>a) Project Management Methodologies audit undertaken on the implementation of new project management methodologies at Cambridgeshire County Council (CCC) resulting in limited assurance being given.</p> <p>As this was already an area of specific concern to the Council <b>The Chairman requested an update on progress required to be included as a section in the next Internal Audit Progress report, including an update on the progress against the original recommendations.</b></p>	<b>M Kelly</b>	<p>An update section on Project Management is included in the Internal Audit Progress Report included on the agenda – see paragraph 5.1. The outstanding actions are reported as is the normal practice within the outstanding actions section of the same report. Internal Audit are currently monitoring the actions through their work with the Transformation Team.</p> <p><b>ACTION ONGOING</b></p>
	b) Appendix B - <b>updates requested for future meetings where target dates were not shown or had been passed. The Head of Internal Audit confirmed that updates would be included in the</b>		As always as part of their monitoring, Internal Audit continue to seek updates. However in the report included on the agenda Members will note that there are a substantial number of actions shown as needing an update. This is due partially to the Christmas break and the number of staff within the Council taking the opportunity to take extended leave which has reduced response

	<b>next Internal Audit Progress report which was standard practice. Action</b>	<b>M Kelly</b>	rates. However more importantly, Internal Audit usually take a progress report to Strategic Management Team (SMT) the week before the report is submitted for inclusion in the Audit and Accounts Committee agenda. This allows members of SMT to see the outstanding actions in their area and send reminders to their staff to respond. However this month SMT was pushed back to Thursday 11 <sup>th</sup> January and therefore there had not been the opportunity for review by SMT in advance of the preparation of the Internal Audit Progress Report.
<b>16.</b>	<b>MINUTE 55 - INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 30<sup>th</sup> SEPTEMBER 2017</b>		
	A3 colour appendix page 219 A/R 6.205 'Children's Social Care support for young people with complex needs' with reference to the forecast commentary reading "Currently forecasting shortfall in 2017-18 due to delayed start of the hub but still forecasting ability to meet total savings over the next two year's" <b>Councillor Crawford requested additional information regarding the reasons for the delay with the Hub previously known as the 'No Wrong Door approach'. Action</b>	<b>RVS contact Sarah-Jane Smedmor</b>	Democratic Services passed on in an e-mail to Cllr Crawford dated 9 <sup>th</sup> January information on the Hub (formerly the 'No Wrong Door approach') that had been prepared previously to update Children's Service Committee members.  <b>ACTION COMPLETED</b>

### Children's Social Care Retention Level of the section 47 Recently Appointed Social Workers - Arrangements for Retaining 47 Recently Appointed Social Workers

This is a brief summary of recruitment and retention of social workers following a request by Members to track the retention of 47 workers hired over the summer of 2017. We have sourced information from Human Resources (HR) and our recruitment teams. For context, on 30 September 2016, there were 389 registered social work posts (full and part-time) in Cambridgeshire and we had 30 vacancies (24 filled by agency workers). From 30 Sept 2015 to 30 Sept 2016, we had a 13% turnover rate, which was amongst the lowest for the region and statistical neighbours, and less than the national average of 15%. We are awaiting the publishing of 2017 national statistics shortly.

We have focused on the recruitment of qualified social workers only, not other workers based in Children's Services (which could include psychologists, clinicians, family workers, etc.). In this case, there were 26 social workers recruited between 1<sup>st</sup> May 2017 and 30<sup>th</sup> September 2017, and including all levels of qualified workers – Consultant Social Workers, Senior Social Workers, Social Workers and Newly Qualified Social Workers in their ASYE year. *Note: The **Assessed and Supported Year in Employment (ASYE)**. social worker is a 12 month programme for assessing newly qualified social workers (NQSWs). It supports the NQSW during their first year in employment, helping them to develop their skills, knowledge and professional confidence.* Of this cohort, 2 social workers left – one ASYE realised they could not manage the work and family commitments and one worker had transferred from a different discipline and felt that work with safeguarding children was not what they wished to continue doing.

However, given this does not represent 47 members of staff, we extended the parameters from 1 May 2017 to 31 December 2017. This gave a list of 33 new starters, but still only 2 leavers, which represents 6% of the new recruits making different career choices.

To try and further understand where the number of 47 new hires had been arrived at, we looked at new hires of social workers (main grade social workers, not Consultant and Senior social workers) across Children's and Adults services, which represents 47 workers. Again, only two of these have left – one from Adults and one from Children's (noted above).

As noted above, staff turnover is a rolling programme, and we will need to have the entire years' worth of data to fully assess if this is a trend or not. However, given a turnover of 13% last year, 6% would appear to be roughly commensurate with last year. Importantly, the anecdotal reasons for the two people leaving appear to be about individuals making career choices for themselves and their situations, rather than any other reason.

**RESPONSE TO QUERY FROM THE VICE- CHAIRMAN ON WHY THE PENSION FUND REPORT WENT TO THE PENSIONS COMMITTEE BUT THE PENSIONS ACCOUNTS ONLY WENT TO AUDIT AND ACCOUNTS COMMITTEE.**

Dear Councillor Rogers

This is an issue that causes confusion.

- 1 The County Council Audit & Accounts Committee are responsible for the approval of the pension fund Statement of Accounts which form part of the County Council Accounts (as an Appendix) and are covered by the Audit Opinion on the County Council.
- 2 The separate pension fund document incorporates the Statement of Accounts (above) together with a more narrative Annual Report.
- 3 The Auditors provide a report stating that the Statement of Accounts is consistent with the CCC accounts.
- 4 Pension Committee approval:
  - a. The Pension Committee receive a copy of the full document and a covering report at its “Annual Meeting” at the end of July. However, the Pension Committee are only responsible for the approval of the Annual Report.
  - b. Approval is given on the draft Annual Report with a delegation to the Chairman of the Pensions Committee to approve any subsequent minor changes arising from the finalisation of the BDO audit.
  - c. A tracked changes version of the whole document was sent to Cllr Hickford (cc Cllr Rogers) on 24 October 2017 for approval and his sign-off on the Annual Report was received on 3 November 2017.
- 5 The s151 Officer signs the Introduction to the full document and the Statement of Responsibility.
- 6 For completeness please note that the Auditors signed report was received last Thursday, 16 November, and the Annual Report & Statement of Accounts will be published before the 1 December deadline.

Let me know if you need anything else.

Regards

Richard Perry Pension Services Financial Manager



**CLOSEDOWN PROGRESS REPORT**

*To:* **Audit and Accounts Committee**

*Date:* **23<sup>rd</sup> January 2018**

*From:* **Martin Savage - Group Accountant Closedown**

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

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

*Purpose:* **This report is to provide the Committee with an update on progress on Closedown and the production of the accounts for 2017-18.**

**The report includes an update on the implications of the forthcoming changes to the statutory deadlines for the production of the accounts in place for the 2017-18**

*Recommendation:* **The Committee is asked to note the report.**

<b><i>Officer contact:</i></b>	
Name:	Martin Savage
Post:	Group Accountant
Email:	msavage@northamptonshire.gov.uk
Tel:	01604 326705

## 1. INTRODUCTION

- 1.1 This report is to provide the Committee with an update on the production of the 2017-18 Statement of Accounts and the interim audit. Details of the changes required by the 2017-18 CIPFA Code of Practice are also included.
- 1.2 As outlined in the Audit and Accounts Regulations 2015, the production of the draft 2017-18 Statement of Accounts are now required to be published by 31<sup>st</sup> May and the final audited accounts to be published by 31<sup>st</sup> July. This is a reduction of one month and two months respectively, as the previous deadlines were for the draft accounts to be published by 30<sup>th</sup> June, with the final audited accounts to be published by 30<sup>th</sup> September.

## 2. PLANNING FOR THE 2017-18 YEAR END CLOSEDOWN

- 2.1 In order to achieve the earlier closure, a number of changes have been to our closedown planning as set out below.
- 2.2 **Revised Closedown timetable.** The Authority operates a year end timetable for the production of the accounts. This comprises several hundred tasks which are assigned to particular individuals and teams to enable the accounts to be produced. This timetable has been overhauled and revised to take account of the reduced timescales. Some items which are usually undertaken after year end are now due to be undertaken prior to year end. This may necessitate an increased use of estimates (see paragraph 2.4) in some instances.
- 2.3 **Budget Holder Guidance** An intranet site has been created to provide supporting information to budget managers, with guidance notes prepared that will be circulated to budget managers in February which will provide a simple list of instructions outlining the tasks that are required to be completed (with deadlines highlighted)
- 2.4 **Use of estimates.** With less time available between the end of the financial year and the point at which the draft accounts need to be published it will be necessary to begin the production of the accounts ahead of year end. This will mean that some items will need to be estimated, as there will not be time available to wait for final actuals to be confirmed. The Authority will need to make appropriate judgements over any estimates used, and the judgements taken will need to be disclosed within the accounts. The areas where the use of informed estimates are likely to be used (subject to approval from External Audit) are Schools returns, internal recharges and Social Care Payments. A definitive list will be brought to the audit committee on the 27<sup>th</sup> March.
- 2.5 **Interim Audit.** One key component of the plan is that the interim audit will be more productive, reducing the amount of audit work taking place in June/July. Further information on the interim audit is provided in Section 3.

- 2.6 **Resources.** The resources in the integrated closedown team have been reviewed with additional resources being identified to support the 2017-18 closure. Further details are provided in Section 6.

### **3. INTERIM AUDIT 2017-18**

- 3.1 As in previous years, the external auditors will be undertaking an interim audit of the Authority's financial statements. This will take place in two blocks, with the first starting on the 15<sup>th</sup> January and ending on the 2<sup>nd</sup> February. The second block is due to start on the 26<sup>th</sup> February and end at the end of March.
- 3.2 This represents a significant additional amount of external audit work that will take place before the end of the financial year and represents an improvement on previous years. One example of this is that the audit of the 1<sup>st</sup> April property revaluations will take place during the interim audit, which removes one potential bottleneck during the final audit.
- 3.3 BDO have provided the Authority with a list of working papers and documents that they wish to inspect during the interim audit. Areas to be reviewed during the interim audit include systems walkthroughs of areas such as payroll, accounts payable and accounts receivable; substantive testing of fixed assets, and income and expenditure testing. A verbal update on the progress on the interim audit will be provided to the Committee at the meeting, with BDO also due to provide feedback to the Committee either at or before the meeting due to take place on the 27<sup>th</sup> March.
- 3.4 The Authority has also requested formal feedback from BDO at the conclusion of the interim audit to identify any risk areas that may be identified or areas that may need to be improved for the final audit.

### **4. CAMBRIDGESHIRE HOUSING AND INVESTMENT COMPANY (CHIC)**

- 4.1 During the planning meeting with BDO, one area of discussion has been to agree the appropriate accounting treatment for Cambridgeshire Housing and Investment Company (CHIC), a 100% owned subsidiary of the Council.
- 4.2 2017-18 will be the first financial year that the Cambridgeshire County Council accounts will include disclosures relating to CHIC. In addition the Council is in the process of assessing whether Group Accounts to incorporate CHIC into the Council's accounts will be required. This work is currently ongoing.
- 4.3 It is expected that CHIC will be featured prominently within the accounts, with the reader of the accounts able to understand how the company operates, how it interacts with CCC and also its key risks.

## 5. UPDATE ON PROGRESS

- 5.1 As a key part of the plan to achieve the earlier closure timescales involves completing tasks earlier - below is a list of tasks that have already been completed.
- 5.2 **Valuations.** The valuations for the 1<sup>st</sup> April Revaluations have been received in December, which allows them to be processed now rather than in April as was the practice in 2016-17.
- 5.3 **Pensions.** The Pensions accounting team have received the information requested well ahead of the deadline to ensure that the information required to complete the accounts at the earliest opportunity will be received.
- 5.4 **Schools Payroll.** EPM have been contacted and the Council has had frequent dialogue to ensure that the information needed from them for both the interim and final audit is received in good time. The dialogue with EPM is much more collaborative than in previous years, which provides some confidence that the issues experienced in previous years will not be repeated.
- 5.5 **PFI Accounting.** The PFI notes to the accounts have been completed and the working papers produced, having previously been completed in May last year.
- 5.6 **Officers Remuneration.** A key disclosure note to the accounts has been drafted and is being reviewed internally prior to being shared with BDO at the interim audit.
- 5.7 **Risk Areas.** As outlined in section 4.1, the Council has been regularly liaising with BDO over issues that require judgements to be made, to ensure that BDO can audit the Council's approach throughout the process, and not just at the end of the process. Whilst this will always be an ongoing process, an update will be brought as to how the audit of the key risk areas are going as part of the update to the 27<sup>th</sup> March Committee.

## 6. UPDATE ON RESOURCES

- 6.1 One area that has been identified as a potential risk to achieving the reduced timescales has been the lack of resilience due to the reliance on key individuals in order to meet the majority of key closedown deadlines.
- 6.2 Following the conclusion of the 2016-17 Statement of Accounts the Closedown Accountant in the team changed roles creating a vacancy in the closedown team. Shortly before Christmas, a replacement was successfully recruited to the closedown accountant role which is based in Cambridge. The successful candidate brings specific year end experience in the public sector and will be able to hit the ground running. This brings the Integrated Closedown team back up to full strength.
- 6.3 In addition to this recent recruitment, additional one off funding of £29k has been identified by the Council to support the earlier closure of accounts. This funding will be used to bring in some additional interim support to facilitate the changes required to achieve the new deadlines. Recruitment Agencies have been contacted and to bring this resource in as soon as possible.

- 6.4 The Cambridgeshire Finance team also has a number of finance graduate trainees and it has been agreed that a trainee will also be made available to support the closedown processes at the required time.
- 6.5 As a result there are additional resources beyond those that were available during 2016-17. However, close management of the team and quality assurance / review of the team's output will be required as the team members are either new to the Council or new to closedown work.

## **7. ALIGNMENT WITH CORPORATE PRIORITIES**

### **7.1 Developing the local economy for the benefit of all**

There are no significant implications for this priority.

### **7.2 Helping people live healthy and independent lives**

There are no significant implications for this priority.

### **7.3 Supporting and protecting vulnerable people**

There are no significant implications for this priority.

## **8. SIGNIFICANT IMPLICATIONS**

### **8.1 Resource Implications**

There are no significant implications within this category.

### **8.2 Statutory, Risk and Legal Implications**

There are no significant implications within this category.

### **8.3 Equality and Diversity Implications**

There are no significant implications within this category.

### **8.4 Engagement and Consultation Implications**

There are no significant implications within this category.

### **8.5 Localism and Local Member Involvement**

There are no significant implications within this category.

### **8.6 Public Health Implications**

There are no significant implications within this category.



**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING  
30<sup>TH</sup> NOVEMBER 2017**

**To:** Audit & Accounts Committee

**Date:** 23<sup>rd</sup> January 2018

**From:** Chief Finance Officer

**Electoral division(s):** All

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

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

**Recommendations:** The committee is asked to note the following recommendations to General Purposes Committee on 23<sup>rd</sup> January 2018:

- a) Analyse resources and performance information and note any remedial action currently being taken and consider if any further remedial action is required.
- b) Note the changes to capital funding requirements as set out in Section 6.7.
- c) Approve an additional £197k of prudential borrowing in 2017/18 for County Farms Investment projects, as set out in section 6.8.
- d) Note the transfers in revenue budget responsibility and reporting as set out in section 7.2.

<b><i>Officer contact:</i></b>		<b><i>Member contacts:</i></b>	
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chair
Email:	<a href="mailto:Tom.Kelly@cambridgeshire.gov.uk">Tom.Kelly@cambridgeshire.gov.uk</a>	Email:	<a href="mailto:Steve.Count@cambridgeshire.gov.uk">Steve.Count@cambridgeshire.gov.uk</a> <a href="mailto:Roger.Hickford@cambridgeshire.gov.uk">Roger.Hickford@cambridgeshire.gov.uk</a>
Tel:	01223 703599	Tel:	01223 706398

## **1. PURPOSE**

- 1.1 To present financial and performance information to assess progress in delivering the Council's Business Plan. *Please note that the tracker appendix does not appear as it is only produced for General Purposes Committee on a quarterly basis. The report is headed up in draft form as it will be received by General Purposes Committee the same day.*

## **2. OVERVIEW**

- 2.1 The following summary provides a snapshot of the Authority's performance against its indicators around outcomes, its forecast financial position at year-end and its key activity data for care budgets.

DRAFT

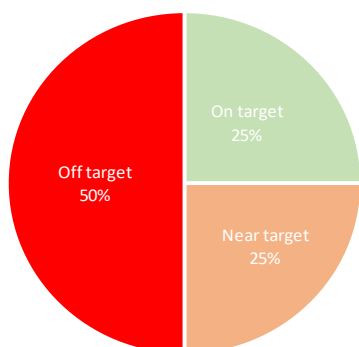


Data available as at: 30 November 2017

## Outcomes

87 indicators about outcomes are monitored by service committees  
They have been grouped by outcome area and their status is shown below

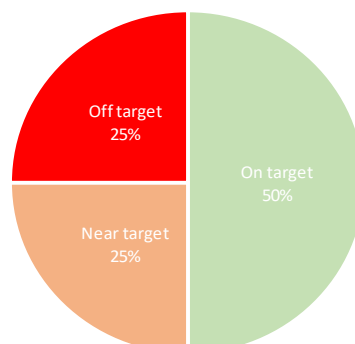
### Older people live well independently



Stayed the same

4 indicators

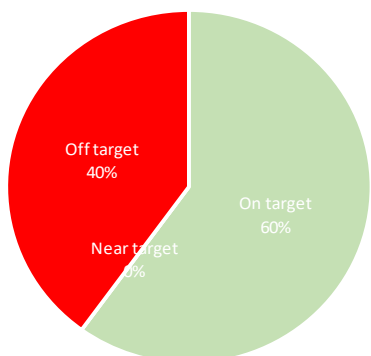
### People with disabilities live well independently



Stayed the same

4 indicators

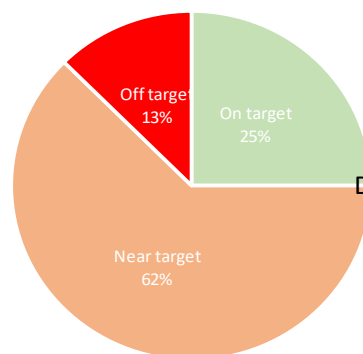
### Adults and children are kept safe



Stayed the same

6 indicators, 1 of which do not have targets

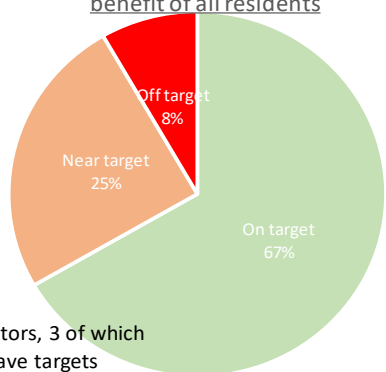
### People live in a safe environment



Decreasing

12 indicators, 4 of which do not have targets

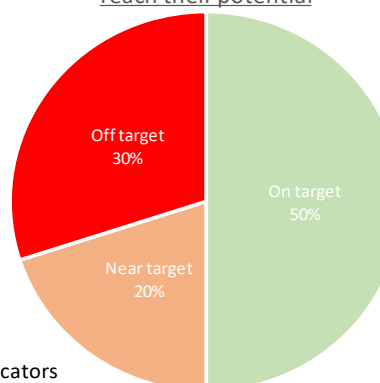
### The Cambridgeshire economy prospers to the benefit of all residents



Increasing

15 indicators, 3 of which do not have targets

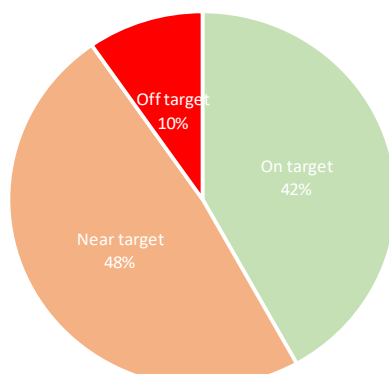
### Places that work with children help them to reach their potential



Stayed the same

10 indicators

### People lead a healthy lifestyle and stay healthy for longer



Increasing

34 indicators, 3 of which do not have targets

Our Transformation Programme is on track	Sustain a high performing, talented, engaged and resilient workforce
<p>24 Early ideas ↑</p> <p>113 Business cases in development ↑</p> <p>24 Projects being implemented ↓</p> <p>Transformation Fund:</p> <p>14 projects rated Green</p> <p>4 rated Amber (reflecting some need to re-phase savings)</p> <p>3 rated Red (risk of non-delivery of savings or benefits)</p>	<p>As of the end of November 2017 we had lost 6.62 days on average per staff member to sickness during the last 12 months.</p>

## Finance and Risk

### Revenue budget forecast

+£4.2m (1.2%)  
variance at end of  
year

RED

This is a £0.02m  
improvement  
since last  
month.

### Capital programme forecast

£0 (0%) variance at  
end of year

GREEN

Residual risk score	Green	Amber	Red
Number of risks	0	9	1

\*Latest Review: October 2017

## Number of service users supported by key care budgets

### Older people aged 65+ receiving long term services

	Nov-17	Trend since Apr-17
Nursing	461	Stayed the same
Residential	870	Increasing
Community	2401	Increasing

### Adults aged 18+ open to disability services receiving long term services

	Nov-17	Trend since Apr-17
Nursing	25	Stayed the same
Residential	320	Increasing
Community	1929	Increasing

### Children open to social care

	Nov-17	Trend since Apr-17
Looked after children	701	Increasing
Child protection	538	Decreasing
Children in need*	2163	Increasing

\*Number of open cases in Children's Social Care (minus looked after children and child protection)

## Public Engagement

	Nov-17	Trend since Aug-17
Contact Centre Engagement	13,123 Phone Calls 4,550 Other	Decreasing Stayed the same
Website Engagement (cambridgeshire.gov.uk)	138,792 Users 215,338 Sessions	Decreasing Decreasing

The number of service users is a key indicator of the demand for care budgets in social care, information about the contacts with the public across web and phone channels is a key indicator of both service delivery and transformation.

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end pressure of +£4.2m (+1.2%), a decrease of £21k on the forecast pressure reported in October; there have been increases in People and Communities (P&C), offset by improvements in the forecast for Funding items. See section 3 for details.
- The Capital Programme is forecasting a balanced budget at year end. This includes use of £13.4m (49%) of the capital programme variations budget. See section 6 for details.

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### 3. REVENUE BUDGET

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

#### Key to abbreviations

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

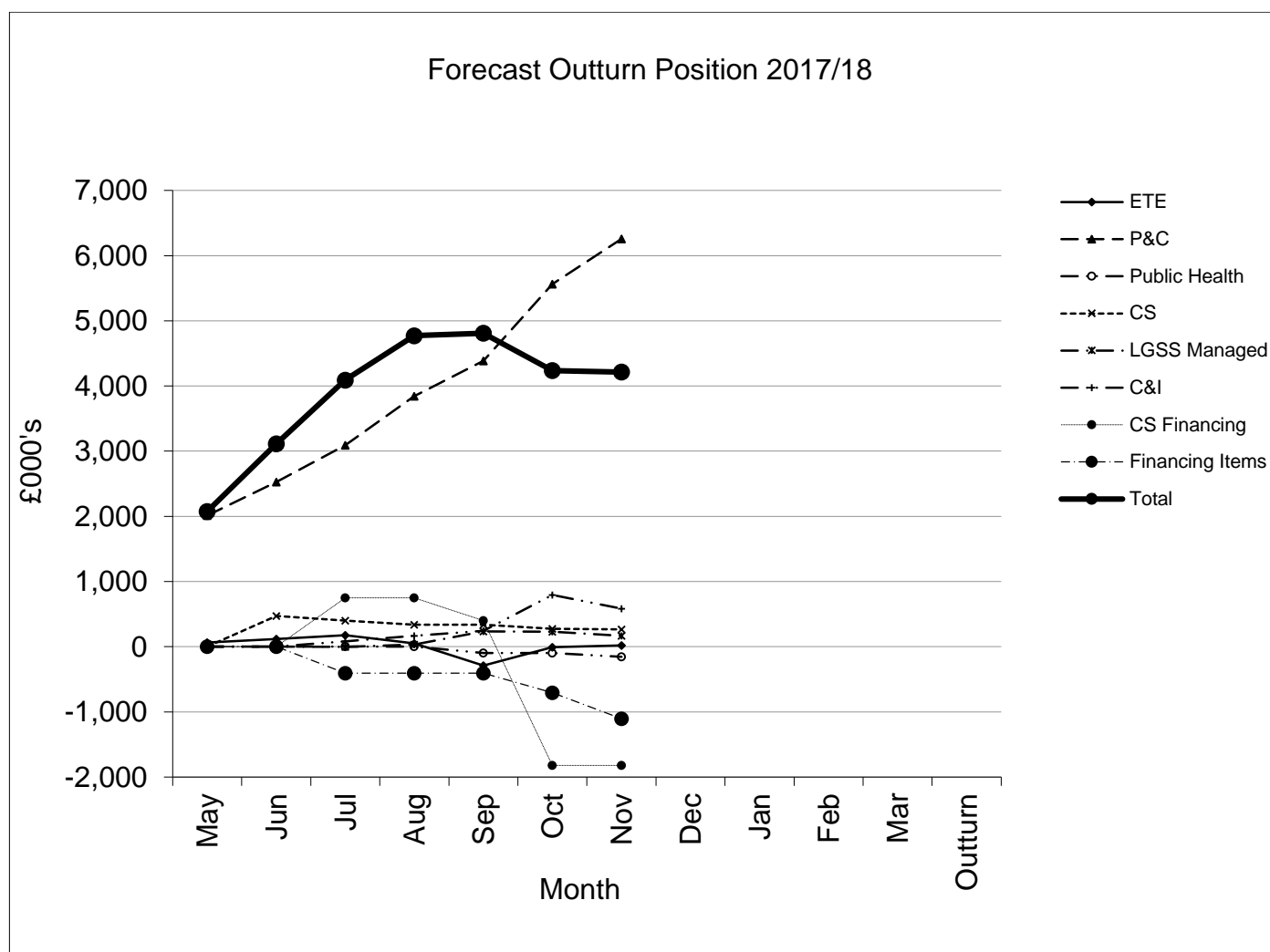
Original Budget as per Business Plan £000	Service	Current Budget for 2017/18 £000	Forecast Variance (October) £000	Forecast Variance (November) £000	Forecast Variance (November) %	Overall Status	DoT
38,682	ETE	40,423	-6	19	0.0%	Amber	↓
237,311	People & Communities	239,140	5,562	6,259	2.6%	Red	↓
200	Public Health	386	-96	-156	-40.4%	Green	↑
15,542	Corporate Services	4,762	276	266	5.6%	Amber	↑
6,500	LGSS Managed	13,724	232	168	1.2%	Amber	↑
2,702	Commercial & Investment	8	793	584	7300.0%	Amber	↑
22,803	CS Financing	24,227	-1,820	-1,820	-7.5%	Green	↔
<b>323,740</b>	<b>Service Net Spending</b>	<b>322,670</b>	<b>4,941</b>	<b>5,320</b>	<b>1.6%</b>	<b>Red</b>	<b>↓</b>
24,377	Funding Items	23,305	-705	-1,105	-4.7%	Green	↑
<b>348,117</b>	<b>Total Net Spending</b>	<b>345,975</b>	<b>4,236</b>	<b>4,215</b>	<b>1.2%</b>	<b>Red</b>	<b>↑</b>
	<b>Memorandum items:</b>						
7,746	LGSS Operational	9,488	189	71	0.7%	Amber	↑
212,873	Schools	212,873					
<b>568,736</b>	<b>Total Spending 2017/18</b>	<b>568,336</b>					

- <sup>1</sup> The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.
- <sup>2</sup> For budget virements between Services throughout the year, please see [Appendix 1](#).
- <sup>3</sup> The budget of £387k stated for Public Health is its cash limit. In addition to this, Public Health has a budget of £26.0m from ring-fenced public health grant, which makes up its gross budget.
- <sup>4</sup> The 'Funding Items' budget (previously been referred to as 'Financing Items') comprises the £23m Combined Authority Levy and the £384k Flood Authority Levy. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.

- 3.1.1 Although the position continues to be challenging, with looked after children numbers in particular reaching a high level (following the national trend), savings of £28.2m are on track against a target for 2017-18 of £33.4m, with additional 'funnel' savings that exceed business planning targets.
- 3.1.2 Across the Council, the strategic management team is directing a proactive response through financial management and transformation activity to address the predicted deficit.

The response to the pressures arising includes:

- increasing savings achievable from contractual efficiencies, as part of the rolling procurement review capability, now established and overseen by the Commercial Board.
- bringing forward savings, efficiencies and income maximisation identified for future years where this is possible on a department-by-department basis
- maximising grant income and retention with appropriate application to current pressures
- review of earmarked and held funds and releasing these where no longer required
- benefitting from opportunities for reduced cost or additional income through collaboration across partners.
- at the November General Purposes Committee meeting the Committee noted Peterborough City Council's request to the Chief Executive to explore delivery of further shared services with other local authorities to protect front line services and asked that these opportunities were also explored on behalf of Cambridgeshire County Council.



3.1.3 The Council has enhanced its financial reporting processes in recent months as the level of budgetary challenge has continued to increase. The outlook for demand services remains a risk as services prepare for the winter months - service management teams are planning responses that nonetheless improve the financial position in that context.

The Council has significant budget flexibility to respond to these risks and uncertainties. In addition to the measures already identified and listed in section 3.1.2, SMT has identified significant one-off mitigation in the following areas which will be released in a planned way to respond to and smooth resource needs in the remainder of the financial year, while delivering an improved outturn, compared to the pressures currently reported.

Grant and funding review	There is significant potential to re-prioritise grant funded activity, especially in response to Adults Services pressures as these emerge in winter at a local level, in collaboration with the NHS.  This is part of a planned approach across at least the next 2 years.
Balance sheet & financial provision review	There are opportunities to review and release funds previously held for specific risks or uncertainties that can be re-directed in the current context. This forms a regular and routine part of financial and management activity.
Commercial income	As the remit of the Commercial and Investment Committee widens, we view that there are opportunities for an improved position reported by traded and shared services in the remainder of the year.
Workforce	Vacancy and recruitment review activity will continue to forecast financial impacts and deploy existing workforce to key priorities.

3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** +£0.019m (-0.0%) pressure is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the ETE Finance & Performance Report.

3.2.2 **People & Communities:** +£6.259m (+2.6%) pressure is forecast at year-end.

**Due to the material overspend in Children's Services, the full narrative regarding those variances, provided to the CYP Committee is available in [Appendix 3](#) to this report.**

	£m	%
<ul style="list-style-type: none"><li><b>Looked After Children (LAC) Placements</b> – a +£2.7m pressure is forecast, which is an increase of £291k on the pressure previously reported in October. The increase is due to a combination of changes in placement fees (higher prices) and/or new placements (more placements) this month. One new high cost residential placement commissioned this month accounts for nearly half of this increase.</li></ul>		
External placement numbers (excluding unaccompanied asylum seeking children (UASC) but including 16+ and supported accommodation) at the end of November are 351, which is 3 more than reported at the end of October. However the composition of placement types and costs indicates that a small but significant number of children are in receipt of very intensive and costly packages of support which has increased since last month. The Access to Resources team are working with providers to ensure that support and cost matches need for all children. Actions being taken to address the forecast pressure are outlined in <a href="#">Appendix 3</a> .	+2.691	(+16%)
<ul style="list-style-type: none"><li><b>SEND Specialist Services (0 - 25 years), Out of School Tuition</b> – a +£600k pressure is forecast. In Children &amp; Safeguarding, the Out of School Tuition budget, which is forecasting a pressure of £600k, is now being reported within Children &amp; Safeguarding, SEND Specialist Services (0-25). This was previously reported within Commissioning in October. This budget is funded from the Dedicated Schools Grant (DSG) High Needs Block. It is the intention that any pressures on DSG funded services will be managed from within the overall available DSG for 2017/18.</li></ul>	+0.600	(+54%)
<ul style="list-style-type: none"><li><b>Mental Health Services</b> – a +£598k pressure is forecast for year-end across Adult Mental Health and Older People Mental Health. This is an increase of £327k on the pressure previously reported in July. This is due to continuing demand pressures for care home placements resulting in increased commitment levels. The impact of demand on savings delivery has been recognised in the forecast.</li></ul>	+0.598	(+5%)

- **Adoption** – a +£560k pressure is forecast for year-end. This is an increase of £260k on the pressure previously reported in May. This is due to an increase in Special Guardianship Orders (SGOs) over and above our growth forecasts. We have seen an increase of 15% (28 SGOs) so far in 2017/18 against a planned full year rise of 9%. The increase in Adoption and SGOs is a reflection of the good practice in making permanency plans for children outside of the looked after system and results in reduced costs in the placement budgets. +0.560 (+13%)

- **Children in Care** – a +£293k pressure is forecast. The 14- 25 Team 4 is forecasting a pressure of £150k. This is due to a forecast shortfall between the grant received from the Home Office for former looked after unaccompanied asylum seeking young people who are now over 18 and the costs incurred in supporting them. Cambridgeshire has seen an increase in the size of this cohort in this financial year as a number of looked after children (including those newly arrived in Cambridgeshire this year) have turned 18.

The Supervised Contact team is forecasting a pressure of £185k. This is due to the use of additional relief staff and external agencies to cover the current 204 Supervised Contact Cases which equate to approximately 140 supervised contact sessions a week. +0.293 (+2%)

This is offset by an underspend in fostering allowances and the rest of the fostering service of £43k.

Actions being taken to address the forecast pressure are outlined in [Appendix 3](#).

- **Commissioning Services** – a +£23k pressure is forecast. This is a reduction of £556k on the pressure previously reported in October. This is due to the Out of School Tuition budget and associated forecast pressure transferring to Children & Safeguarding, SEND Specialist Services (0-25). +0.023 (+1%)

- For full and previously reported details see the P&C Finance & Performance Report.

3.2.3 **Public Health:** a -£0.156m (-40.4%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the PH Finance & Performance Report.

3.2.4 **Corporate Services:** +£0.266m (+5.6%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

3.2.5 **LGSS Managed:** +£0.168m (+1.2%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.



- 3.2.6 **CS Financing:** -£1.820m (7.5%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.
- 3.2.7 **Commercial & Investment:** +£0.584m (+7300.0%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the C&I Finance & Performance Report.
- 3.2.8 **LGSS Operational:** +£0.071m (+0.7%) pressure is forecast. Pressures in LGSS Operational are set against LGSS reserves at year-end, rather than using the General Fund. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

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

#### 4. KEY ACTIVITY DATA

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

#### 5. PERFORMANCE AND RISK

- 5.1 The work to review all indicators and report exceptions against these is still ongoing; once all Service Committees have reviewed their indicators, exceptions will be reported to GPC.
- 5.2 **Change in P&C indicators:** The People & Communities' performance indicators included in this report are the set agreed by Committees for 2016/17. Following discussion with General Purposes Committee earlier in the current (2017/18) financial year, a revised set of measures are being developed with service leads. The 2016/17 indicators will continue to be reported until the new ones have been signed off by the service.
- 5.3 **Increasing Pressures Requiring Attention:** There was one outcome where the overall performance has decreased since last month. This was 'People live in a safe environment' and the decrease reflected change in one indicator 'Energy use by street lights – 12-month rolling total'. This indicator's RAG rating changed from green (on target) to amber (near target). The target for this indicator has now been updated to reflect other measures agreed elsewhere (such as the presence or absence of part night lighting, including those funded by Cambridge City and Parish Councils).

Further information on the specific indicator changes are detailed on the relevant service committee finance and performance reports.

- 5.4 The master file of performance indicators is available [here](#), while the latest Corporate Risk Register can be found [here](#).

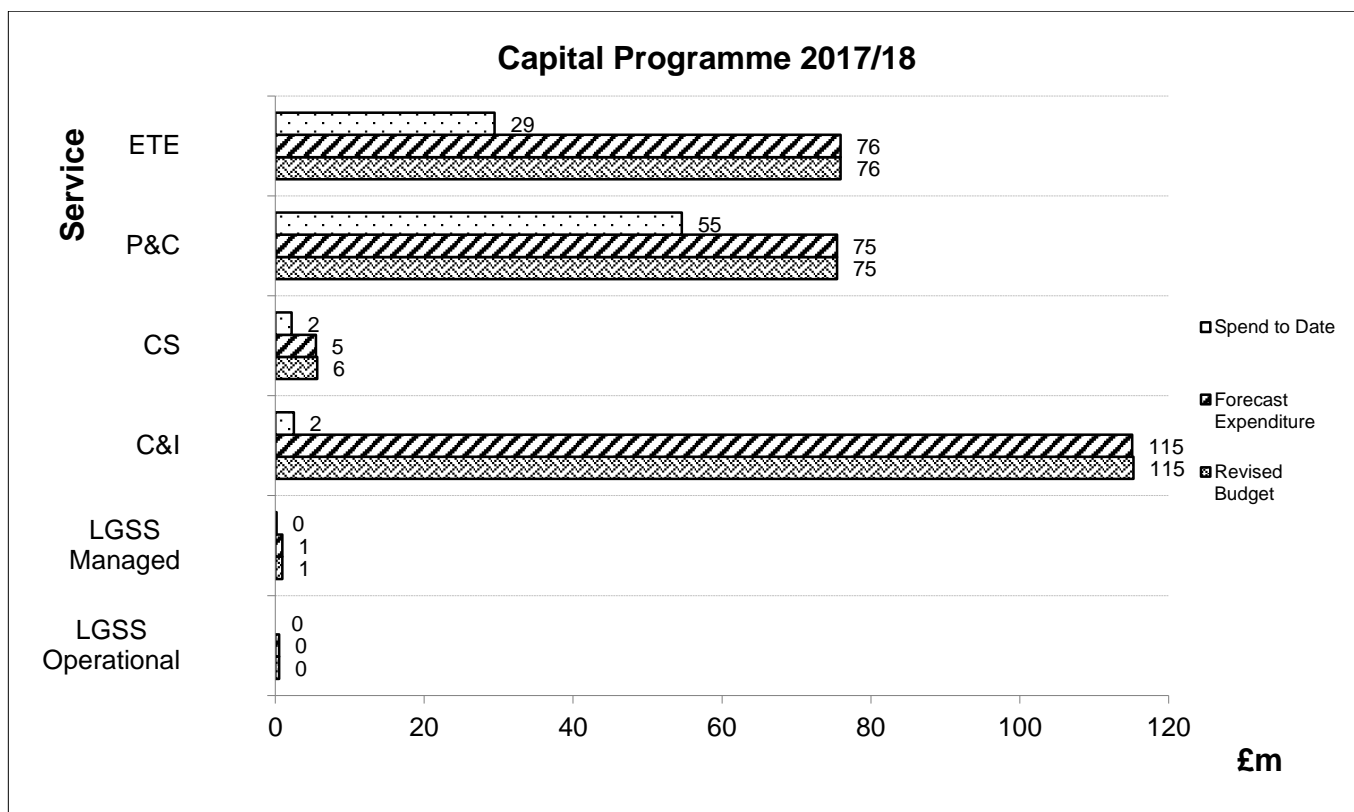
## 6. CAPITAL PROGRAMME

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

2017/18						TOTAL SCHEME	
Original 2017/18 Budget as per Business Plan £000	Service	Revised Budget for 2017/18 £000	Forecast Variance - Outturn (Oct) £000	Forecast Variance - Outturn (Nov) £000	Forecast Variance - Outturn (Nov) %	Total Scheme Revised Budget (Nov) £000	Total Scheme Forecast Variance (Nov) £000
67,331	ETE	75,642	-	-	0.0%	434,824	-
77,408	P&C	75,442	0	0	0.0%	575,941	14,261
5,489	CS & Transformation	5,612	-274	-188	-3.3%	11,743	-
160	LGSS Managed	949	-	-	0.0%	9,853	-495
115,408	C&I	115,284	-	-164	-0.1%	217,501	-287
100	LGSS Operational	488	-	-	0.0%	1,595	-
-	Outturn adjustment	-	274	352	-	-	-
<b>265,896</b>	<b>Total Spending</b>	<b>273,417</b>	<b>0</b>	<b>0</b>	<b>-3.5%</b>	<b>1,251,457</b>	<b>13,479</b>

### Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 6.2.
2. The reported ETE capital figures do not include City Deal, which has a budget for 2017/18 of £11.1m and is currently forecasting an in year pressure of £0.95m.



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

6.2 A summary of the use of capital programme variations budgets by services is shown below. As forecast underspends are reported, these are offset with a forecast outturn for the variation budget, leading to a balanced outturn overall up to the point when slippage exceeds this budget.

2017/18					
Service	Capital Programme Variations Budget	Forecast Variance - Outturn (Nov)	Capital Programme Variations Budget Used	Capital Programme Variations Budget Used	Revised Forecast Variance - Outturn (Nov)
	£000	£000	£000	%	£000
ETE	-15,514	-10,255	10,255	66.10%	0
P&C	-10,305	-1,244	1,244	12.07%	0
CS & Transformation	-279	-467	279	100.00%	-188
LGSS Managed	-643	-568	568	88.34%	0
C&I	-720	-884	720	100.00%	-164
LGSS Operational	-20	0	0	0.00%	0
Outturn adjustment	-	-	352	-	352
<b>Total Spending</b>	<b>-27,481</b>	<b>-13,418</b>	<b>13,418</b>	<b>48.83%</b>	<b>0</b>

6.3 Although slippage on Corporate Services and Transformation schemes and Commercial and Investment schemes have exceeded the capital programme variations budget allocated to them, it is not currently thought that slippage across the whole programme

will exceed the total capital programme variations budget. However, it is not known where any balancing variances will occur, so an adjustment has been made to the outturn.

6.4 A more detailed analysis of current year key exceptions this month by programme for individual schemes of £0.25m or greater are identified below.

6.4.1 **Economy, Transport and Environment:** a balanced budget is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li> <b>Cambridgeshire Archives</b> – an in-year underspend of -£1.9m is forecast. This is an increase of -£1.2m on the underspend previously reported in August. When last assessed it was assumed that a third of the construction work would be delivered in 2017/18. The latest schedule received from the contractor indicates that all construction work will now start in May 2018; therefore £3.778m of the £3.817m capital budget will be required in 2018/19. However, the scheme is still on track to complete in 2018/19. </li> </ul>	-1.9	(-98%)
<ul style="list-style-type: none"> <li> <b>Huntingdon – West of Town Centre Link Road</b>– an in-year underspend of -£0.8m is forecast. This is due to land cost claims which have not been resolved as anticipated and it is now expected these claims will be resolved in 2018/19. </li> </ul>	-0.8	(-56%)
<ul style="list-style-type: none"> <li> <b>Delivering the Transport Strategy Aims</b> – an in-year underspend of -£0.7m is forecast across Delivering the Transport Strategy Aims schemes. This is due to underspends on the following schemes: <ul style="list-style-type: none"> <li> Cycling Improvements: An underspend of £0.7m is forecast. The Bar Hill to Longstanton cycling scheme is fully funded by S106 contributions. This scheme will not progress until that section of the A14 is completed and so an in-year underspend is forecast. </li> </ul> </li> </ul>	-0.7	(-15%)
<ul style="list-style-type: none"> <li> <b>Community &amp; Cultural Services</b> – an in-year underspend of -£0.5m is forecast across Community &amp; Cultural Services. This is due to an underspend on the following scheme: <ul style="list-style-type: none"> <li> Sawston Community Hub: The Sawston Community Hub scheme has transferred across to ETE from the C&amp;I service during November. An in-year underspend of -£0.5m is forecast. This is due to delays in the build start date which may push some works back into 2018/19 and retention costs which will now be due in 2018/19; the total scheme cost is not affected. This underspend was previously report in August under C&amp;I. </li> </ul> </li> </ul>	-0.5	(-25%)
<ul style="list-style-type: none"> <li> <b>ETE Capital Variation</b> – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. Therefore the net £10.3m underspend is balanced by use of the capital variation budget, this is an increase of £3.1m on the use of variations budget reported last month and relates to the in-year underspends on Cambridgeshire </li> </ul>	+10.3	(+68%)

- For full and previously reported details see the ETE Finance & Performance Report.

6.4.2 **People & Communities:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the P&C Finance & Performance Report.

6.4.3 **Corporate Services:** a -£0.2m (-3%) in-year underspend is forecast after the capital programme variations budget has been utilised in full. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report.

6.4.4 **LGSS Managed:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

6.4.5 **Commercial & Investment:** a -£0.2m (-0%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

	£m	%
<ul style="list-style-type: none"> <li>• <b>MAC Joint Highways Project</b> – an in-year underspend of -£0.5m is forecast. Although some of the partners have withdrawn, the Highways Agency are engaged, but it is not envisaged that there will be any spend in this financial year. The project has received One Public Estate revenue grant funding of £50k which is being used for some initial feasibility work. The future of the scheme will be clearer when the next project meeting is held before this year end.</li> </ul>	-0.5	(-100%)
<ul style="list-style-type: none"> <li>• <b>Sawston Community Hub</b> - The Sawston Community Hub scheme has transferred across to ETE from C&amp;I during November. No outturn is therefore forecast within C&amp;I and the in-year underspend of -£0.5m previously reported in August under C&amp;I has transferred to ETE.</li> </ul>	0.0	(0%)
<ul style="list-style-type: none"> <li>• For full and previously reported details see the C&amp;I Finance &amp; Performance Report.</li> </ul>		

6.4.6 **LGSS Operational:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.

6.5 A more detailed analysis of total scheme key exceptions this month by programme for individual schemes of £0.25m or greater are identified below:

6.5.1 **Economy, Transport and Environment:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the ETE Finance & Performance Report.

6.5.2 **People & Communities:** a +£14.3m (+3%) total scheme overspend is forecast. There are no exceptions to report this month; for full and previously reported details see the P&C Finance & Performance Report.

- 6.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report.
- 6.5.4 **LGSS Managed:** a -£0.5m (-5%) total scheme underspend is forecast. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report.
- 6.5.5 **Commercial & Investment:** a -£0.3m (-0%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the C&I Finance & Performance Report.
- 6.5.6 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the CS & LGSS Finance & Performance Report.
- 6.6 A breakdown of the changes to funding has been identified in the table below.

Funding Source	B'nness Plan Budget £m	Rolled Forward Funding <sup>1</sup> £m	Revised Phasing £m	Additional/Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	20.5	0.5	8.0	7.2	36.1	36.1	-
Basic Need Grant	32.7	-	-	-	32.7	32.7	-
Capital Maintenance Grant	4.0	-	0.4	-	4.5	4.5	-
Devolved Formula Capital	1.1	0.8	-0.1	-0.0	1.8	1.8	-
Specific Grants	23.1	0.5	-7.6	-	16.1	16.1	-
S106 Contributions & Community Infrastructure Levy	22.0	1.6	-4.4	0.8	20.0	20.0	-
Capital Receipts	83.9	-	-	2.2	86.1	86.1	-
Other Contributions	15.1	0.4	-4.6	1.7	12.6	12.6	-
Revenue Contributions	-	-	-	-	-	-	-
Prudential Borrowing	63.5	9.6	-10.4	0.9	63.6	63.6	-0.0
<b>TOTAL</b>	<b>265.9</b>	<b>13.4</b>	<b>-18.7</b>	<b>12.8</b>	<b>273.4</b>	<b>273.4</b>	<b>-0.0</b>

<sup>1</sup> Reflects the difference between the anticipated 2016/17 year end position, as incorporated within the 2017/18 Business Plan, and the actual 2016/17 year end position.

6.7 Key funding changes (of greater than £0.5m or requiring approval):

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding – Prudential Borrowing	C&I	-£1.1	<p><u>Sawston Community Hub</u>: The 2017/18 capital budget for C&amp;I has reduced by £1.4m due to the transfer of the Sawston Community Hub scheme and there has been a reduction of £280k in the Capital Programme Variations budget. This has led to a net reduction of £1.1m in the Commercial and Investment borrowing requirement. The budget and borrowing requirement has transferred to ETE.</p> <p><b>General Purposes Committee is asked to note the transfer in budget responsibility and reporting between services for Sawston Community Hub from C&amp;I to ETE.</b></p>
Addition/Reduction in Funding – Prudential Borrowing	ETE	£1.1	

- 6.8 In addition to the above funding changes for 2017/18, additional funding of £197k is requested in 2017/18 for County Farms Investment projects, as previously agreed by the Capital Projects Board. The current budget is forecast to be overspent by £197,000, but will produce £55,000 additional revenue from County Farms. At present, it is not anticipated that there will be any further new projects to come forward during the current financial year, and it is requested that the additional budget of £197,000 be approved. The scheme is to be funded by an increase in prudential borrowing

**General Purposes Committee is asked to approve additional Prudential Borrowing of £197,000 in 2017/18 for County Farms Investment projects.**

## 7. FUNDING CHANGES

- 7.1 Where there has been a material change in 2017/18 grant allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, this will require SMT discussion in order to gain a clear and preferred view of how this additional/shortfall in funding should be treated. The agreed approach for each grant will then be presented to the General Purposes Committee (GPC) for approval.

### Business Rates Retention Pilot

From April 2015 Cambridgeshire has been in a pilot scheme that allows councils to retain 100% of any additional growth in business rates beyond expected forecasts. For year two of the pilot scheme Cambridgeshire County Council's share of the additional growth, which will be received in 2017/18, is anticipated to be at least £1,100k, which is £400k more than was previously reported in October. This has not been budgeted for and is shown as a forecast outturn in the 'Funding Items' section of this report.

It is proposed that this additional income will be transferred to corporate reserves at year end, subject to General Purposes Committee (GPC) approval. An update to the current reported position will be provided if this projection changes and approval will be sought at year-end once the final figure is known.

- 7.2 Although the following changes in budget responsibility are about management

responsibility only and do not constitute virements as there is no change in purpose or outcomes, these are recorded in this report for the Committee to note.

#### Virement of Cambridgeshire Housing Investment Company (CHIC) Net Interest Receivable budget

The budget for net interest receivable (-£1,424k) in relation to the Cambridgeshire Housing Investment Company (CHIC) has transferred from Debt Charges to the C&I Committee during November.

**General Purposes Committee is asked to note the transfer in budget responsibility and reporting for Cambridgeshire Housing Investment Company (CHIC) Net Interest Receivable from Debt Charges within CS Financing to C&I.**

#### Virement of ESPO dividend budget

The income budget of £200k for the CCC share of the ESPO dividend has been transferred from LGSS Managed to the C&I Committee during November.

**General Purposes Committee is asked to note the transfer in budget responsibility and reporting for the ESPO dividend from LGSS Managed to C&I.**

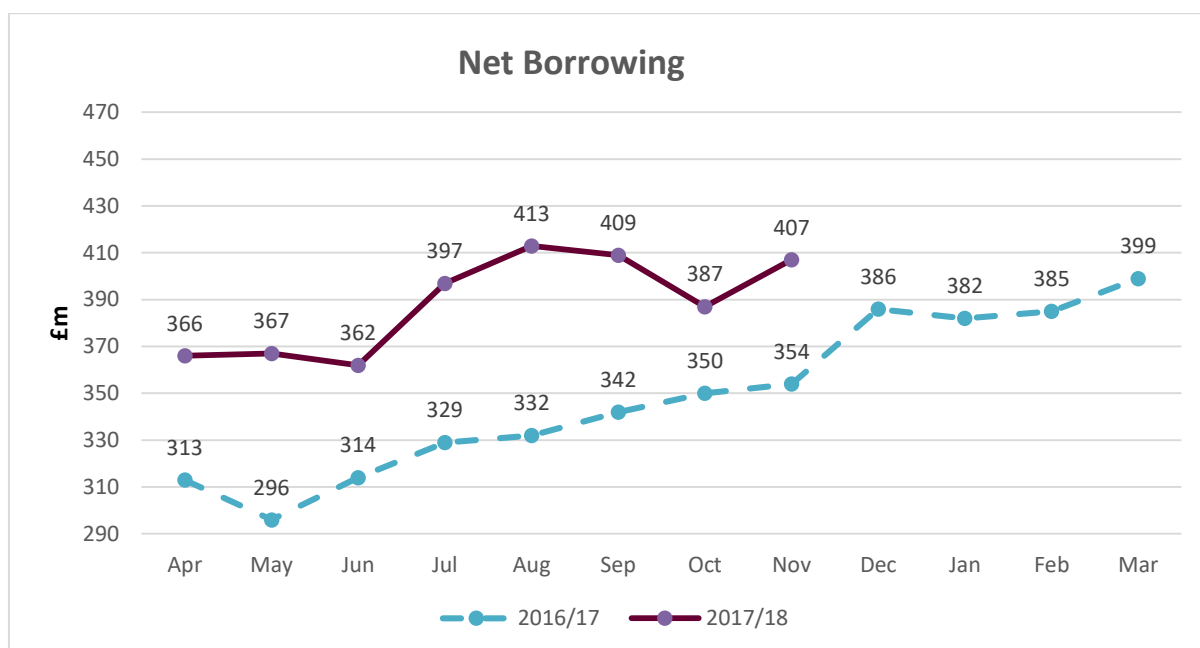
## 8. BALANCE SHEET

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

Measure		Year End Target	Actual as at the end of November
Level of debt outstanding (owed to the council) 91-360 days, £m	Adult Social Care	£1.6m	£2.9m
	Sundry	£0.4m	£1.2m
Level of debt outstanding (owed to the council) 361 days +, £m	Adult Social Care	£1.9m	£2.5m
	Sundry	£0.1m	£0.3m
Invoices paid by due date (or sooner)		97.6%	99.6%

8.2 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of November 2017 were £25m (excluding 3<sup>rd</sup> party loans) and gross borrowing was £431.94m. Of this gross borrowing, £29.008m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3<sup>rd</sup> parties in order to receive a financial return.





- 8.3 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2017-18 TMSS was set in February 2017, it was anticipated that net borrowing would reach £466m at the end of this financial year. Net borrowing at the beginning of this financial year as at 1<sup>st</sup> April 2017 was £399m, this reduced to £366m at the end of April 2017 thus starting at a lower base than originally set out in the TMSS (£466m). This is to be reviewed as the year progresses and more information is gathered to establish the full year final position.
- 8.4 From a strategic perspective, the Council is currently reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances and undertaking shorter term borrowing which could potentially generate savings subject to an assessment of the interest rate risks involved.
- 8.5 Although there is a link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including, interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.
- 8.6 The Council's cash flow profile varies considerably during the year as payrolls and payment to suppliers are made, and grants and income are received. Cash flow at the beginning of the year is typically stronger than at the end of the year as many grants are received in advance.
- 8.7 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](#).
- 8.8 A schedule of the Council's reserves and provisions can be found in [appendix 2](#).
- 8.9 **Cashflow loan facility to LGSS Law Ltd:** LGSS Law Ltd is jointly owned by Cambridgeshire County Council, Northamptonshire County Council and Central Bedfordshire Council. It operates as an alternative business structure, licenced by the

Solicitors Regulation Authority, to provide legal services to the shareholding Councils as well as an increasingly wide range of other public service customers.

The company is paid by the Council as an external supplier. LGSS Law have requested a formal cash flow facility of £499k from the Council to reflect the fact that they bill in arrears for work undertaken which creates an inevitable delay between costs being incurred and income received. The company's draft accounts for 2016/17 confirm a healthy profit.

The Council will charge interest on the monies loaned which will generate annual income for the council in the event of a draw down. A similar drawn down facility is already in place from Northamptonshire County Council and is being requested from the third shareholder.

It is proposed that Council provides the drawn down facility as requested by LGSS Law Ltd. It is anticipated this will improve the cashflow position of the company, which impacts across customers being billed for legal services throughout the Council whilst the company furthers strengthen its balance sheet as it becomes increasingly established.

At the last General Purposes Committee (19<sup>th</sup> December) the Committee authorised a loan facility to LGSS Law Ltd for up to £499k, delegating authority to the Chief Finance Officer to agree the detailed terms of the arrangement in consultation with the Chairman of the Committee and the Chairman of the Commercial and Investment Committee.

## **9. ALIGNMENT WITH CORPORATE PRIORITIES**

### **9.1 Developing the local economy for the benefit of all**

There are no significant implications for this priority.

### **9.2 Helping people live healthy and independent lives**

There are no significant implications for this priority.

### **9.3 Supporting and protecting vulnerable people**

There are no significant implications for this priority.

## **10. SIGNIFICANT IMPLICATIONS**

### **10.1 Resource Implications**

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

### **10.2 Procurement/Contractual/Council Contract Procedure Rules Implications**

There are no significant implications within this category.

### **10.3 Statutory, Legal and Risk Implications**

There are no significant implications within this category.

### **10.4 Equality and Diversity Implications**

There are no significant implications within this category.

### **10.5 Engagement and Consultation Implications**

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

### **10.6 Localism and Local Member Involvement**

There are no significant implications within this category.

### **10.7 Public Health Implications**

There are no significant implications within this category.

<b>Implications</b>	<b>Officer Clearance</b>
<b>Have the resource implications been cleared by Finance?</b>	Yes Name of Financial Officer: Chris Malyon
<b>Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?</b>	No Name of Legal Officer: Not applicable
<b>Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?</b>	No Name of Legal Officer: Not applicable
<b>Have the equality and diversity implications been cleared by your Service Contact?</b>	No Name of Officer: Not applicable
<b>Have any engagement and communication implications been cleared by Communications?</b>	No Name of Officer: Not applicable
<b>Have any localism and Local Member involvement issues been cleared by your Service Contact?</b>	No Name of Officer: Not applicable
<b>Have any Public Health implications been cleared by Public Health</b>	No Name of Officer: Not applicable

<b>Source Documents</b>	<b>Location</b>
ETE Finance & Performance Report (November 17) P&C Finance & Performance Report (November 17) PH Finance & Performance Report (November 17) CS and LGSS Cambridge Office Finance & Performance Report (November 17) C&I Finance & Performance Report (November 17) Performance Management Report & Corporate Scorecard (November 17) Capital Monitoring Report (November 17) Report on Debt Outstanding (November 17) Payment Performance Report (November 17)	1 <sup>st</sup> Floor, Octagon, Shire Hall, Cambridge

**APPENDIX 1 – transfers between Services throughout the year** (only virements of £1k and above (total value) are shown below)

	P&C	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	C&I	LGSS Op	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	237,311	200	38,682	22,803	15,542	6,500	2,702	7,746	24,377
Post BP adjustments	-292		-18		-69	521		-142	
Apprenticeship Levy	335	8	61		-456	6	5	40	
City Deal budgets not reported in CCC budget					-1,027				
Transfer Digital Strategy budget to CS - CCR	-1,286		-68		1,354				
Transfer Strengthening Communities budget to CS - CCR1			-689		689				
Property demerger from LGSS and rationalisation of property services			58			-7		-51	
Organisational structure review	-293				293				
Transfer budget for Court of Protection team to CS	-52							52	
Transfer surplus NHB funding from City Deal					-256				256
Transfer budget from reablement for In Touch maintenance	-10				10				
Allocation of inflation to Waste budget			200						-200
Drug and Alcohol Treatment service transfer to PH	-178	178							
Workforce development budget transferred to LGSS	-1,361							1,361	
Budget transfer per CCR	-43				43				
Property commissioning transfer budget to P&C	-11							11	
Dial a Ride budget to Total Transport	12		-12						
LAC demography	2,913				-2,913				
Waste demography			170		-170				
Transfer of savings LGSS to C&I							-349	349	
Welfare benefits budget to Financial Assessments and Adult Early Help	80				-142			62	
Combined Authority levy adjustment			1,327						-1,327
Budget transfer to Transformation Team					39			-39	
ETE use of earmarked reserves			287						-287
Catering and Cleaning services transfer to C&I	449						-449		
Business support transfer to applications development	-54							54	
Use of earmarked reserves for passenger transport			118						-118
Grants budget to P&C	130				-130				
Supporting Community Services budget transfers	139		76		-215				
Adult Learning & Skills transfer to P&C	180		-180						

Healthwatch transfer to P&C	382				-382				
Supporting Community Services budget transfers	358	411			-769				
Community Led Local Development Programme Funding transfer	21					-21			
Trading Services budget transfers	306						-306		
Supporting Community Services budget transfers	102				-102				
Cambs Housing Investment Company net interest receivable transfer to C&I			1,424				-1,424		
ESPO dividend budget transfer to C&I						200	-200		
Equalisation adjustment transfer from LGSS Managed to LGSS Cambridge Office						-15		15	
<b>Current budget</b>	<b>239,138</b>	<b>386</b>	<b>40,423</b>	<b>24,227</b>	<b>11,339</b>	<b>7,184</b>	<b>-21</b>	<b>9,459</b>	<b>22,701</b>
Rounding	-2	0	0	0	0	2	0	0	0

## APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2017	2017-18		Forecast Balance 31 March 2018	Notes
		Movements in 2017-18	Balance at 30 November 17		
	£000s	£000s	£000s	£000s	
<b>General Reserves</b>					
- County Fund Balance	15,808	1,546	17,353	13,138	Service reserve balances transferred to General Fund after review
- Services					
1 P&C	540	-540	0	0	
2 ETE	2,229	-2,229	0	0	
3 CS	-64	64	0	0	
4 LGSS Operational	609	-29	580	62	
subtotal	19,122	-1,188	17,933	13,200	
<b>Earmarked</b>					
- Specific Reserves					
5 Insurance	3,269	0	3,269	3,269	
subtotal	3,269	0	3,269	3,269	
- Equipment Reserves					
6 P&C	133	0	133	83	
7 ETE	218	0	218	218	
8 CS	57	0	57	57	
9 C&I	726	0	726	0	
subtotal	1,134	0	1,134	358	
<b>Other Earmarked Funds</b>					
10 P&C	1,223	-707	516	371	Includes liquidated damages in respect of the Guided Busway - current balance £1.5m.
11 PH	2,960	0	2,960	2,302	
12 ETE	5,989	-78	5,911	4,883	
13 CS	2,656	-97	2,559	2,181	
14 LGSS Managed	146	0	146	146	
15 C&I	442	53	495	468	Savings realised through change in MRP policy
16 Transformation Fund	19,525	3,657	23,181	19,512	
17 Innovation Fund	1,000	-44	956	956	
subtotal	33,941	2,784	36,724	30,819	
<b>SUB TOTAL</b>	<b>57,465</b>	<b>1,595</b>	<b>59,061</b>	<b>47,646</b>	
<b>Capital Reserves</b>					
- Services					
18 P&C	1,827	38,087	39,914	44	Section 106 and Community Infrastructure Levy balances.
19 ETE	7,274	36,035	43,309	5,200	
20 LGSS Managed	72	-72	0	0	
21 C&I	0	3,099	3,099	0	
22 Corporate	29,782	4,688	34,470	22,150	
subtotal	38,955	81,837	120,792	27,394	
<b>GRAND TOTAL</b>	<b>96,420</b>	<b>83,433</b>	<b>179,853</b>	<b>75,040</b>	

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

Fund Description	Balance at 31 March 2017	2017-18		Forecast Balance 31 March 2018	Notes
		Movements in 2017-18	Balance at 30 November 17		
	£000s	£000s	£000s	£000s	
<b>- Short Term Provisions</b>					
1 ETE	669	0	669	0	
2 P&C	200	0	200	0	
3 CS	64	0	64	64	
4 LGSS Managed	3,056	-56	3,000	3,000	
5 C&I	24	0	24	24	
subtotal	4,013	-56	3,957	3,088	
<b>- Long Term Provisions</b>					
6 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
<b>GRAND TOTAL</b>	<b>7,626</b>	<b>-56</b>	<b>7,570</b>	<b>6,701</b>	



## APPENDIX 3 - Narrative from the report to Children and Young People Committee about budget pressures

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	£'000
<b>9) Home to School Transport – Special</b>	<b>8,006</b>	<b>4,081</b>	<b>340</b>	<b>4%</b>
<p>There is a £340k pressure forecast against the Home to School Transport – Special Budget. This pressure is due to a higher than expected number of transport applications from children attending special schools, with an increase of 6% in the number of Cambridgeshire pupils attending Special Schools in the first 7 weeks of Academic Year 17/18 compared to the same weeks in 16/17.</p> <p>While savings have been made through successful routes tenders, savings activities around Independent Travel Training and Personal Transport Budgets (PTB) have not been achieved.</p> <p>Mitigating actions being taken include:</p> <ul style="list-style-type: none"> <li>• A detailed review of children and young people currently travelling in high-cost single occupancy taxis to assess whether more cost-effective options are available</li> <li>• A strictly time limited review of the PTB scheme looking at the current criteria, decision-making, reporting and monitoring processes and how these can be improved to deliver the planned savings.</li> <li>• A working group has been established to relaunch the plan to roll out independent travel training with the first group of children and young people being able to travel independently from September 2018</li> <li>• Due to the length of existing contracts and the structure of the academic year it is unlikely that the current pressure will be reduced within 2017/18, however these actions will ensure that the pressure is reduced in financial year 2018/19.</li> </ul>				

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
<b>10) LAC Transport</b>	<b>1,126</b>	<b>921</b>	<b>450</b>	<b>40%</b>
<p>There is a £450k pressure forecast against the LAC Transport budget. The overall increase in Looked after Children has meant that more children are requiring Home to School Transport. Many of these children are placed out of county and/or at a significant distance away from their schools leading to high transport costs.</p> <p>An initial meeting has been held with the Head of Countywide and Looked After Children Services to discuss the LAC Transport pressure and it has been agreed that activities to mitigate the pressure will include:</p> <ul style="list-style-type: none"> <li>• Case-by-case reviews of the most expensive cohorts of Looked After Children transport to identify savings reductions, particularly targeting reductions in high-cost single occupancy taxi journeys and encouraging more children to walk shorter journeys.</li> <li>• Route reviews to identify opportunities for shared vehicles, routes and providers, including across different client groups e.g. mainstream, SEND, or Adult transport, reducing any duplication and opportunities for better use of volunteer drivers.</li> <li>• Further activity to ensure the Council's policies around transport provision are implemented fully across the board, with joined-up decisions across social care and transport.</li> </ul> <p>Due to the length of existing contracts and the structure of the academic year it is highly unlikely that the current pressure will be reduced within 2017/18, however these actions will ensure that the pressure is reduced in financial year 2018/19.</p>				
<b>11) Strategic Management – Children &amp; Safeguarding</b>	<b>2,891</b>	<b>3,308</b>	<b>1,022</b>	<b>35%</b>
<p>The Children and Safeguarding Director budget is forecasting pressure of £1,022k.</p> <p>The Children's Change Programme (CCP) is on course to deliver savings of £669k in 2017/18 to be achieved by integrating children's social work and children's early help services in to a district-based delivery model. However, historical unfunded pressures of £886k still remain. These consist of £706k around the use of agency staffing and unfunded posts of £180k. The Business Support service pressure of £245k is now being managed in year and managed out entirely by 2018/19. Agency need has been reduced based on a 15% usage expectation in 2017/18 but use of agency staff remains necessary to manage current caseloads. All local authorities have agency social workers, many with a much higher % and therefore a budget to accommodate this need is necessary.</p> <p>A further pressure of £336k is due to the service not being awarded an expected grant from the DFE, anticipation of this grant had been built in as an income stream and this has now resulted in a shortfall in the required staffing budget.</p> <p>The service is also expected to exceed its vacancy saving target by £200k.</p> <p><u>Actions being taken:</u></p> <p>A business support review is underway to ensure we use that resource in the most effective manner in the new structure. All the budget pressures continue to be monitored and reviewed at the workforce work stream project meetings, by Senior Management Team and at the P&amp;C Delivery Board with any residual pressures being managed as part of the 2018/19 Business Planning round.</p>				

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
<b>12) Children in Care</b>	<b>13,422</b>	<b>9,891</b>	<b>293</b>	<b>2%</b>
<p>The Children in Care policy line is forecasting an over spend of £293k. This is an increase of £53k since last month</p> <p>The 14- 25 Team 4 is forecasting an over spend of £150k. This is due to a forecast shortfall between the grant received from the Home Office for former looked after unaccompanied asylum seeking young people who are now over 18 and the costs incurred in supporting them. The local authority has a duty to support this cohort of young people as care leavers. Pending young people being granted an asylum seeking status as young adults, they are not able to claim benefits or obtain housing and require support from the local authority until the Home Office has made a decision.</p> <p>Currently it is forecast that the local authority has to support them for up to six months after their 18th birthday. Cambridgeshire has seen an increase in the size of this cohort in this financial year as a number of looked after children (including those newly arrived in Cambridgeshire this year) have turned 18.</p> <p>The Supervised Contact team is forecasting an over spend of £185k. This is due to the use of additional relief staff and external agencies to cover the current 204 Supervised Contact Cases which equate to approximately 140 supervised contact sessions a week.</p> <p>This is offset by an underspend in fostering allowances and the rest of the fostering service of £43k.</p> <p><u>Actions being taken:</u></p> <p>The local authority continues to liaise closely with the Home Office to advocate that decisions for individual young people are expedited in a timely way.</p> <p>In Supervised Contact we have implemented a systemic review of all supervised contact taking place across the service to ensure better use of staff time and costs. Despite this, resources remain stretched and the service are exploring other avenues to better manage the current caseloads.</p>				
<b>13) Looked After Children Placements</b>	<b>17,344</b>	<b>12,174</b>	<b>2,691</b>	<b>16%</b>
<p>A pressure of £2.7m is being forecast, which is an increase of £0.3m from what was reported in October. The increase is due to a combination of changes in placement fees (higher prices) and/or new placements (more placements) this month. 1 new high cost residential placement commissioned this month accounts for nearly half of this increase.</p> <p>It is positive that the overall numbers of looked after children have increased only slowly since April 2017. This demonstrates that demand management activity is having positive impact on numbers of looked after children and numbers of external placements.</p> <p>Overall LAC numbers at the end of November 2017, including placements with in-house foster carers, residential homes and kinship, are 701, 6 more than October 2017. This includes 70 unaccompanied asylum seeking children (UASC).</p> <p>External placement numbers (excluding UASC but including 16+ and supported accommodation) at the end of November are 351, which is 3 more than reported at the end of October. However the composition of placement types and costs indicates that a small but significant number of children are in receipt of very intensive and costly packages of support which has increased since last month. The Access to Resources team are working with providers to ensure that support and cost matches need for all children.</p>				

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%

**Looked After Children Placements continued;**

External Placements Client Group	Budgeted Packages	31 Oct 2017 Packages	30 Nov 2017 Packages	Variance from Budget
Residential Disability – Children	1	1	1	0
Child Homes – Secure Accommodation	0	0	0	0
Child Homes – Educational	16	16	17	+1
Child Homes – General	22	35	37	+15
Independent Fostering	263	263	262	-1
Supported Accommodation	15	25	24	+9
Supported Living 16+	25	8	10	-15
<b>TOTAL</b>	<b>342</b>	<b>348</b>	<b>351</b>	<b>+9</b>

'Budgeted Packages' are the expected number of placements by Mar-18, once the work associated to the saving proposals has been undertaken and has made an impact.

Actions being taken to address the forecast pressure include:

- Weekly panel that all requests for placements have to go to and review of high-cost placements on a regular basis. Access to Resources and operational managers to ensure that the plans for children remain focussed and that resources are offering the best value for money. This is chaired by the Assistant Director.
- Purchase placements reviews – scrutiny by placement officers and service/district managers to review emergency placements, changes of placements and return home from care planning to ensure that children are in the right placement for the right amount of time.
- All new admissions to care have to be agreed at Assistant Director or Service Director level.
- Development of a 'No Wrong Door' model to bring together the residential home, specialist fostering placements, supported lodgings and supported accommodation, with outreach services under one management arrangement. This will enable rapid de-escalation of crisis situations in families preventing admissions to care, and delivery of an all-inclusive team of support for young people with the most complex needs, improving outcomes for young people and preventing use of expensive externally-commissioned services.
- A new Head of Service, with expertise in children's services commissioning, has been re-deployed from elsewhere in the P&C directorate to lead the Access to Resources function.
- A new Access to Resources Manager has been engaged to add specific capacity to ensure the right placement at the right cost is secured in all cases.

Longer Term Actions:

A business case that seeks investment to ultimately deliver reductions in overall numbers of children in care and increase the proportion of those remaining in care who are placed with in-house fostering households is being presented to General Purposes Committee in December.

Numbers in care in Cambridgeshire are now significantly above the average of similar authorities; if we were in line with our statistical neighbours we would have 607 children and young people in care.

We need to understand why this is, with a central hypothesis being that the progress of children through the care system in Cambridgeshire is a key issue; children spending too long in care increase overall numbers. To establish cause we propose commissioning an independent evaluation that will report by March 2018 and enable us to begin to take action to fundamentally change processes from that point.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
<b>Looked After Children Placements continued;</b>  The second factor that we need to address is around placement mix; in Cambridgeshire, 60% of children placed with general foster carers are placed with IFA foster carers. This would more ordinarily be expected to be between 30 and 40%. We need to invest in different recruitment and retention approaches to our in-house foster carers and in assessment and support services in order to reduce our expenditure in these areas.				
<b>14) Adoption</b>	<b>4,406</b>	<b>3,348</b>	<b>560</b>	<b>13%</b>
The Allowances budget is forecasting a pressure of £560k. This is a £110k increase since last month based on a review of planned adoptive placements and an increase in Special Guardianship Orders (SGOs).  Our contract with Coram Cambridgeshire Adoption (CCA) provides for 39 adoptive placements pa. In 2017/18 we are forecasting an additional requirement of 20 adoptive placements. There is a need to purchase inter agency placements to manage this additional requirement and ensure our children receive the best possible outcomes.  The Adoption/SGO allowances pressure of £200k is due to an increase in SGOs over and above our growth forecasts. We have seen an increase of 15% (28 SGOs) so far in 2017/18 against a planned full year rise of 9%. The increase in Adoption and Special Guardianship orders is a reflection of the good practice in making permanency plans for children outside of the looked after system and results in reduced costs in the placement budgets.  <u>Actions being taken:</u> Ongoing dialogue continues with CCA to look at more cost effective medium term options to recruit more adoptive families to meet the needs of our children. Rigorous oversight of individual children's cases is undertaken before Inter Agency placement is agreed.  A programme of reviews of allowances will be implemented resulting in the reduction of some packages with the intention of off-setting any further growth by way of new allowances.				
<b>15) Legal Proceedings</b>	<b>1,540</b>	<b>1,406</b>	<b>600</b>	<b>39%</b>
The Legal Proceedings budget is forecasting a £550k pressure. This is an increase of £50k since last month.  Numbers of care applications increased by 52% from 2014/15 (105) to 2016/17 (160), mirroring the national trend. There are currently 96 open sets of care proceedings. Whilst the numbers of ongoing set of care proceedings have reduced by around 14% in the last 5 months we have consistently had around 100 cases which indicates that we are likely to exceed the previous year's number of completed legal proceedings, thus causing significant pressure on the legal budget.  Whilst we now have less ongoing sets of care proceedings (and less new applications being issued in Court) legacy cases and associated costs are still working through the system. Aside from those areas which we are working on to reduce costs i.e. advice/use of appropriate level of Counsel, the volume of cases remaining within the system indicates an estimated £550k of costs in 2017/18. This assumes overrun costs through delay in cases can be managed down as well as requests for advice being better managed.  <u>Actions being taken:</u> Work is ongoing to better manage our controllable costs by use of a legal tracker but this was only implemented in June 2017 so the impact is yet to be felt. The tracker should enable us to better track the cases through the system and avoid additional costs due to delay. We have invested in two practice development posts to improve practice in the service and will also seek to work closer with LGSS Law with a view to maximising value for money.				

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
<b>16) Children's Disability Service</b>	<b>6,527</b>	<b>5,281</b>	<b>168</b>	<b>3%</b>
<p>The Children's Disability Service is forecasting a pressure of £168k.</p> <p>The Community Support Services budget has seen an increase both in the number of support hours, a high cost individual case (£35k) and in the number of joint funded health packages (also including some with high allocations of hours). Contributions to Adult Services (£45k) have increased and the service is also carrying a £50k pressure from 2016/17.</p> <p><u>Actions being taken:</u> We will be reviewing the costs of current packages and in particular support levels for our young people.</p>				
<b>17) High Needs Top Up Funding</b>	<b>13,573</b>	<b>9,627</b>	<b>200</b>	<b>1%</b>
<p>Numbers of young people with Education Health and Care Plans (EHCP) in Post-16 Further Education providers continue to increase and as a result a year-end pressure of £200k is currently forecast. Placements for the 2018/19 academic year are still being finalised and as such the overall cost for the remainder of the financial year could increase further as more young people remain in education.</p> <p>This budget is funded from the Dedicated Schools Grant (DSG) High Needs Block.</p>				
<b>18) SEN Placements</b>	<b>8,973</b>	<b>6,473</b>	<b>700</b>	<b>8%</b>
<p>The SEN Placements budget continues to report a £700k pressure this month. Overall there are rising numbers of children and young people who are LAC, have an EHCP and have been placed in a 52 week placement. These are cases where the child cannot remain living at home. Where there are concerns about the local schools meeting their educational needs, the SEN Placement budget has to fund the educational element of the 52 week residential placement; often these are residential schools given the level of learning disability of the young children, which are generally more expensive.</p> <p>The SEN Placement budget is funded from the High Needs Block (HNB) element of the Dedicated Schools Grant (DSG).</p> <p><u>Actions being taken:</u></p> <ul style="list-style-type: none"> <li>• SEND Sufficiency work is underway to inform future commissioning strategy. This will set out what the SEND need is across Cambridgeshire, where it is and what provision we need in future, taking account of demographic growth and projected needs. The SEND Sufficiency work will be completed in January 2018. A series of workshops are being planned for Spring 2018;</li> <li>• Three new special schools to accommodate the rising demand over the next 10 years. One school opened in September 2017 with two more planned for 2020 and 2021. Alternatives such as additional facilities in the existing schools, looking at collaboration between the schools in supporting post 16, and working with further education providers to provide appropriate post 16 course is also being explored in the plan;</li> <li>• SEND Commissioning Strategy and action plan are being developed with a focus on children and young children with SEND in Cambridgeshire accessing mainstream education;</li> <li>• Work on coordination of reviews for ISEPs to look at returning in to county; and</li> <li>• A full review of all High Needs spend is required due to the ongoing pressures and proposed changes to national funding arrangements.</li> </ul>				

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
<b>19) Out of School Tuition</b>	<b>1,119</b>	<b>589</b>	<b>600</b>	<b>54%</b>
<p>The Out of School Tuition budget is continuing to forecast a pressure of £600k this month.</p> <p>There are several key themes emerging which are having impact on the need for children to receive a package of education, sometimes for prolonged periods of time:</p> <ul style="list-style-type: none"> <li>• Casework officers are not always made aware that a child's placement is at risk of breakdown until emergency annual review is called.</li> <li>• Casework officers do not have sufficient access to SEND District Team staff to prevent the breakdown of an education placement in the same way as in place for children without an EHCP.</li> <li>• There are insufficient specialist placements for children whose needs cannot be met in mainstream school.</li> <li>• There is often a prolonged period of time where a new school is being sought, but where schools put forward a case to refuse admission.</li> <li>• In some cases of extended periods of tuition, parental preference is for tuition rather than in-school admission.</li> </ul> <p>There has been an increase in the number of children with an Education Health and Care Plan (EHCP) who are awaiting a permanent school placement. The delay is due to the nature and complexity of the needs of these children. Many of these children are in Key Stage 1 and do not have a permanent placement due to a lack of provision for this cohort of children. In addition, there are a number of children and young people who have a Statement of SEN/EHCP and have been out of school for some time. A smaller cohort of Primary aged children who are permanently excluded, or those with long term medical absence from school, sometimes require external tuition packages when SEND Specialist Teaching capacity is full.</p> <p>A new process has been established to ensure all allocations and packages are reviewed in a timely way and that there is oversight of moves back into full time school. The transfer of the Out of School Tuition budget to the SEND Services (from November 17) enables more opportunities to use resources differently and to have more cost effective in-house tuition. There have been discussions with the Transformation Team and following the outcomes and recommendations of several large scale provision and funding reviews, we aim to look at the extension of the existing team in order to prevent placement breakdown more effectively and provide high quality teaching to a smaller number of children who need tuition.</p> <p>Immediate interim controls have been placed on access to this budget. Casework officers and Statutory Assessment Team Leaders must request new packages or increases to existing packages with the budget holder. This is vital in order to understand the nature of requests and bring in swift additional support from SEND District Teams. This is not a long term solution and the budget holder is working with the Transformation Team to investigate whether the pump-priming of the SEND District Teams with additional staff could either prevent the breakdown of placement (and therefore reduce the need for packages of education) or provide in-house tuition at a cheaper rate.</p> <p>The current Tuition Provider Framework is up for recommissioning in March 2018. It has been agreed to extend the framework by 12 months in order to give time to look at more sustainable and in-house provision. These decisions and a business case will be formulated using the data and recommendations given through the SEMH Review, High Needs Block Review and SEND Sufficiency Review, which will close in January 2018. The Tuition Provider Contract is zero-based and requires no minimum fulfilment.</p>				
<b>20) Executive Director</b>	<b>211</b>	<b>248</b>	<b>-2,901</b>	<b>-1372%</b>
<p>The improved overall forecast underspend of -£2,901k is due to assumptions around the ability to re-prioritise grant funded activity (Improved Better Care Fund (iBCF), in response to Adults Services pressures as these emerge, this relates particularly to an increased performance in delayed transfers of care (DTCOC), bringing with it an increased need for the delivery of complex packages of care for older people</p> <p>This has been offset in part by the £219k Business Support saving, which will not be achieved in 17/18 through efficiencies identified within the business support functions, and £100k saving identified against uncommitted expenditure.</p>				

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	Service
<b>21) Central Financing</b>	<b>-523</b>	<b>-914</b>	<b>-215</b>	<b>-41%</b>
<p>The Central Financing budget is forecasting underspend of -£215k.</p> <p>Nationally, local authorities are currently permitted greater flexibility in use of capital receipts (proceeds from sales of assets) to fund any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs.</p> <p>The Council was already making use of this flexibility – following a recent review a further £215k of eligible expenditure has been identified within People &amp; Communities.</p>				
<b>22) Financing DSG</b>	<b>-39,991</b>	<b>-26,661</b>	<b>-1,592</b>	<b>-4%</b>
<p>Within P&amp;C, spend of £40.0m is funded by the ring fenced Dedicated Schools Grant. The DSG pressure of £1,592k is primarily made up from SEN Placements (£700k); Out of School Tuition (£600k); High Needs Top Up Funding (£200k); SEND Specialist Services (£54k); Early Years Specialist Support (£44k) and Commissioning Services (£44k). For this financial year the intention is to manage within overall available DSG resources.</p>				



**Agenda Item No. 6**

**INTERNAL AUDIT PROGRESS REPORT AS AT 31<sup>ST</sup> DECEMBER 2017**

To: **Audit & Accounts Committee**

Date: **23<sup>rd</sup> January 2018**

From: **Duncan Wilkinson, LGSS Chief Internal Auditor**

**1. PURPOSE**

- 1.1 To report on the main areas of audit coverage for the period 1<sup>st</sup> November 2017 to 31<sup>st</sup> December 2017 and the key control issues arising.

**2. BACKGROUND**

- 2.1 The role of Internal Audit is to provide the Audit and Accounts Committee and Management independent assurance on the effectiveness of the controls in place to ensure that Cambridgeshire County Council's (CCC's) objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.
- 2.2 The Committee is requested to consider the contents of this report.

<b><i>Officer contact:</i></b>	
Name:	Duncan Wilkinson
Post:	LGSS Head of Internal Audit
Email:	Duncan.Wilkinson@Milton-Keynes.gov.uk
Tel:	01908 252089

# **LGSS Internal Audit & Risk Management**

## **Cambridgeshire County Council**

### *Update report*

*As at 31<sup>st</sup> December 2017*

## Section 1

# 1. FINALISED ASSIGNMENTS

- 1.1 Since the previous Progress Report to Committee in November 2017, the following audit assignments have reached completion as set out below in table 1:

**Table 1: Finalised Assignments**

No.	Directorate	Assignment	Compliance Assurance	Systems Assurance	Organisational impact
1.	Cross-Cutting (CCC-wide)	Procurement Compliance (Q3)	Satisfactory	N/A	Moderate
2.	Cross-Cutting (CCC-wide)	Project Management Methodologies	Limited	Limited	Moderate
3.	Cross-Cutting (CCC-wide)	Ethics Policies & Compliance	Good	N/A	Minor
4.	People & Communities	Safe Recruitment Compliance	Satisfactory	N/A	Minor
5.	Corporate & Customer Services	Assurances from Suppliers and 3rd Parties	Satisfactory	Satisfactory	Moderate
6.	Corporate & Customer Services	Business Intelligence Continuity	Good	Good	Minor
7.	Cross-Cutting (CCC-wide)	General Computer Controls	Good	Good	Minor
8.	Cross-Cutting (CCC-wide)	Agency Staff Compliance	Limited	N/A	Minor
9.	People & Communities	Troubled Families Grant	Certification of the Troubled Families Grant Claim (December Claim Window)		

- 1.2 Summaries of the finalised reports with satisfactory or less assurance are provided in Section 6, with the exception of the Project Management Methodologies audit as a summary of this review was reported previously to the November meeting. This also

excludes individual schools audits, which are reported collectively once all reviews have been finalised.

- 1.3 The following audit assignments have reached draft report stage, as set out below in table 2:

**Table 2: Draft/Interim Reports**

No.	Directorate	Assignment
1.	People & Communities	Overtime & Enhancements in People & Communities
2.	Cross-Cutting (CCC-wide)	Use of Social Media
3.	Cross-Cutting (CCC-wide)	Capital Programme Board
4.	Cross-Cutting (CCC-wide)	Commercial Board
5.	People & Communities	Commissioning Board
6.	People & Communities	Social Care Charging Investigation
7.	People & Communities	Direct Payments Compliance

- 1.4 Further information on work planned and in progress may be found in the Audit Plan, attached as Appendix A.

## Section 2

# 2. FRAUD AND CORRUPTION UPDATE

## 2.1 CURRENT INTERNAL AUDIT INVESTIGATIONS:

A summary of the current investigative caseload of the Internal Audit team is provided below at table 3. This includes investigations relating to suspected theft, fraud or misuse of funds, which are led by Internal Audit. As at the end of December 2017, 53 cases had been referred to Audit.

**Table 3: Internal Audit Investigations Caseload**

Case Category	Description of activity or risk example	No.	Outcomes
<b>Direct Payments</b>	Concerns regarding misuse or fraud relating to a direct payment.	1	Investigation concluded & report issued.
		1	Initial referral stage.
<b>Concessionary Travel</b>	Misuse of travel passes	2	Closed – advice given.
		7	Closed – pass withdrawn.
		10	Closed – no fraud.
		1	Closed – no further action.
		1	Closed – passed to the D.W.P.
<b>Blue Badges</b>	Misuse of Blue Badges	10	Closed – badge withdrawn.
		11	Closed – no fraud.
<b>Investigations</b>	Community Transport Investigation	1	Ongoing investigation work.
	Social Care Charging Review	1	
	Agency Worker	1	
	Conflicts of Interest Investigations	3	Ongoing investigation work.
		1	Closed – no fraud.
<b>Schools financial</b>	Concerns regarding financial irregularities in schools	2	Site visits completed and reports issued with recommendations.
<b>Totals</b>		<b>53</b>	

## 2.2 NATIONAL FRAUD INITIATIVE:

The National Fraud Initiative (NFI) is a data-matching exercise to prevent and reduce fraud. Every two years, the Council is required to provide sets of data

including payroll, payables, pensions, concessionary passes and so on. The data is then matched to data held by other public and private sector bodies, to identify any inconsistencies which may indicate a possible fraud.

The results of the most recent NFI exercise were received in January 2017. Once results are received, Internal Audit work with other services across the Council to review matches and identify whether they may indicate fraud or other issues. Due to the high volume of matches received, this was carried out on a sample basis. To date, 459 matches have been reviewed with 59 still in progress. In particular, there has been a focus on Pensions and concessionary travel matches, although some concessionary travel matched with deceased data was found to be an error; this has been fed back to the NFI.

One match identified an employee had no right to remain in the UK, but upon investigation it was confirmed the employee had resigned before receipt of the match data.

No instances of fraud have been identified to date through this process although a number of investigations remain open, including three investigations into undeclared possible conflicts of interest.

Section 3

### 3 **IMPLEMENTATION OF MANAGEMENT ACTIONS**

- 3.1 The outstanding management actions as at the end of November 2017 are summarised in Table 5, which includes a comparison with the percentage implementation from the previous report (bracketed figures).
- 3.2 Please note that an exceptionally high number of actions have become due to date this financial year. In total, 92 actions have required follow up to the end of November; for comparison, 52 actions were followed-up in the entire 2016/17 year. This has placed a strain on the ability of Internal Audit to obtain full information for all actions in this period.
- 3.3 A summary of the outstanding recommendations, and the current progress with implementing them, is provided in a table at Appendix B.

**Table 5: Outstanding Management Actions**

	Category 'Essential' recommendations		Category 'Important' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total
<b>Implemented</b>	5	5% (6%)	63	68% (69%)	68	74% (75%)
<b>Actions due within last 3 months, but not implemented</b>	0	0% (1%)	11	12% (12%)	11	12% (13%)
<b>Actions due over 3 months ago, but not implemented</b>	1	1% (0%)	12	13% (12%)	13	14% (12%)

<b>Totals</b>	6		86		92	
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## **4. SUMMARIES OF COMPLETED AUDITS WITH SATISFACTORY OR LESS ASSURANCE**

### **A. CROSS-CUTTING (COUNCIL-WIDE)**

#### **A.1 Procurement Compliance (Quarter (Q) 3)**

An audit was undertaken to provide assurance that goods and services are procured in line with the Council's Contract Procedure Rules and public procurement regulations, while achieving value for money. This was the second procurement compliance audit undertaken in 2017/18, in line with a rolling programme of procurement reviews.

As a result of the fieldwork undertaken, satisfactory assurance was given over compliance with the Contract Procedure Rules. The primary issue that reduced the level of assurance provided compared to the previous review (which gave good assurance) was a finding that in three cases, procurement exemptions were not sought when they should have been. A key cause of this was officers not providing sufficient challenge to contract arrangements which have been in place for a number of years. A further issue was identified where contract documentation had been lost and no information was available about the tender process or contractual arrangements relating to a software contract.

The contracts have been referred to procurement and Internal Audit has discussed with responsible officers the need to re-tender the contracts or obtain an exemption. Procurement have undertaken awareness-raising work to ensure officers understand the need to review existing arrangements and obtain exemptions where it is believed that services can only be provided by one supplier. This has included a series of posts on the staff intranet. Additionally, Audit are conducting a review specifically focused on procurement exemptions and the exemption process to identify any further areas where changes could improve compliance levels.

#### **A.2 Agency Staff Compliance**

This audit review focused on the key controls to minimise Council expenditure on agency staff: ensuring that agency staff are only recruited when really needed, and that they are not in post for too long. Limited assurance over compliance with these controls over the use of agency staff was given, meaning that the Council is exposed to medium risk in this area.

The Agency Worker Policy stated that the maximum length of employment for an agency worker is 13 weeks, which may be extended by a further 13 weeks if a Business Case is produced, after which the job should be advertised through the normal recruitment process. Of the eight cases tested where the contract lasted for over 13 weeks, five managers did not produce a Business Case, one manager did produce a Business Case but it was not signed off, and in two cases the contract was extended beyond the maximum 26 weeks. Through discussions with HR and the People & Communities Directorate (which employs the bulk of agency workers), changes to this process have been agreed. Going forward, social care agency posts will have an initial employment period with a maximum of 20 weeks to reflect the nature of the role and reality of recruitment in this area, while all other posts will retain the 13 week initial period. Any extension beyond this duration will require sign-off from the relevant Assistant Director/Executive Director, thereby reducing the administrative burden of creating a business case but ensuring that approval is needed at a higher level.

It was also identified that from a sample of eight agency appointments, only two Agency Worker Recruitment Freeze Forms had been completed as per the policy, although neither had not been authorised. It has been agreed that the OPUS IT system will be updated to ensure that requests for agency staff will not be processed without an exemption form being received.

To further improve the controls in this area, it has also been agreed that reports will be issued to all Directors on a regular basis giving details of the duration of agency placements in their area, and the expenditure to date on each placement.

## **B. PEOPLE & COMMUNITIES (P&C) DIRECTORATE**

### **B.1 Safe Recruitment Compliance**

As part of the 2017/18 Audit Plan, an audit was undertaken to ensure that CCC staff who work with children, young people and vulnerable adults are subject to robust and transparent recruitment processes to ensure that service users are safeguarded. This included testing that safe recruitment requirements are consistently applied where required; employees are receiving the correct DBS (Disclosure and Barring Service) checks before starting their role; and confirming that where DBS checks return with a 'positive trace' (indicating that the candidate has a criminal record), the appropriate process risk is followed. This review excluded schools staff, as a separate schools safe recruitment and payroll review is carried out annually.

The fieldwork identified a number of positive findings, including that 100% of employees within the sample received an Enhanced DBS check when one was required, and all DBS checks were completed before the start of employment. Overall the assurance level was reduced to satisfactory due to several issues which were identified.

When a positive trace is returned on a DBS, an objective assessment should be completed to identify and consider any potential risks of hiring an individual based on the nature of their criminal record. The assessment should be approved by both HR and an Executive Director. When tested, 70% of the sample could demonstrate that they went through the objective assessment process, although a third had not been signed off correctly. Of the four cases where no objective assessment could be found, in two instances the recruitment process appears to have terminated prior to the assessment taking place; in one instance the employee was recruited by the NHS and would have been subject to their procedures; and in one case the individual does appear to have worked for the authority for one day before employment was terminated.

Other issues identified included inconsistent checking of employment gaps, a lack of discussion regarding safeguarding responsibilities at interview, and out-of-date information regarding DBS checks being recorded on the Oracle system. A number of actions were agreed, including adding the ability to flag the need for an objective assessment of an employee on the Oracle system, which has already been completed. An update of safe recruitment guidance and templates has been agreed and this will be cascaded through services to ensure managers are aware.

## **C. CORPORATE & CUSTOMER SERVICES DIRECTORATE**

### **C.1 Assurances from Suppliers and Third Parties**

Cambridgeshire County Council relies on a number of external service providers to deliver many of their services. This may involve providers holding data on behalf of the County. Loss or misuse of data by these service providers represents a risk to service delivery and a risk of breaching data protection regulations, which could lead to fines and/or damage to the reputation of the council.

It is therefore important that the Council obtains assurance that adequate controls surrounding information governance of contractors are in place to mitigate this risk. The organisation can seek assurance directly from the supplier, or it can seek a 'third party' assurance. This is when an independent third party reviews evidence and conducts testing on the provider and uses this to provide the customer with

assurance over the adequacy of systems. The focus of this review was therefore to understand the level of assurance that the Council has from its suppliers who hold Council data, and how assurances are leveraged through County Council contractual requirements.

Overall, satisfactory assurance was awarded over the control environment and compliance in respect of information security arrangements at the Council's IT suppliers. The review identified a mix of practice in place and some areas of risk.

In one instance it was identified that no formal contract is in place for an IT arrangement with a supplier which does not have an information security or business continuity plan in place. The supplier was also unable to provide any third party assurances over the security arrangements in place for their system. While the system does not process significant amounts of personal data, it does contain information which would be subject to data protection legislation, and system downtime or unauthorised access could be disruptive and costly for the Council, meaning that the absence of a formal contract or agreement for this service places the Council at risk.

In two further instances, suppliers declined to provide evidence that key processes outlined in their policies were actually operating as outlined; in one case this was despite a right of access outlined in the contract, and in the other there was no right of access in the contract. Although these suppliers had stated they were compliant with ISO 27001:2013 (an internationally recognised standard for information security in information management systems), they had no certification of this.

A number of actions to address these weaknesses were agreed, including new processes for IT systems contracts and procurement, and creation of guidance for officers on including requirements for third-party assurance around systems security in contracts.

## **5. OTHER AUDIT ACTIVITY**

### **5.1 PROJECT MANAGEMENT METHODOLOGIES**

Following the Internal Audit report into project management methodologies, which gave limited assurance, a workshop was held on the 11<sup>th</sup> December with representatives from Internal Audit, Transformation, Finance, Business Intelligence, Communications and the IT & Digital Service. The workshop included review of an initial draft framework and discussion around project management arrangements at the Council.

From the workshop, as well as the development of a project management framework it has been agreed to look at developing a projects assurance process whereby projects are risk-assessed and additional assurance processes are in place for the projects which represent the highest risk to the Council. Responses from the workshop are currently being reviewed by Transformation, and Internal Audit are continuing to work with the Transformation Team around the next steps for development of the framework and projects assurance process.

### **5.2 PRESSURES ON THE INTERNAL AUDIT PLAN**

In accordance with best practice the Audit Plan should be flexible in reacting to changing risks emerging across the Council. The Internal Audit Plan has been revised in line with the latest risk assessment and the following changes made:

- It was initially planned to review the new arrangements for the Multi-Agency Safeguarding Hub (MASH). It has now been confirmed by the People & Communities Directorate that a specialist peer review of the MASH is taking place in January. In order to avoid duplicating work, it has therefore been agreed to remove the audit of the MASH from the Audit Plan. The outcomes of the peer review will be shared with Internal Audit and assurance can be taken from this third party work.
- The time saved through not being required to undertake this review will be used to alleviate pressures in two other audit areas. Firstly, the review of Deprivations of Liberty, where the complexity of the different processes in place has increased the level of testing required from initial predictions; and secondly, the Troubled Families grant where a change in processes has meant that a higher proportion of claims need to be reviewed.

As previously reported, the time needed to support the PKF Community Transport Investigation has been much higher than initially expected. The decision for Internal Audit to provide the liaison and document recovery role was determined to be most cost-effective for the Council, as the LGSS Internal Audit daily rate is approximately the same as the PKF hourly rate.

Due to the high time pressure created by providing support to the Community Transport Investigation, the Audit Plan is currently at capacity, and with the adjustments already made it will not be possible to cancel further audits without undermining the plan's coverage.

Consequently, while the Internal Audit Plan continues to be re-assessed and updated in line with current risks facing the organisation, any further additions to the plan are likely to require additional funding.

APPENDIX A

## CCC INTERNAL AUDIT PLAN 2017/18

Audit Title	Status	Quarter Opened	Quarter Closed
Other Risk-Based Audits 17-18 (Contingency)	Ongoing	N/A	N/A
<b>Cross-Cutting and Council Wide Audit</b>			
Agency Staff Compliance	Complete	2	3
European Union Procurement Regulations - Compliance	Open	2	
Review of Procurement - Compliance – Quarter 1	Complete	1	2
Review of Procurement - Compliance – Quarter 3	Complete	3	3
Overtime & Enhancements in Children, Families and Adults (CFA)	Draft	1	
Members Travel & Subsistence	Open	3	
Procurement Exemptions Compliance	Draft	3	
Unannounced Visits - Archives	Complete	1	2
Unannounced Visits – Wisbech Children's Centre	Complete	1	2
Unannounced Visits – St Neots Children's Centre	Complete	1	2
Projects Assurance 17-18 Central Code	Complete	1	2
Project Assurance – Looked After Children (LAC) Property Project	Complete	1	2
Project Assurance – Cambridgeshire Public Services Network Project	Complete	1	3
Project Assurance - Energy Efficiency Fund	Complete	1	2
Project Assurance - Citizen First, Digital First	Complete	1	3
Project Management Methodologies	Complete	1	3
Use of Consultants	Open	1	
Social Media Audit	Draft	1	
Scheme of Delegation - Compliance	Complete	1	1
Capital Programme Assurance	Complete	1	3
Capital Programme Board	Draft	1	
Commercial Board	Draft	1	



Key Performance Indicators	Open	3	
Transformation Programme	Ongoing	All year	N/A
Property Portfolio Development Project	Ongoing	All year	N/A
Ethics Policies & Compliance	Complete	2	3
Whistleblowing Policy & Compliance	Open	1	
<b>People &amp; Communities Directorate</b>			
Governance of Financial Assessments	Complete	1	3
Traded Services - Cost Recovery	Open	2	
Deprivations of Liberty	Open	2	
Safe Recruitment	Complete	1	3
Joint Safeguarding Board Arrangements	Not started	3	
Deputyships	Draft	2	
Direct Payments - Compliance	Draft	2	
Troubled Families Grant	Ongoing	All year	N/A
Commissioning Board	Draft	2	
Schools Payroll & Safe Recruitment	Open	2	
Disabled Facilities Grant 16/17	Complete	1	1
Disabled Facilities Grant 17/18	Complete	3	3
<b>Economy, Transport &amp; Environment Directorate</b>			
Other Grants To Be Identified (Contingency)	Ongoing	All year	N/A
Highways Contract Management Arrangements	Open	3	
Highways Contract Open Book Reviews	Ongoing	All year	N/A
Street Lighting Private Finance Initiative (PFI)	Open	2	
Waste PFI Contract	Open	4	
Local Transport Capital Block Funding	Complete	1	3
Local Growth Fund Grant (Growth Deal)	Complete	1	1
Bus Services Operators Grant	Complete	1	2
Pothole Action Fund	Complete	1	2
Cycle City Phase II Grant	Complete	2	2
Section 31 Grant	Complete	1	1
<b>Public Health and Customer Service &amp; Transformation Directorates</b>			
Business Intelligence Continuity	Complete	1	3
Corporate Capacity Review Outcomes	Open	1	
<b>Key Financial Systems</b>			
Accounts Receivable	Open	4	



Purchase to Pay	Open	4	
Payroll	Not started	4	
General Ledger	Not started	4	
Bank Reconciliation	Open	4	
Treasury Management	Open	4	
Financial Systems IT General Controls	Not started	4	
Risk Management Audit	Not started	4	
CCC Debt Recovery	Open	3	
<b>Governance &amp; Risk Management</b>			
Risk Management	Ongoing	All year	N/A
Annual Governance Statement-Code of Corporate Governance	Ongoing	All year	N/A
<b>Information Governance &amp; IT Audit</b>			
Information Governance – General Data Protection Regulations	Open	2	
Information Security	Complete	3	3
Information Security Culture	Complete	1	3
ERP System IT Controls	Open	3	
Assurances from 3rd Parties	Complete	2	
IT Platform Stability Plan	Open	4	
Agresso Data Migration	Open	2	
<b>Anti-Fraud and Corruption</b>			
Preventative & Pro-active Fraud Work	Ongoing	All year	N/A
Fraud Investigations 17-18	Ongoing	All year	N/A
Community Transport Investigation	Open	1	
Direct Payments - D. Investigation	Complete	1	2
Social Care Charging Investigation	Draft	1	
Declarations of Interest Investigation	Open	3	
Teversham School Investigation	Complete	2	3
Thorngsleyfields School Investigation	Complete	2	3
Agency Worker Investigation	Open	3	
CCC 17-18 Fraud - Initial Referrals	Ongoing	All year	N/A
National Fraud Initiative	Ongoing	All year	N/A
<b>Other Planned Work</b>			
Advice & Guidance	Ongoing	All year	N/A
Freedom of Information Requests	Ongoing	All year	N/A
Follow-Ups of Agreed Actions	Ongoing	All year	N/A

Audit Plan	Ongoing	All year	N/A
Committee Reporting	Ongoing	All year	N/A
Management Reporting	Ongoing	All year	N/A

## APPENDIX B

# Summary of Outstanding Recommendations

(Recommendations as at the end November 2017).

Audit	Risk level	Summary of Recommendation	Target Date	Status
Debt Recovery	M	<b>Outstanding Debt Collection Procedures</b> Following the introduction of ERP Gold the following will be considered: - Producing reports and Key Performance Indicators (KPIs) in relation to information recorded on Notes. - Writing off account balances rather than individual transactions (if consistent with Financial Regulations).	31/08/17	This has been delayed due to some changes to published reports in the new ERP system and revised timescales for ERP implementation. The Debt team is looking into making changes to the system before go live.  <b>Awaiting revised target date.</b>
	M	<b>Policies and Procedures</b> Consideration should be given to developing a debt prevention strategy to be incorporated into the LGSS Collections Strategy and would set out the Council's approach to preventing debt e.g. through the promotion of direct debit, deferred payment, interest charges etc.	01/10/17	A draft, revised Collection Strategy is being finalised to strengthen/make explicit debt prevention activities and update on areas such as Late Payment Interest and this will be sent to the Head of Finance by 8 January 2018.  <b>Revised target date: 8.1.2018</b>
	M	<b>Payment Methods and Credit Control (1)</b> Consideration will be given to updating the LGSS Collection Strategy to include offering settlement rebates, customer credit limit and the imposition of penalties for late payment. However, such measures will require appropriate approval.	30/11/17	As above, a draft of the changes is being finalised for the Head of Finance by 8 January 2018.  <b>Revised target date: 8.1.2018</b>

	M	<b>Payment Methods and Credit Control (2)</b> Continuous encouragement is being given to service users to pay by direct debit and Debt Recovery Officers will actively promote this method of payment. Emphasis is also being placed on staff involved in financial assessments by focusing the service user's attention to signing up to a direct debit at this early stage.	01/07/17	The area where the biggest change can be made in getting service users to use direct debit is in social care. A form for setting up direct debits online has been created and is expected to be in use in early 2018.  <b>Revised target date: end February 2018.</b>
	M	<b>Payment Methods and Credit Control (3)</b> Consideration will be given to providing an annual statement to service users paying by direct debit. However detailed analysis, planning and evaluation of costs will be required. Such a change is a strategic decision and will require appropriate approval.	31/10/17	Work on this issue will be deferred until after ERP Gold has been implemented due to the required resources being deployed on the programme. (See Collection of Client Contributions recommendation below.)  <b>Revised target date: end April 2018.</b>
	M	<b>Reporting of Debt and Write-Offs</b> The Agresso system should include additional functionality in reporting write-offs such as write offs by reason code and write off by customer.	31/10/17	Work continues to test reporting functionality and whether reasons can be extracted from the system.  <b>Awaiting revised target date.</b>
<b>Domiciliary Care</b>	M	<b>Centralised System for Monitoring Missed Calls</b> Regular centralised monitoring of missed calls on AFM should be introduced, to identify any patterns. This should include cross-referencing to the Council's Soft Concerns Record.	08/05/17	New guidance on soft concerns has been produced. Awaiting confirmation that this can be cross-referenced to information in AFM about missed calls.  <b>Awaiting documentation.</b>
<b>Replacement of AIS system (MOSAIC Project)</b>	M	<b>Governance Arrangements and Benefits</b> Complete the final versions of the Business Case, Project Initiation Document and Terms of Reference for the Project Board, and have these signed off by the Project Board. Include the expected benefits of	31/03/17	This project has been completely reviewed and restarted since the initial audit took place. New project documentation has not yet been finalised.  <b>Revised target date: end December 2017.</b>

		the project, defined in a way that is measurable and with expected timescales.		Internal Audit is monitoring progress on this project through Board documentation.
	M	<b>Ongoing Contract Monitoring</b> It was agreed that the project would develop a plan for ongoing contract monitoring, to include who is responsible for it and how often it will take place (including how this will be managed once the project moves into business as usual) in accordance with the Council's Contract Procedure Rules.	31/05/17	This has been identified in the project review work as an area where a plan is required. The project is currently at too early a stage to set a timescale for this.  <b>Awaiting revised target date – to be confirmed end December 2017.</b> Internal Audit is monitoring progress on this project through Board documentation.
	M	<b>Service Level Agreement (SLA) with IT</b> It was agreed that arrangements would be finalised for the support to be received from LGSS IT once Mosaic is live. As this will be a business-critical system, an SLA needs to be in place with LGSS IT which details the support to be provided, timescales and arrangements for fixing system issues, and to define the responsibilities of the supplier and LGSS IT.	31/05/17	This has been identified in the project review work as an area where a plan is required. The project is currently at too early a stage to set a timescale for this.  <b>Awaiting revised target date – to be confirmed end December 2017.</b> Internal Audit is monitoring progress on this project through Board documentation.
<b>Client Contributions</b>		<b>Charging of Client Contributions</b> The introduction of Mosaic will potentially reduce the number of manual invoices being raised. Service administration teams are responsible for completing transaction checking to detect where committed income is not being invoiced for.	31/08/17	This will be dependent on the reports that can be run from Mosaic and the interface between Mosaic and ERP Gold. Finance will continue to check this, but won't know how this will be done until further in the development of Mosaic.  <b>Revised target date: end April 2018.</b>
	M	<b>Collection of Client Contributions (1)</b> A detailed review will be undertaken of the feasibility of giving service users who pay by direct debit an annual statement rather than four-weekly invoices. Such a change would require a strategic decision made by General Purposes Committee (GPC).	31/07/17	Work on this issue will be deferred until after ERP Gold has been implemented due to the required resources being deployed on the programme. (See Payment Methods and Credit Control (3) recommendation above.)  <b>Revised target date: end April 2018.</b>

	M	<b>Collection of Client Contributions (2)</b> Monitoring of the take-up of the direct debit payment method will be undertaken on a quarterly basis and reported as part of the Finance dashboard.	30/04/17	Direct Debit uptake will be added to the list of proposed measures for the finance dashboard, to be agreed by management teams.  <b>Awaiting revised target date.</b>
	M	<b>Deferred Payment Agreements</b> It will become mandatory for all new employees involved with deferred payments to undertake Care Act management training. These sessions will be provided once a quarter.	30/09/17	Development of training has started, but there have been some delays due to lack of capacity in the team.  <b>Revised target date: end January 2018.</b>
	M	<b>Services should apply to be transformed</b> Once services are able to determine the total cost of transactions by payment method, there should be a clear prioritisation for transforming services, based on the anticipated savings from transformation.	30/11/16	The roadmap for the Civica Icon project will include prioritisation for transforming services based on anticipated savings and the new data that can be obtained from Civica. Internal Audit has followed this up and has not received evidence to confirm that it has been completed.  <b>Awaiting documentation.</b>
		<b>Lack of Budget Holder oversight of costs</b> Once work to develop an understanding of the costs of processing transactions has been completed, the Council may benefit from a review of which traded services are charged payment processing costs, particularly given the increased shift towards trading in services. The methodology by which the costs of processing are charged out to services should be reviewed to confirm that it reflects the number/profile of transactions processed by the service.	30/09/16	Work has been undertaken by the Transformation Team during the first quarter of 2017/18 to ensure that all traded services have payment processing costs built into their budgets. Internal Audit has not yet seen evidence of how these costs are charged to budgets, which will enable the action to be confirmed as closed.  <b>Awaiting documentation.</b>

<b>Information Governance Policies</b>	M	<b>Asset management policies and procedures</b> As part of the new ERP Gold system there is a plan to create a "Resource Master File". Amongst other pieces of functionality this will record when a new/moving staff member is issued a piece of IT equipment. When a staff member who is on the system leaves their post their manager will be sent a reminder to recover the IT asset.	30/09/17	This has been delayed due to the go live date for ERP Gold being pushed back.  <b>Revised target date: end May 2018.</b>
<b>Ely Archives</b>	M	<b>Allowance for tender price inflation</b> As part of the development of the Council's Commercial Board, a 'commercial academy' training programme is being developed for officers who are responsible for contracts; commercial opportunities; procurement etc. This will be incorporated within the training provided.	30/06/17	An outline of the Commercial Development Programme went to Commercial Board in September. More work to develop the programme is required.  <b>Awaiting revised target date.</b>
<b>Transformation Programme Benefits Realisation</b>	H	<b>Governance Roles</b> Work to clarify the roles of Corporate Leadership Team (CLT) and Strategic Management Team (SMT) with a view to giving CLT a greater scrutiny role of the Transformation Programme. This work should make it clear which body has responsibility for approval, scrutiny and monitoring of different parts of the transformation programme.	31/07/17	CLT has been leading on the process of developing transformation proposals. New governance arrangements have not yet been formalised.  <b>Awaiting revised target date.</b>
<b>Section 106</b>	M	<b>S106 Monitoring system records</b> Following the introduction of a new S106 monitoring system, every scheme should be subject to detailed review to establish that all of the information relating to each scheme is complete and accurate.	30/09/17	This is dependent on procurement of the new monitoring system, which has been delayed. The system will need to link to ERP Gold for income monitoring, so this recommendation cannot be implemented until ERP Gold has gone live.  <b>Revised target date: end April 2017.</b>
	M	<b>S106 Master spreadsheet</b> Spend is already updated monthly on the monitoring spreadsheet. Once ERP Gold is implemented spend	30/09/17	This has not been completed due to delays in implementation of ERP Gold.

		will be updated more regularly on the system, however a large proportion will still be allocated at year end.		<b>Revised target date: end April 2017.</b>
<b>Energy Efficiency Fund</b>	M	<b>Financial Governance and Benefits Realisation</b> An overarching project plan should be established which records key information and is monitored on a regular basis.	31/10/17	An initial project plan has been seen, and will be updated in January.  <b>Revised target date: end January 2018.</b>
<b>Looked After Children Property</b>	M	<b>Lessons Learned Meeting</b> Transformation to implement a more standardised approach or guidance for lesson learnt meeting including details as recommended. It is also likely to be incorporated into Verto.	30/10/17	This is being followed up as part of the Project Management Methodologies work being undertaken by Transformation and Audit (see section 5.1, above).
	M	<b>Detailed Initial Planning</b> As part of the process of reviewing and approving Business Cases for savings in the Council's Business Plan, the Transformation Team should identify how the proposed savings are to be delivered, and provide challenge if delivery mechanisms do not align with the complexity of the planned saving proposal.	30/10/17	This is being followed up as part of the Project Management Methodologies work being undertaken by Transformation and Audit (see section 5.1, above).



**AUDIT AND ACCOUNTS COMMITTEE FORWARD AGENDA PLAN**

<b>MEETING DATE REPORT DEADLINES AND REPORT TITLES</b>	<b>Frequency of report</b>	<b>Corporate/Service Director /external officer responsible</b>	<b>Report author</b>
<b>COMMITTEE DATE: 2.00 p.m. Tuesday 23<sup>rd</sup> JANUARY 2018</b> <b>Deadline for reports to be with Democratic Services: Mid-day Tuesday 9<sup>th</sup> January 2018</b>			
<b>Minute Log</b>	Each meeting	Democratic Services	Rob Sanderson
Preparing For The 2017-18 Closedown and preparation of the accounts to meet the new earlier statutory deadline	Requested for the January and March meetings	Finance	Chris Malyon / Jeff Abbott
Integrated Resources and Performance Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	T Kelly / Rebecca Barnes
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Head of Internal

Update and updates in the recommendations including an update on the National Fraud Initiative data matching exercise requested at the May 2017 meeting) )  <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>			Audit
<b>SPECIAL MEETING MARCH - UPDATE ON POSSIBLE DATE TO BE ORALLY REPORTED</b>			
Report on the outcomes of the Community Transport investigations.	One off	LGSS Chief Internal Auditor	Duncan Wilkinson / Mairead Kelly
<b>COMMITTEE DATE: 2.00 P.M. Tuesday 27<sup>TH</sup> March 2018</b> <b>Deadline for reports to be with Democratic Services : Mid-day Tuesday 13<sup>TH</sup> March 2018</b>			
Cambridgeshire County Council External Audit Plan 2017-18 including Pensions Work Plan to include cover sheet with recommendations on what Auditors wish the Audit and Accounts Committee to agree.	Annual Report to March meeting	BDO LLP	Lisa Clampin, David Eagles / Barry Pryke
Safer Recruitment In Schools Update	Six monthly update	Senior Education Adviser	Chris Meddle
Preparing For The 2017-18 Closedown and preparation of the accounts to meet the new earlier statutory deadline	Requested for the January and March meetings	Finance	Jon Lee / Martin Savage
Internal Audit Plan 2018/19	Annual to the March meeting	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal

			Audit
Risk Updates Report		Director, Customer Services and Transformation	Sue Grace / Tom Barden / Sue Norman
Anti-Fraud Leaflet and Poster Annual Review	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson Chief Internal Auditor / Mairead Kelly in consultation with the Chairman
Annual Review of Whistleblowing Policy	annual	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor / Mairead Kelly
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Update)  <i>Relevant officers to attend the Committee to be invited by D Wilkinson where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Outstanding Debt – Monitoring Report – To receive the same report that was going forward to the General Purposes Committee	One off update to check progress	Chief Finance Officer	T Kelly
Integrated Resources and Performance Report	Each Cycle would always be one that had already been through General Purposes Committee / or going to Committee same	Chief Finance Officer	T Kelly / Rebecca Barnes

	day		
Update on Unspent Section 106 Monies (this might be via e-mail)	Twice a year	Chief Finance Officer	T Kelly
Transformation Fund Update	Four month update	Head of Transformation	Amanda Askham
<b>Committee Date 2.00 P.M. Tuesday 29th MAY 2018</b>			
<b>Deadline for reports to be with Democratic Services : Mid-day Tuesday 15<sup>th</sup> May 2018</b>			
Appointment of Chairman / woman and Vice Chairman / woman	Once a year	Democratic Services to add as first item on agenda	Rob Sanderson
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
Children's Social Care Case-loads Update  <i>(Note there was a request that lines on graphs in future should be in a format which would be distinguishable when printed in black and white. (e.g. using different symbols on different lines).</i>	Quarterly basis	Assistant Director of Children's and Family Services  Service Director Enhanced and Preventative Services (Children)	SJ Smedmor / Lou Williams / Tracey Boyce
Update on Progress on registration of land Purchased for Highways Purposes	Six month update	Asset Information Searches Manager	Daniel Ashman,
Cambridgeshire Council Workforce Strategy – Review of Action Plan – Quarterly Update	Quarterly	Head of HR	Martin Cox / Lynsey Fulcher
2018-19 Fee Letter	Annual	External Audit	Lisa Clampin

2018/19 Pension Fund Fee Letter			David Eagles
Pension Fund External Audit Plan	Annual	External Audit	David Eagles
Draft Statement of Accounts: 2017-18	Annual	Chief Finance Officer / Strategic Finance Manager / Group Accountant	Jon Lee / Martin Savage
Annual Report of the Internal Auditor	Annual Report on the Internal Control Environment.	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Draft Annual Governance Statement	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Annual Risk Management Report	Annual	Director, Customer Services and Transformation	Sue Grace / Tom Barden / Sue Norman
Review of Terms of Reference	Once a year	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Integrated Resources and Performance Report	Each Cycle	Chief Finance Officer	T Kelly / Rebecca Barnes
<b>COMMITTEE DATE 2.00 P.M. THURSDAY 26<sup>th</sup> JULY 2018</b> <b>Deadline for reports to be with Democratic Services:</b> <b>Mid-day Thursday 12th July 2018</b>			

Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
Accounts reports			
• ISA 260 Report and Letter of Representation and		External Audit BDO LLP	Lisa Clampin, and Barry Pryke
• ISA 260 Report – Pension Fund		External Audit BDO LLP	David Eagles
Final Statement of Accounts: 2017-18	Annual	Chief Finance Officer / Strategic Finance Manager / Group Accountant	Chris Malyon / Iain Jenkins / Jeff Abbotts
Code of Corporate Governance - updated document	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Progress)	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
<i>Relevant officers to attend the Committee to be invited by Duncan Wilkinson where management actions have gone beyond the next agreed target date</i>			
Audit and Accounts Committee Training Plan.	Once a year	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Safe Recruitment Update	Quarterly basis	Service Director Learning	
Internal Audit Progress Report	Each meeting	LGSS Chief Internal Auditor	D Wilkinson

<i>Relevant officers to attend the Committee to be invited by Duncan Wilkinson where management actions have gone beyond the next agreed target date</i>			
Integrated Resources and Performance Report including Corporate Risk Updates		Chief Finance Officer	Tom Kelly
<b>COMMITTEE DATE 2.00 P.M. THURSDAY 20<sup>th</sup> SEPTEMBER 2018</b>			
<b>Deadline for reports to be with Democratic Services: Mid-day Thursday 6<sup>TH</sup> September</b>			
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
Annual Report of the Audit and Accounts Committee (The timetable is for the Chairman / woman to present this report at the same time as other Service Committee Annual Reports to the Full Council meeting in October)	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson Chief Internal Auditor / Mairead Kelly in consultation with the Chairman / woman
Children's Social Care Case-loads Update	Quarterly basis	Service Director Enhanced and Preventative Services (Children)	Sarah-Jane Smedmor / Tracey Boyce
Internal Audit Progress Report	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson / Mairead Kelly
Resources and Performance Update Report including Risk Updates	Each Cycle	Chief Finance Officer / Head of Business Intelligence	Tom Kelly / Rebecca Barnes / Tom Barden
Update on Unspent Section 106 Monies	Twice a year (agreed via e-mail)	Chief Finance Officer	S Heywood

Cambridgeshire Council Workforce Strategy – Review of Action Plan – Quarterly Update	Quarterly	Head of HR	Martin Cox / Lynsey Fulcher
<b>COMMITTEE DATE 2.00 P.M. THURSDAY 22<sup>nd</sup> NOVEMBER 2018</b>			
<b>Deadline for reports to be with Democratic Services: Mid-day Friday 9<sup>th</sup> November</b>			
Integrated Resources and Performance Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	T Kelly / Rebecca Barnes
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Update and updates in the recommendations including an update on the National Fraud Initiative data matching exercise requested at the May 2017 meeting) )  <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Head of Internal Audit
<b>COMMITTEE DATE 2.00 P.M. THURSDAY 24<sup>th</sup> JANUARY 2019</b>			
<b>Deadline for reports to be with Democratic Services: Mid-day Friday 11<sup>TH</sup> January</b>			



Integrated Resources and Performance Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	T Kelly / Rebecca Barnes
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Update and updates in the recommendations including an update on the National Fraud Initiative data matching exercise requested at the May 2017 meeting) )  <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Head of Internal Audit
<b>COMMITTEE DATE 2.00 P.M. THURSDAY 28<sup>TH</sup> MARCH 2019</b>			
<b>Deadline for reports to be with Democratic Services: Mid-day Friday 15<sup>th</sup> March</b>			
Integrated Resources and Performance Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	T Kelly / Rebecca Barnes
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Head of Internal

Update and updates in the recommendations including an update on the National Fraud Initiative data matching exercise requested at the May 2017 meeting) )  <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>			Audit
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**Update 9<sup>th</sup> January 2018**