

AUDIT AND ACCOUNTS COMMITTEE



Date: Tuesday, 29 May 2018

Democratic and Members' Services
Fiona McMillan
Deputy Monitoring Officer

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. Appointment of Chairman 2018-19**
Once appointed the Chairman will seek nominations for the Vice Chairman
- 2. Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>
- 3. Audit and Accounts Committee Minutes 27th March 2018** **5 - 26**
- 4. Minute Action Log update** **27 - 32**
- 5. Children's Social Care Caseloads Quarterly Update** **33 - 38**
- 6. Update on Land Registered for Highways Purposes FINAL** **39 - 44**
- 7. Transformation Fund Monitoring Report Quarter 3 2017-18** **45 - 56**

8.	Internal Audit Annual Report 2017	57 - 80
9.	Draft Annual Governance Statement 2017-18 Draft	81 - 92
10.	Audit and Accounts Annual Review of Terms of reference	93 - 98
11.	Whistleblowing Policy Annual Report	99 - 116
12.	Integrated Resources and Performance Outturn Report 2017-18	117 - 164
13.	Forward Agenda Plan update 18th May 2018	165 - 172
14.	Date of Next Meeting	

The Audit and Accounts Committee comprises the following members:

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

Councillor Peter Hudson Councillor Noel Kavanagh 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

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AUDIT AND ACCOUNTS COMMITTEE: MINUTES

Date: 27th March 2018

Time: 2.00 – 5.05 p.m.

Place: KV Room, Shire Hall, Cambridge

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

Apologies: none

Action

68. DECLARATIONS OF INTEREST - none

69. MINUTES OF THE MEETING HELD ON 23RD JANUARY 2018

The minutes of the meeting held on 23RD January 2018 were confirmed as a correct record and were signed by the Chairman.

Matters raised / clarifications requested;

Minute 61 Minute Action Log

a) Cambridgeshire Music Service (page 6 of the agenda papers)

With reference to the Recruitment problems and the update solution provided as set out in the minutes, the Chairman requested that an update progress report to monitor effectiveness be provided to the Committee in the autumn.

Action

R Sanderson to schedule

b) Audit and Accounts Training Plan – Internal Audit Seminar on providing a case study of a non-contentious Project – (Page 7 of the agenda papers)

This was still to be re-arranged but was likely to be after the summer due to the number of reports scheduled to come forward to the next few meetings. **Action required**

M Kelly / R Sanderson to identify potential date

c) Minute 62 – Closedown Progress Report (page 9)

i) First paragraph at the top of the page stating that a definitive list of the prior period adjustments for the Draft Accounts would be brought to the current meeting. It was clarified that the list was not included in the report later

on the agenda as it had been established that significant estimates would not be required.

- ii) Page 9 Budget Holder guidance – It was confirmed that this had been circulated to budget managers in February.
- iii) Cambridgeshire Housing and Investment Company (CHIC) - it was confirmed that agreement had been reached that the accounting treatment would be via the creation of separate group accounts.

d) Minute 63. Integrated Resources and Performance report for the period ending 30th November 2017

Page 12 reference to the Levels of Outstanding Debt owed - the most recent report included later on the agenda had been received at General Purposes Committee that morning where this Committee's Chairman's concern on the increased level of unrecovered debt had been echoed by General Purposes Committee. (It had risen from £3m for debt outstanding at 90 days in the previous year to an increased figure of £4.6m at the end of February). This was despite the mitigation measures put in place. It was explained that this was partly the result of staffing challenges at a time when a greater amount of debt was being pursued.

- e) Minute 65 Internal Audit Progress Report page 66 - Risk Management Health Check Report.** The Chairman wished to be sent the final report when available.

D Wilkinson/ M Kelly to provide Chairman with copy

70. AUDIT AND ACCOUNTS MINUTE ACTION LOG FOR MARCH 2018 COMMITTEE MEETING

Reference was made to two updates provided to the Chairman via separate e-mails. These related to:

Page 18 Item 3 Minute 261 Council Workforce Strategy. A report is to be presented to the May General Purposes Committee and July full Council meeting.

Page 23 Item 10 C) Integrated Resources and Performance Report - Level of Debt Outstanding owed to Council

An e-mail briefing and the original report to General Purposes Committee was sent to the Committee on 26th March. The briefing set out the current level of debt as referred to earlier in the meeting and provided the September 2017 General Purposes Committee Report as background context. The briefing included in that e-mail is included **as Appendix 1 to these minutes** and therefore the

action was completed, with the next update report to be received at the May Committee.

The Minute Action Log was noted.

71. SAFER RECRUITMENT IN SCHOOLS UPDATE

This report updated the Committee regarding monitoring of the leadership of Safeguarding, including safer recruitment in maintained schools.

With reference to education advisor safeguarding reviews, at the time of preparing the report five schools had required a full review scheduled for completion by the end of April. An oral update indicated that four had now been carried out and were 100% compliant.

Key issues highlighted in the report and presentation included:

- No major safeguarding issues had emerged from the reviews, but in one case a return visit had been planned to ensure that recommendations had been followed up. This was an improved position since the last report.
- The School Intervention Service had been using a new more detailed review tool to ensure that safeguarding in schools, including safer recruitment, was effective.
- In the current academic year 46 maintained schools had been inspected by the Office for Standards in Education, Children's Services and Skills (OFSTED) with 100% having been judged as effective for safeguarding. This was the best position Cambridgeshire had been in and reflected the continuing proactive work undertaken. The Senior Education Advisor and his team were congratulated for this excellent performance.
- Highlighting that schools reported regularly on any complaints received. None of the safeguarding complaints received during the term were in respect of safer recruitment issues, but related to minor physical non sexual interventions.
- The report provided details on the Leadership of Safeguarding training programme. 500 individuals had now undertaken the training. A gap analysis was being undertaken to establish those schools which had not undertaken the training. The aim was to reach a 100% take-up target.
- The Education Adviser Team has been asked to provide safeguarding reviews and training for a large local Multi Academy Trust which operates over thirty schools. This was being delivered on a traded basis. This is an area being further

pursued as an income generating opportunity due to the excellent reputation of the team. In addition, the in-house service was very competitive as they charged rates half or less than other outside providers.

- Bespoke training on the Leadership of Safeguarding was also being provided on request to governing bodies with details set out in the report.
- It was highlighted that Schools could access nationally accredited safer recruitment training provided by Cambridgeshire Governor Services with details of take up set out in the report.

It was resolved:

To note the report.

72. DEMOGRAPHY AND DEMAND PLANNING PRESENTATION – BUDGETING FOR LOOKED AFTER CHILDREN (LAC)

This presentation had been requested at the last meeting to provide details of the budget setting process following concerns at the continued over-spend in particular areas of children's budgets in recent years. (The presentation is included as **Appendix 2 to these minutes**).

Questions and issues raised / explained included:

- Slide titled 'Demography and demand requirements funded in the Business Plan 2018-23 - In reply to a question there were no standard cost drivers to the different services listed, as they varied depending on the particular service.
- The Chairman suggested that if a large care provider went into administration he would expect there to be cost inflation as new providers would have to come in and take over the service and could dictate a higher charge for providing a similar service.
- Future year budget estimates were calculated on factors such as in-year adjustments made resulting from different trends, adding inflation, demography and demand requirements, and for Looked after Children (LAC), including reductions in placements made out of county. The detail being set out in the presentation slides.
- The trend for the County for LAC was that they were significantly more than those of our statistical neighbours with a particular spike compared with the background

population in 2015 as set out in the top chart on slide 9. The right hand chart showed a continued upward trend between March 2016 - March 2018, which was also reflected in Councils across the Country. The total number of LAC had peaked in Cambridgeshire in December at 703, but had currently plateaued at a lower figure as detailed in the information provided on slide 11. However the full year impact of the upward trend was leading to a significant increase in cost.

- To illustrate the unit costs involved, one of the cases included costs of £2800 a week and another £4,000 per week while one particular high cost residential placement involved costs of £16,000 per week due to the high level staffing costs associated with complex cases involving 1 to 1 staffing ratio required 24 hours a day. Children requiring secure accommodation due to their behaviour challenges often could be estimated to cost at least £9,000 per week. The costs fluctuated on a day to day basis depending on the care needed and, if people exited or joined the system. It illustrated that additional children requiring to be placed into care if assessed as being at risk (and for which Councils were statutorily required to look after) could increase the overall costs to the budget to a significant extent with the Council required to cover the costs.
- Slides 17 to 18 set out the detail of the actions to be taken to address numbers and reduce costs, (the latter being through reducing the use of agency fostering placements and the unit cost of high cost placements). **Action: The Chairman asked a report summarising the proposals scheduled for the Children and Young People's Committee in May should also be circulated to the Audit and Accounts Committee and a short update report provided on the outcomes be submitted to the June Committee for information.**
- One Member questioned whether there was a case for not closing down children's centres as a factor in reducing the number of LAC. It was indicated that it was not the site of children's centres, many of which were in buildings unfit for purpose, which was important, but rather through specific early help targeting which would be facilitated by the proposed opening of outreach centres.
- One Member asked whether to increase the attractiveness of people volunteering to be foster carers consideration should be given to increasing the allowance paid. In response this was not a key factor as Councils did not pay less than agencies.

Lou Williams /
Rob Sanderson

- In reply to a query on the reasons for Cambridgeshire being higher than the national average it was explained that this was partly due to the way the services had been configured which had resulted in children at risk being a lower priority and over optimism on how long they could stay in the family environment.

As a summary and as set out on the last slide, LAC was one of the most difficult budgets to manage, being a high risk volatile budget as the day to day potential demand could not be accurately forecast on an individual case level. Currently the number of children in care had stopped rising and the pressures were being managed with the aim to keep costs within the full year funding envelope. The complexity of the dynamics of change however meant that bringing population and placement mix in line might continue to take some time. This also highlighted why this budget was overspent to a higher degree than some other budgets in the Finance and Performance Report included later in the agenda.

Having congratulated the officers' on an excellent presentation which helped Members understanding of the complexities involved it was agreed as an **Action, that the presentation should be added as an item to a future monthly Member seminar.**

**Rob Sanderson/
Dawn Cave/ Lou
Williams**

73. BDO EXTERNAL AUDIT PLAN FOR YEAR ENDED 31ST MARCH 2018

This report provided details of BDO's 2017-18 External Audit Plan and the identified audit risks relevant to the financial statements and use of resources of Cambridgeshire County Council for the year ended 31st March 2018 and their responses to the risks.

For the financial statements audit, BDO were required to consider significant audit risks that required special attention. For the use of resources audit, the National Audit Office (NAO) had defined the sub-criteria to be considered as part of the risk assessment process in respect of informed decision making; sustainable resource deployment and working with partners and other third parties.

Planning Materiality for the Council had been initially based on 1.75% of prior year gross expenditure (£16,300,000) with the clearly trivial threshold based on 2% of the materiality level at £326,000. These would be revisited when the draft financial statements had been received for audit.

The significant risks identified under financial statements were included under the following headings:

- **Management Override**
- **Revenue recognition**
- **Property, Plant and Equipment evaluation**
- **Related party transactions**
- **Pension liability assumptions** - In reply to a question as to the degree of detail the audit would look at, this would be from information provided by the Council, from discussions with Pensions officers and reviewing the data given to the Actuary and the latter's own reviews.
- **Cash flow statement** - This had been highlighted as some errors had been identified in the previous Audit. Martin Savage from the Close-down Team highlighted that a new member of staff was looking at this statement to ensure its accuracy.

Normal risks included under financial statements were set out under the following headings with particular issues highlighted as shown in the additional text:

- **Senior officer remuneration** – this was identified as an important area to ensure accuracy due to the public interest.
- **Changes in presentation of the Comprehensive Income and Expenditure Statement**
- **Treatment of Revenue Expenditure funded from Capital under statute (REFCUS)** - last year errors had been identified in the Audit and therefore this was to check that going forward the transactions had been completed.
- **Intragroup Transactions** – the same issue as above.
- **City Deal accounting** – this had been a significant piece of audit work last year and External Audit were checking that no changes had been made to the main grant and that its accounting was consistent with the previous year.
- **Provisions and contingent liabilities associated with the guided busway** – its disclosure in the accounts was not significant but needed to be accurately recorded.
- **This Land Group** (formerly Cambridgeshire Housing Investment Company CHIC) – the numbers being transferred were material in relation to the value of the land. The financial statements and group accounts would be reviewed to ensure they were consistent with the requirements of the Code.
- **De-recognition of replaced infrastructure assets** – This would be a re-run of the issues around 'Assets under Construction' that would not be the case as that had been a particular accounting issue.

On the use of resources risks the following headings were included as significant risk areas:

- **Sustainable resource deployment**
- **Informed decision making**

The Chairman indicated that he had spoken to the audit lead to review the use of the word “savings” in the above section.

In respect of fees, these were to be agreed with Management. There was an expectation that the Group Accounts would result in additional audit work, but the disclosures required for them would not amount to the same volume of information as the Council’s single entry accounts. The extent of the audit work required would not be known until they were received.

In response to a question on the engagement timetable, June and July were the main pinchpoints. The planning timetable with the Close-down Team had been designed to deliver as much of the accounts information at a much earlier point to take into account the reduced statutory timetable to review and agree the Accounts.

Other issues raised included:

- Asking whether the implementation of ERP Gold impacted on the audit. The response was that it would not, as the accounts for the year ended 31st March 2018 and ERP Gold was going live in April.
- On a question on how the Actuary’s competence was tested, this was from a review undertaken by PwC of all Actuaries.

It was resolved:

To note the 2017-18 External Audit Plan

74. BDO PENSION FUND PLANNING REPORT FOR THE YEAR ENDING MARCH 2018

This report provided details of BDO’s Planning Report for the year ended 31st March 2018, highlighting key issues relevant to the audit of the financial statements of Cambridgeshire County Council Pension Fund. The report invited the Committee to review and approve the Plan and to consider whether there were any additional risks that should be added. The introduction highlighted that the risk assessment was almost identical to those included in the previous year’s audit.

Planning Materiality for the Pension Fund financial statements had been initially based on 1% of net assets (£28,500,000). Specific materiality had been set at 5% of contributions receivable (£6,272,000) and for other fund balances at 7.5% of the total expenditure. (£9,297,000). The clearly trivial threshold was based

on 2% of the materiality level at £570,000 with the contribution level at £125,000 and the other funding account balances at £185,000.

The significant risks identified under financial statements were included under the following headings:

- Management Override
- Fair value of investments (unquoted investments-excluding Cambridge and Counties Bank)
- Pension liability.

Normal risks included under financial statements were set out under the following headings:

- Revenue Recognition (CCC contributions)
- Fair Value of investments (Cambridgeshire and Counties Bank)
- Consideration of related party transactions - key management personal disclosures

In respect of fees, these were to be agreed with Management.

It was highlighted that the gantt chart was very similar to that of the Council's, with the audit currently on-track, as a large amount of early testing had already been undertaken. The majority of investigations would be undertaken by the end of March. The second audit was to be undertaken later in the week with the final audit scheduled for 4th June. If there were a further revaluation in May, there would need to be a revision on the figures. It was clarified that the December valuation assumptions would be used and if material changes were identified from a later valuation, readjustments would be made. The current officer view was that they did not expect a material change in the period under review.

On a general question regarding the new access pooling operator and how the Pensions Committee could ensure that investments were safe, the expectation was that the operator would provide quarterly update reports to the Pensions Committee in the same way as the current investment managers.

A general question was raised by the Chairman regarding his safeguards if challenged if a Northamptonshire County Council (NCC), Tesco or a Robert Maxwell scenario happened after the main accounts had been approved and given a clean bill of health from Auditors. It was explained that the scenarios he cited were not the same. In the case of NCC, warnings had been provided regarding the use of resources in the two previous accounts audits which were ignored by the Administration at NCC. The current external audit reports highlighted the potential risk areas. In addition, Committee members, while not expected to be technical

experts, undertook an important role in governance and received early warning in the form of Audit Reviews provided in the Internal Audit Progress Report. Safe Recruitment was an area where the Committee had asked for more assurance and was reflected in the update reports provided, the latest having been considered earlier in the meeting. There was also the facility provided whereby the Chairman and Vice-Chairman met privately for briefings with both Internal and External Audit, as well as with Section 151 officer, on issues of concern.

The report was noted.

75. CLOSEDOWN PROGRESS REPORT

This report provided the Committee with an update on progress on Closedown and the progress on the production of both the Pension Fund and the County Council Accounts. It also sought approval of the Accounting Policies for 2017-18 as set out in the appendix to the report.

In respect of the Pension Fund, it was highlighted that BDO had commenced the interim audit on 15th January 2018. The auditors provided the following feedback on their first stage interim audit: “We updated our planning and completed our initial risk assessment as per plan and we do not have anything to report to the Committee.....”.

In terms of preparing the Pension Fund accounts, Officers had sent out Related Party questionnaires to collect information relevant to the necessary disclosures required. At the time of the report’s preparation, work to finalise the template accounts was nearing completion, and confidence was expressed by the officers that the timetable would be achieved.

In terms of the County Council Accounts, and as follow up to the previous report, the following tasks were in progress or had been completed with the detail as set out in the report:

- Valuations
- Pensions
- Schools payroll.

One area identified as a potential risk to achieving the reduced timescales had been the lack of resilience due to the reliance in the previous audits on key individuals to meet the majority of key deadlines. As a result, a Closedown Accountant had been recruited to work primarily on the CCC statement of accounts and additional interim support was also being provided.

A number of accounting policy changes were required to be

included within the financial statement, as detailed in section 7 of the report. **Action: It was suggested that future policy changes should be highlighted in the revised accounting policy so that the Committee could clearly see where they were.** In reply it was explained that they related to the following, with page references to the agenda report provided as an oral update:

Jon Lee /Martin
Savage

- a. Capitalisation of Interest Costs (bottom page 86 and over on page 87)
- b. Increasing the De-minimus from £1k - £4k (page 84)
- c. Changing the approach on the accounting treatment for Infrastructure asset additions (bottom page 85 and over on top of page 86)

The Chairman asked officers to identify potential areas that could delay the accounts sign off, citing CHIC as one possible area. Regarding CHIC (now known as 'This Land'). It was explained that the agreed approach (Group Accounts) had now been shared with External Audit and was not expected to be an issue. The audit of Cashflow was also expected to be a lot smoother, due to the lessons learnt from the previous audit.

Issues raised by Members in the subsequent discussion included:

- The Vice Chairman seeking an explanation to the text on page 92 regarding Council Tax third bullet reading: "the movement in the impairment provision" It was explained that this was in relation to Council Tax receipts and the provision in the accounts to deal with lower than expected collection.
- There was a request to include a section on Business Rates
Action officers agreed to look into this
- Seeking clarification regarding why all the Council Tax leaflets made reference to a 3% increase in Council Tax when it was 2.99%. It was explained that the districts who produced the leaflets rounded up to make it more understandable. The figures provided in the leaflet were accurate and reflected the 2.99% increase.

Jon Lee /
Martin
Savage

It was resolved

To note the report and to note the report and to approve the Accounting Policies to the County Council's Statement of Accounts for 2017-18, subject to the additional change suggested in the discussion.

**76. INTEGRATED RESOURCES AND PERFORMANCE REPORT
FOR THE PERIOD ENDING 31st JANUARY 2018**

The Deputy Section 151 Officer highlighted that the current forecast was that the overall Council budget would be exceeded by just over £4m at year-end. However the February report would show a worsening budget position for Highways Maintenance due to the severe weather conditions requiring additional gritting and emergency repairs.

Issues raised / comments made on the report included:

- welcoming the additional information showing the direction of travel of performance indicators requested by the Committee at the January Committee meeting.
- That it would be useful to see more information on the Transformation Fund Programme. This had also been requested at the Chairman's briefing the previous week and as a result the Chairman had been sent an e-mail that morning from the Business Intelligence Manager providing a link to the regular report going to GPC from the Head of Transformation.
- Welcoming the reduction in days lost through sickness.
- Page 109 - Place and Economy Highway Other – with reference to the Waste budget it was suggested that it would have been useful to have included more details of the figures. In response it was agreed that this had been badly written but was provided in the detailed Place and Economy Finance and Performance report for which a link had been included at the end of the paragraph. **Action: The Deputy Section 151 Officer undertook to provide a more detailed explanation to both General Purposes Committee and this Committee.**
- Page 110 the Public Health underspend, it was clarified that it was not ringfenced.
- Page 138 Risk Register - The Chairman highlighted that all the review dates had moved to April. It was explained that the next report would include a review of the risk register.

T Kelly

The report was noted

77. DRAFT INTERNAL AUDIT PLAN 2018-19

This report presented the draft 2018-19 Internal Audit Plan attached as Appendix 1 for comment and approval. Internal Audit

coverage was planned so that the focus was on those areas and risks which would most impact the Council's ability to achieve its objectives.

Issues raised included:

- The Chairman, highlighting that there had been a capacity increase from 1550 to 1552 days, asked how sickness and people leaving the service would impact on the proposed Plan. In reply it was indicated that a limited level of sickness had been allowed for in the targets. 5.91 days was the service standard, with a 90% productivity target to deliver audit to the client. It was recognised if vacancies were held for a longer period, this would have an impact, but the Head of Internal Audit highlighted the flexibility of LGSS shared services to reallocate resources.
- In discussion an example was given of the cost of cutting down trees delaying a project, as the estimate required a full tendering exercise to be undertaken which had also subsequently increased the overall cost. There was a request that Internal Audit should review the current contract thresholds as it was suggested some uplift was required. The Internal Audit Risk Manager explained this would be covered under audits already included in the Audit Plan and that compliance testing would highlight some of the issues referred to. **Action: Internal Audit look at lower contract thresholds for reassurance (to ensure greater value for money was being achieved) and also to look at the administrative cost of procurement compliance.**
- Related to the above, reference was made to the overspend on Ely Bypass and whether Internal Audit should look at the procurement process undertaken. The Internal Audit Risk Manager indicated that they were looking at capital projects overspends and significant variations, with Ely Bypass being one of the contracts that would be looked at.
- A question was raised regarding at what stage was it appropriate to review the LGSS business partnership arrangements. In reply it was explained that Sarah Homer the new acting LGSS Chief Executive, had been brought in to review the LGSS model and how it was delivering to partners. The review had an end of May target date. It was confirmed it would include LGSS Law. The Chief Internal Auditor highlighted that the LGSS Joint Committee was the appropriate committee to receive the report. If Members of the Committee had questions, they should direct them through Chief Executive Gillian Beasley, as she was scoping the review.

D Wilkinson /
Mairead Kelly

- The Vice Chairman raised the issue of the effectiveness of scrutiny arrangements. It was explained that formal scrutiny was part of the Cabinet and Scrutiny Model previously operated by the Council before moving back to a Committee system. The Committee system with all party representation was effectively the scrutiny mechanism. It was suggested that this was a discussion to be pursued with his party colleagues and others outside of the meeting.

Having commented on the report,

It was resolved:

To approve the proposed 2018-19 Audit Plan

78. INTERNAL AUDIT PROGRESS REPORT TO 28th FEBRUARY 2018 2017

This report provided an update on the main areas of audit coverage and the key control issues arising for the period 1st January 2018 to 28th February 2018.

Paragraph 1.1 to the main report appendix listed the audit assignments which had reached completion since the previous Committee report. There were no audits completed with only a satisfactory or less assurance rating. 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:

- Reference to 51 cases suspected theft, fraud, or misuse of funds being referred to Audit as at the end of February 2018,
- The Internal Audit team investigations caseload provided in Table 3.

Outstanding management actions at the end of February 2018 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:

- Zurich Risk Management Health Check Review Project – Initial feedback from the review was broadly positive, with a number of areas strength identified as well as areas for

development, including the approach to risk appetite and approach to contract risk management.

- A Review of IT security policies.

Concern was expressed by the Committee regarding the number of outstanding recommendations detailed in Appendix B. The offer was again made that if officers required the Committee's support, the Chairman was happy for his name to be used to summon officers to attend at Committee to explain the reasons for delays in implementing agreed recommendations.

It was resolved:

To note the contents of the update report.

79. AUDIT AND ACCOUNTS FORWARD AGENDA PLAN

It was highlighted that as set out the May meeting might still be the meeting to receive the FACT report. There was currently the suggestion that the report should go to another Committee such as Economy and Environment Committee first. The latter suggestion was supported by the Deputy Chairman of Council, stating that it was the relevant service committee. This view on the reporting process was not supported by some of the other Members of the Committee.

As an update, the Chief Internal Auditor indicated that the outside consultants investigation and field work had now been completed but he was not privy to the findings. The next stage would be consultation with key stakeholders to check for factual accuracy. This consultation process period would be weeks rather than months. Following this, a draft report would be issued to the Chief Internal Auditor, the Monitoring Officer Quentin Baker and Chief Executive to have a conversation regarding legal issues and to try to ensure as much of the report would be available in the public domain. The final decision on which Committee should receive the report would be with the Chief Executive in consultation with key Committee Chairmen, which would include Audit and Accounts Committee.

The Forward Plan was noted.

80. DATE OF NEXT MEETING – 2.00 P.M. 29th May 2018

Chairman
29th May 2018

AUDIT AND ACCOUNTS COMMITTEE MINUTES ACTION LOG FOR MAY 2018 COMMITTEE MEETING

<u>NO</u>	<u>TITLE OF REPORT / MINUTE AND ACTION REQUESTED</u>	<u>LEAD</u>	<u>PROGRESS / RESPONSE</u>
ACTIONS ARISING FROM THE MINUTES OF THE 7th JUNE MEETING 2016 COMMITTEE MEETING			
1.	MINUTE 214 - ISA 260 UPDATE REPORT - REGISTRATION OF LAND PURCHASED FOR HIGHWAYS PURPOSES		
	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.	Daniel Ashman / Camilla Haggett (re-Rhodes)	A report in included on the current May 2018 agenda Action ongoing
ACTIONS ARISING FROM THE MINUTES OF THE JULY 2016 COMMITTEE MEETING			
2.	MINUTE 226. MINUTES		
	Minute 213 'Systems in place to ensure that Section 106 Funds do not go unspent' The November 2016 Committee meeting agreed that updates either to the Committee or to the Chairman should be provided on a six monthly basis.	Tom Kelly	Next update due in September 2018. (Action: Tom Kelly) ACTION ONGOING

ACTIONS ARISING FROM THE MINUTES OF THE 29th NOVEMBER 2016 COMMITTEE MEETING			
3.	MINUTE 261 – CAMBRIDGESHIRE COUNCIL WORKFORCE STRATEGY UPDATE		
	There was a request that once implemented, there should be a regular quarterly report on the Action Plan progress.	Martin Cox / Lynsey Fulcher	<p>The report submitting the final Strategy for endorsement by General Purposes Committee and for final approval by full Council has been rescheduled a number of times since the report to the November 2016 Committee.</p> <p>Officers have agreed to provide the Chairman with a copy of the intended report going to GPC Committee in May. The timetable is for it go to General Purpose Committee in May and Council in July.</p> <p>ACTION ONGOING</p>
ACTIONS ARISING FROM THE MINUTES OF THE 21st NOVEMBER 2017 COMMITTEE MEETING			
4.	MINUTE 49 - ANNUAL EXTERNAL AUDIT LETTER		
	a) Where all material misstatements identified had been rectified by the accounts sign off date It was requested that in future years the Executive Summary should include this information.	L Clampin BDO	<p>External Audit agreed to make this change in future letters.</p> <p>ACTION ONGOING</p>
ACTIONS ARISING FROM THE MINUTES OF THE 23rd JANUARY 2018 COMMITTEE MEETING			
5.	61. AUDIT AND ACCOUNTS MINUTE ACTION LOG FOR JANUARY 2018		

	a) Audit and Accounts Training Plan – Running through the detail of a non-contentious project - It was originally agreed that the session requested by the Chairman, should be before the March meeting.	M Kelly / RVS	<p>This was to have been held before the January Committee meeting. However, due to officer illness on the day of the Committee, this session had to be postponed and a new date arranged.</p> <p>ACTION:</p> <p>Officers to ask at the May meeting whether the Committee still wishes to undertake this training session as due to the timetabling of the Committee being the same day as General Purposes Committee it is unlikely that the session can be held before the Committee and not before the autumn due the number of reports coming forward. There needs to be a commitment from the majority of the Committee to either ask Internal Audit to liaise with members to find a day other than a committee day or alternatively to hold it at the close of one of the Committee meetings.</p>
ACTIONS ARISING FROM THE MINUTES OF THE MARCH 2018 COMMITTEE MEETING			
6.	MINUTE 69 MINUTES OF THE MEETING HELD ON 23RD JANUARY 2018		
	a) Audit and Accounts Training Plan – Internal Audit Seminar on providing a case study of a non-contentious Project – (Page 7 of the agenda papers)		See above.
	b) Minute 65 Internal Audit Progress Report page 66 - Risk Management Health Check Report. The Chairman wished to be sent the final report when available.	D Wilkinson/ M Kelly to provide Chairman with copy	<p>The report was provided to the Chairman by Head of Business Intelligence on 11th May.</p> <p>The report conclusions and action plan to address the recommendations made by Zurich will come forward as part of the Annual Risk Management report which has now been scheduled to come forward to the July Audit and Accounts Committee.</p>

7.	MINUTE 72.DEMOGRAPHY AND DEMAND PLANNING PRESENTATION – BUDGETING FOR LOOKED AFTER CHILDREN (LAC)		
	A) Request that a report summarising the proposals scheduled for the Children and Young People’s Committee in May should also be circulated to the Audit and Accounts Committee and a short update report provided on the outcomes be submitted to the June Committee for information.	Lou Williams / Rob Sanderson	The report is included on the 22 nd May CYP Committee agenda. This has been circulated to the Committee.
	B) that the presentation should be added as an item to a future monthly Member seminar.	Lou Williams / Dawn Cave Rob Sanderson	A seminar slot has been provisionally booked for the 12 th October seminar.
8.	MINUTE 75 - CLOSEDOWN PROGRESS REPORT		
	a) In future reports policy changes should be highlighted in the revised accounting policy so that the Committee could clearly see where they were.	Jon Lee / Martin Savage	This will be addressed in the Annuals Accounts report to the 12 th June Committee
	b) There was a request to include a section on Business Rates.	Jon Lee /Martin Savage	Same comment as for 8a) above

9.	MINUTE 76 - INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31st JANUARY 2018		
	Action: The Deputy Section 151 Officer undertook to provide a more detailed explanation to both General Purposes Committee and this Committee.	T Kelly	<p>Page 109 - Place and Economy Highway Other – with reference to the Waste budget it was suggested that it would have been useful to have included more details of the figures. In response it was agreed that this had been badly written but was provided in the detailed Place and Economy Finance and Performance report for which a link had been included at the end of the paragraph.</p> <p>The more detailed response was sent out from Rebecca Barnes to all members of the Council on 3rd May. The response text is included as Appendix 1 to this minute action log.</p> <p>ACTION COMPLETED</p>
10.	MINUTE 77 - DRAFT INTERNAL AUDIT PLAN 2018-19		
	Action: Internal Audit look at lower contract thresholds for reassurance (to ensure greater value for money was being achieved) and also to look at the administrative cost of procurement compliance.	D Wilkinson / Mairead Kelly	<p>These would be undertaken as part of the reviews included in the Internal Audit Plan being undertaken.</p> <p>Economy and Environment Committee at their meeting in April when considering the Ely Bypass overspend Capital Report requested that Internal Audit should review this project as part of one of the reviews on capital project overspends to establish whether any lessons could be learnt going forward.</p> <p>ACTION ONGOING</p>

RESPONSE TO MINUTE 76 - WASTE BUDGET MORE DETAIL ON THE FIGURES

The Waste PFI budget was forecast to overspend by +£1,604k in January, mainly due to the Mechanical Biological Treatment (MBT) plant performing below the budgeted level of performance (which has now been addressed in the Business Plan for 2018/19 by re-basing the budget). Also, the pressure was due to lower levels of Third Party Income through the contract, an increase in the amount of bulky waste collected that is sent direct to landfill, an increased quantity of material rejected from the In-Vessel Composting process, rising costs for recycling wood and rigid plastics collected at Household Recycling Centres and a shortfall in the delivery of savings for 2017/18.

The additional Highways income reported in the January report was one of a number of underspends that were identified across P&E which have been held to cover the Waste pressure. As further background, income from fees from Highways Development control was greater than budgeted and traditionally any overachievements with this are used to fund additional highways maintenance works. In 17/18 because of the Waste pressure, the service did not spend the additional income due to the need to cover the overspend across P&E as a whole.

AUDIT AND ACCOUNTS COMMITTEE MINUTES ACTION LOG FOR MAY 2018 COMMITTEE MEETING

<u>NO</u>	<u>TITLE OF REPORT / MINUTE AND ACTION REQUESTED</u>	<u>LEAD</u>	<u>PROGRESS / RESPONSE</u>
ACTIONS ARISING FROM THE MINUTES OF THE 7th JUNE MEETING 2016 COMMITTEE MEETING			
1.	MINUTE 214 - ISA 260 UPDATE REPORT - REGISTRATION OF LAND PURCHASED FOR HIGHWAYS PURPOSES		
	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.	Daniel Ashman / Camilla Haggett (re-Rhodes)	A report in included on the current May 2018 agenda Action ongoing
ACTIONS ARISING FROM THE MINUTES OF THE JULY 2016 COMMITTEE MEETING			
2.	MINUTE 226. MINUTES		
	Minute 213 'Systems in place to ensure that Section 106 Funds do not go unspent' The November 2016 Committee meeting agreed that updates either to the Committee or to the Chairman should be provided on a six monthly basis.	Tom Kelly	Next update due in September 2018. (Action: Tom Kelly) ACTION ONGOING

ACTIONS ARISING FROM THE MINUTES OF THE 29th NOVEMBER 2016 COMMITTEE MEETING			
3.	MINUTE 261 – CAMBRIDGESHIRE COUNCIL WORKFORCE STRATEGY UPDATE		
	There was a request that once implemented, there should be a regular quarterly report on the Action Plan progress.	Martin Cox / Lynsey Fulcher	<p>The report submitting the final Strategy for endorsement by General Purposes Committee and for final approval by full Council has been rescheduled a number of times since the report to the November 2016 Committee.</p> <p>Officers have agreed to provide the Chairman with a copy of the intended report going to GPC Committee in May. The timetable is for it go to General Purpose Committee in May and Council in July.</p> <p>ACTION ONGOING</p>
ACTIONS ARISING FROM THE MINUTES OF THE 21st NOVEMBER 2017 COMMITTEE MEETING			
4.	MINUTE 49 - ANNUAL EXTERNAL AUDIT LETTER		
	a) Where all material misstatements identified had been rectified by the accounts sign off date It was requested that in future years the Executive Summary should include this information.	L Clampin BDO	<p>External Audit agreed to make this change in future letters.</p> <p>ACTION ONGOING</p>
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ACTIONS ARISING FROM THE MINUTES OF THE MARCH 2018 COMMITTEE MEETING			
6.	MINUTE 69 MINUTES OF THE MEETING HELD ON 23RD JANUARY 2018		
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	b) Minute 65 Internal Audit Progress Report page 66 - Risk Management Health Check Report. The Chairman wished to be sent the final report when available.	D Wilkinson/ M Kelly to provide Chairman with copy	<p>The report was provided to the Chairman by Head of Business Intelligence on 11th May.</p> <p>The report conclusions and action plan to address the recommendations made by Zurich will come forward as part of the Annual Risk Management report which has now been scheduled to come forward to the July Audit and Accounts Committee.</p>

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	B) that the presentation should be added as an item to a future monthly Member seminar.	Lou Williams / Dawn Cave Rob Sanderson	A seminar slot has been provisionally booked for the 12 th October seminar.
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RESPONSE TO MINUTE 76 - WASTE BUDGET MORE DETAIL ON THE FIGURES

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CHILDREN'S SOCIAL CARE CASE-LOADS QUARTERLY UPDATE

To: Audit and Accounts Committee

Date: 29th May 2018

From: Lou Williams

Electoral Division(s): All

Purpose: Arrangements for Safeguarding Vulnerable Children and Adults – to report on Children's Social Care case-loads.

Concerns were previously raised by this Committee regarding high caseloads. Therefore this report provides a quarterly update to the Committee on children's social care case-loads to enable the Committee to monitor the potential risk involved.

Recommendations:

a) To note and comment on the report.

b) To note the continued monitoring of caseloads for the Children's Social Work Units by Children and Families Leadership Team.

Key Issues:

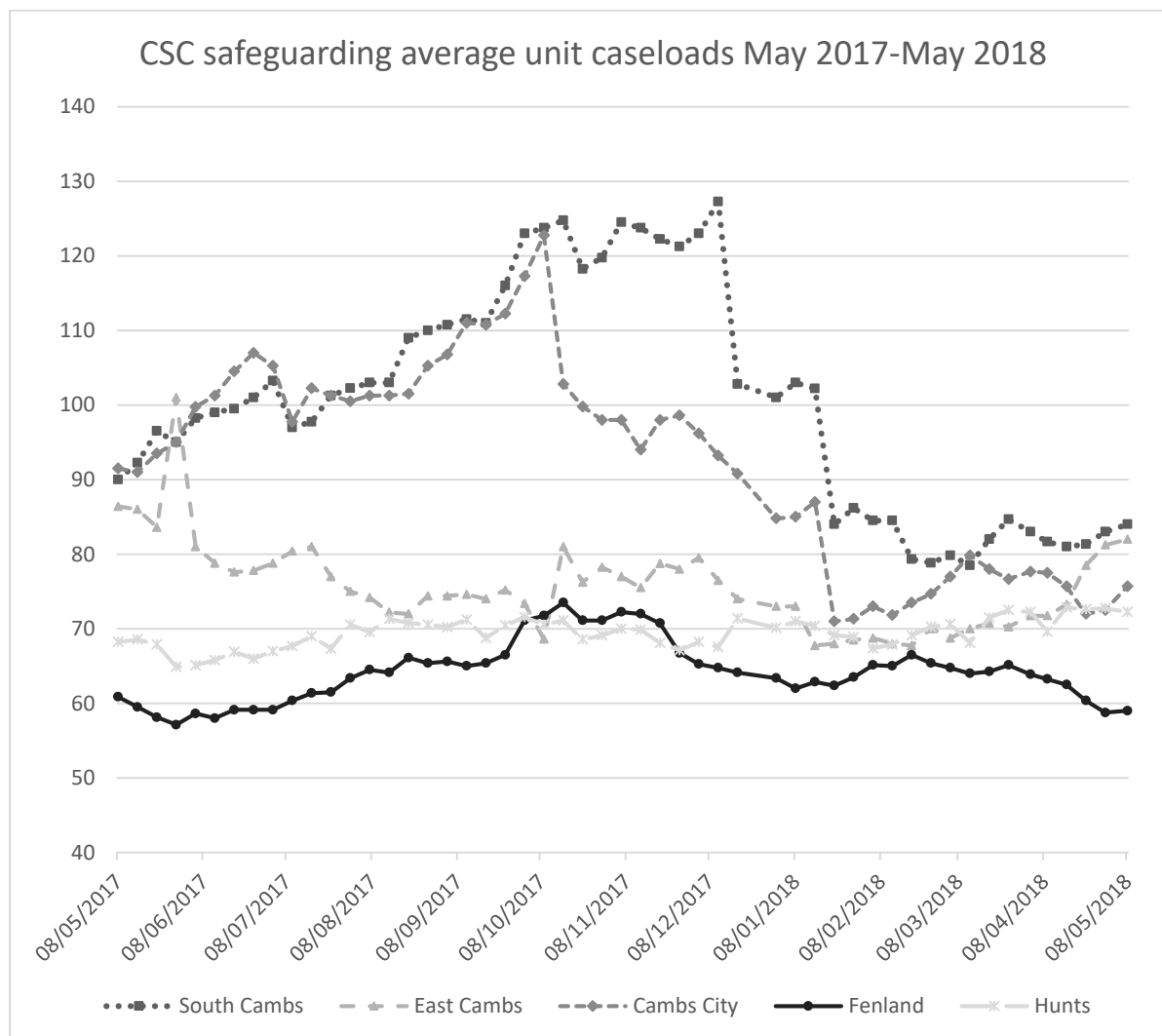
Following the Children's Change Programme units and teams have now located into the new districts which caused some short term movement of cases, meaning for some units they are over the anticipated caseload. During the last quarter most of the districts have remained at a consistent high case load level, however, these have reduced in City and South Cambridgeshire to still high but more manageable levels. The graph below highlights some disparity when comparing total caseloads against each of the districts. You will see from the graph below that Fenland, Ely and Hunts units have fewer cases compared to those in Cambridge City and South Cambridgeshire.

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1. BACKGROUND

- 1.1 The below highlights number of cases for each of the district areas between 08 May 2017 and 08 May 2018 September.

Children's Social Care (CSC) Unit Caseloads



- 1.2 The Children's Social Work Units comprise a Consultant Social Worker, a Senior Social Worker, two Social Workers, one of whom can be an ASYE (Assessed and Supported Year of Practice, a social worker in their first year of employment post qualification), a Unit Co-ordinator and Clinician support for three days a week. Each unit is also supported by two Family Workers from within the District. The units are established to support on average 60 children.
- 1.3 The Children's Social Work Units work with children from pre-birth to the age of 18. They become involved with children after the initial assessment of the risk to the child from Integrated Front Door and will undertake support to families under Section 47 Children Act 1989 - child protection, Section 17 Children Act 1989 - Child In Need and all legal proceedings, private law or public law. The

work of the unit is underpinned by the desire to build meaningful relationships with children and for one unit to know and understand the child's story and travel with them on their journey through social work services.

- 1.4 Children aged 14 and above who are Looked After are supported by the 14-25 Service, which includes dedicated teams for care leavers and Unaccompanied Young People.

2.0 MAIN ISSUES

- 2.1 The movement of units into the new Districts, as part of the Children's Change Programme, has been underpinned with the principle of:

- causing the least disruption as possible to the lead worker for the child,
- maintaining relationships where possible.

Looked after Children are now transitioning to the 14-25 service at the most appropriate time, nearest their 14th Birthday.

- 2.2 Work continues to be undertaken by the District Safeguarding and Early Help Managers to identify which children could be supported to step across to Early Help within the District, which children can be closed for social work services as their plan has been successfully completed and which children need to be supported by another District, given where they reside.
- 2.3 District Safeguarding and District Early Help Managers are working together to identify where children and their families are best supported, allowing for many of the children who are currently supported by social work units to be supported by Family Workers. This work is ongoing and is being regularly reviewed to ensure the Early Help work is targeted to support families where the social care units are involved and children who are at the edge of care.
- 2.4 The Integrated Front Door focusses on identifying the right services, for the right children at the right time, allowing us to continually gain a clearer idea of the need and demand for social work services in particular Districts. It is of note that children identified as being in need of social work services by the Integrated Front Door to Cambridge City and South Cambridgeshire has been higher than other Districts.
- 2.5 The Integrated Front Door have had vacancies within the service which has impacted on the throughput of assessments in a timely way, further impacting on the levels of cases transferring to the units.
- 2.6 Workloads in the City and South Cambridgeshire presently remain higher than in the North, but have decreased over the last quarter. As previously suggested we have successfully move one Unit for Ely to Cambridge City and one unit from Huntingdon to South Cambridgeshire. There are now 16 units in South and 16 Units in North, which better reflects the demand we have seen over the last ten months.

- 2.7 We have been successful in recruiting to vacant posts in the North and these services have identified children who are no longer in need of services or who can be supported by Early Help, which was evidenced in the significant reduction in caseloads, even though the referral rate remains higher than expected.
- 2.8 Unfortunately, we have not had the same success in recruiting to the vacancies in South Cambridgeshire and City and whilst two new units moving into this service has increased staff morale, as has the reduction in caseloads, the vacancy rate means the work continues to be undertaken by Units with vacancies and this is impacting on staff morale.

Vacancies are being filled with agency social workers when they are available.

- 2.9 As a result of the vacancies, Consultant Social Workers have been not only managing the staff within their units and overseeing the care planning for the children, but have been holding their own caseloads. This is not sustainable or acceptable in the longer term.

3.0 FUTURE PLANS

- 3.1 A proposal is being shared with Children and Young People (CYP) Committee on 22 May 2018, outlining a proposal as to how the children social work workforce could be structured in the future to ensure they are holding reasonable caseloads of between 17 and 20 children, with good management oversight from their line managers and efficient care planning for children.
- 3.2 Transformation, HR and the Assistant Director for Children and Families are leading on enhancing the way we advertise for and recruit social workers as it is apparent this is a challenge in Cambridge in particular. A successful campaign was run in spring, jointly with Adult Services, which secured four new social workers.
- 3.3 We have also worked jointly with Peterborough on an overseas recruitment campaign which has also successfully recruited three social workers who will start within the next four months.
- 3.4 Caseloads are monitored by the Leadership Team on a weekly basis, with an action plan in place to oversee the transitioning of cases. This includes a detailed look at the demand for social work services in each District.
- 3.5 The Units and District Early Help services are working ever more closely together and this is expected to reduce numbers of children open to the units who are being worked with as children or young people in need, as District Early Help services increase their focus on targeted areas of work.
- 3.6 While we expect these and similar actions to reduce caseloads in the units, this remains an area of concern and one that will remain under sharp focus by the senior leadership team.

<i>Source Documents</i>	Location
None	

REGISTRATION OF LAND PURCHASED FOR HIGHWAY PURPOSES

To: **Audit and Accounts Committee**

Date: 29th May 2018

From: Daniel Ashman, Asset Information Searches Manager

Electoral Division(s): **All**

Purpose:

To update Committee on the Highways Assets project to register with Her Majesty's Land Registry (HMLR) circa 6,000 parcels of land purchased for highway schemes. To supply a list of highway land sites which may have possible alternative use.

Key Issues:

The Asset Information Team has completed the scanning and certification of the deeds of land purchased for highways purposes and has now commenced the identification of priority sites for expedited registration. HMLR continues to undertake registration of land parcels but the pace of registration remains slow.

The Asset Information Team has identified highway land parcels which are not currently being used for highway purposes and which may have alternative uses. A commercially confidential list of these sites will be circulated to Committee members separately as a background document to this report. Specific details from the appendix should not be discussed at the meeting but any questions can be referred directly to the Asset Information Searches Manager.

Identification of such sites has been restricted thus far to the South Cambridgeshire area, although investigation of the Cambridge City Council and Fenland areas has recently commenced.

The Asset Information Team has opened dialogue with Strategy and Estates about potential ways to dispose of land parcels which are no longer required for highway purposes. However, site valuations cannot take place until a strategic decision is made by the Highways Service to dispose of land.

Recommendation:

That the Committee notes progress to date with land registration and identification of land for potential sale or redeployment.

<i>Officer contact:</i>	
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Tel:	01223 699065

1. BACKGROUND

- 1.1 A report was presented to Audit & Accounts Committee on 24 January 2017, setting out the background to this project. In summary, the County Council ('CCC') is seeking to register with HM Land Registry (HMLR) circa 6,000 parcels of land purchased for highway purposes from the 1930s to 1990. The total area of the plots is just over 1,700 hectares. This land represents assets of considerable value, both as resources for future transport schemes and as assets of financial value.
- 1.2 Milestone reports were presented in July and November 2017, outlining progress made with the scanning, certification and registration of the land parcels, as well as steps taken to identify parcels not currently used for highway purposes, the pursuit of registration completion dates from HMLR, and attempts to publicise the lodgement process.
- 1.3 Committee requested a further milestone report for May 2018 to include a list of highway sites with potential alternative uses. The first version of such a list is provided in the separate confidential *background appendix*. The list is considered commercially confidential at this time as the proposal to put the highway land to other uses has not yet been formally approved.

2. MAIN ISSUES

Lodgement & Registration of Highway land

- 2.1 Scanning and certification of the land deeds was completed during January 2018. Since that time, officers have been submitting deeds to HMLR for registration via an online file sharing portal. Thus far, HMLR's progress with registration has been limited due to the sporadic availability of staff resource. However, County Council officers have submitted over 490 deeds for registration and over 100 have been registered to date.
- 2.2 It has been agreed with HMLR that priority sites will be identified by County Council officers and submitted for registration ahead of smaller sites. Examples of such priority sites include larger areas which may have potential for alternative use, or adjoining parcels that form a larger area when considered together. By submitting adjoining land parcels together for registration as single areas, officers are securing further cost reductions to the County Council, because this is covered by a single registration fee.
- 2.3 Our agreement with HMLR also allows the County Council to expedite registration where there is a need to secure our interest in land. This has already allowed the County Council to prioritise registration of some highway land in Whittlesford, which is desired for a possible future road scheme, but which had been encroached upon by a private individual. A similar parcel has been identified at Foxton - *shown in the confidential background appendix, part (e)* - and we have been able to protect the Council's future interests by securing quick registration as a result of this project.

Identification of parcels not required for highway purposes

- 2.4 Using the County Council's mapping software, the Asset Information Searches team has carried out extensive spatial analysis of the highway land dataset, to identify land parcels that do not comprise part of the public highway or fall within any privately registered land. Such parcels may therefore have potential for other uses.
- 2.5 Subsequent to 2.4 above, officers have been seeking to understand whether any of the above sites might represent suitable development opportunities. This exercise has involved obtaining planning constraint data from each District Council within Cambridgeshire, to allow officers to check whether parcels of highway land are affected by restrictions on development. Officers have thus far only been able to obtain comprehensive planning information from three out of five districts, and the sheer number of sites has to date restricted us to assessing sites within South Cambridgeshire.
- 2.6 Assessment of the highway land within South Cambridgeshire has yielded mixed results. When assessing individual sites, many deeds for the purchase of land for highway works state that, after conveyance, the land is to be used for highway purposes. The implication of this is that the highway rights over the land would need to be stopped up by Magistrates' Court prior to the land being put to any other use. This is a costly and time-intensive process and may only be worth pursuing for larger sites where the value gain stands to be greatest.
- 2.7 However, many parcels like those described in 2.6 have never been incorporated into the County Council's highway records. The Asset Information Searches Manager has therefore sought legal advice to ascertain whether such land could be put to other uses, provided that it has never been maintained as part of the highway.
- 2.8 Notwithstanding 2.6 and 2.7 above, a small site within South Cambridgeshire has been identified which appears to serve no highway function, and which may be of interest to the adjoining landowner for a minor garden extension or similar. Smaller sites like this clearly have restricted potential for future development but it may be possible to maximise value through sale. An example of these sites can be seen in the confidential *background appendix, part (c)*.
- 2.9 No large sites have been identified that are unaffected by planning constraints and which represent the best opportunities for development. Unfortunately this does not reflect officers' earlier optimism. However it should be noted that the presence of the Greenbelt across much of South Cambridgeshire means that many parcels of highway land which are free of any other constraint, are still impacted by the Greenbelt.
- 2.10 Therefore it was decided that officers would also investigate whether there are any sites that are only affected by a limited number of planning constraints. A small number of such sites have been identified and, whilst the presence of constraints may restrict the possibility for their

development, some of these sites are larger in area and may still carry considerable value. A summary of these sites is supplied in *background appendix, part (a)*, which also includes details of a site revealed at Huntingdon during preliminary data assessments.

- 2.11 Any sites identified in 2.8 or 2.10 will be submitted to HMLR for expedited registration, to protect the County Council's future interest in the land.

Possible sale of land

- 2.12 Officers have prepared summary information about each site identified in 2.8 and 2.10 above, to be shared with Highways Development Management colleagues, and the District Highways Manager. This will enable due consideration of whether any of the land is required for highway purposes, before the decision to authorise disposal of the land is submitted to the *Assistant Director – Highways* for approval. The sale or other future use of the land will then be managed by the Strategy & Estates service.
- 2.13 Colleagues in the Strategy & Estates service have advised that the smaller land parcels described in 2.8 above could potentially be sold in bulk at auction, if it is decided that they are no longer needed for any purpose by the County Council. It is however advised that local consultation is carried out prior to this, as the sale of publicly owned land can be controversial. Furthermore the land would require valuation by Strategy & Estates before any auction was undertaken and, due to the number of sites that may eventually be involved once the whole County has been assessed, there is no guarantee this could be done quickly.
- 2.14 Although some land parcels may have restricted development potential, the possibility of selling them does represent an opportunity for the County Council to divest itself of potential liabilities. For example following interest from a neighbouring landowner, Officers are currently exploring whether an unnecessary parcel of land in Huntingdon, which has ongoing maintenance costs to the Highways Service, could be sold on the open market. Details are available in the *background appendix, part (d)*. Similarly it may be possible to offer certain sections of land to the relevant parish councils for their own use as local green spaces/amenity land, thereby removing the County Council's maintenance liability. Examples are provided in the *background appendix, part (b)*.
- 2.15 It is further advised by colleagues in Strategy & Estates that *This Land* (formerly *Cambridgeshire Housing and Investment Company*, 'CHIC') should be apprised of any site felt to have development potential, for assessment of possible development options. This may eventually include some or all of the land identified at 2.10 above, and other similar parcels uncovered across Cambridgeshire.

Future actions

- 2.16 The proposal to attempt to generate consultancy income as a result of being the first authority to undertake fully electronic registration of a

series of parcels has so far garnered little interest. A number of partner authorities have been contacted directly but those canvassed so far have either (i) registered their land holdings already, or (ii) do not have sufficient resource or interest to commence such a large project. We anticipate that interest in our project will increase as the Government's land registration agenda becomes more widely known.

- 2.17 Officers will continue the submission of deeds to HMLR for registration, prioritising sites where appropriate. Depending on officer resource, we anticipate that all deeds will have been submitted by September 2018, at which point we are in the hands of HMLR to complete the registrations. Unfortunately, as much of the land does not meet the criteria set out in the Government's Housing White Paper, it is unlikely that HMLR will treat many of our sites as priorities – unless officers make requests for specific parcels.
- 2.18 Surplus parcels of highway land will be assessed on a district-by-district basis and operational decisions will be reached within the Highways Service regarding the disposal of the land. Officers estimate that the rest of Cambridgeshire can be assessed, and operational decisions regarding the land reached, by January 2019. Once registered these unnecessary parcels will be submitted to Strategy & Estates for the progression of any sale or promotion of other uses.

Background documents: none

TRANSFORMATION FUND MONITORING REPORT QUARTER 3 2017/18

To: General Purposes Committee
Audit and Accounts Committee for information

Meeting Date: 27 March 2018

From: Amanda Askham, Head of Transformation

Electoral division(s): All

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

Purpose: To outline progress in delivery of the projects for which transformation funding has been approved at the end of the third quarter of the 2017/18 financial year.

Recommendation: It is recommended that the Committee note and comment on the report and the impact of transformation fund investment across the Council.

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1. BACKGROUND

- 1.1 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 is 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.
- 1.2 General Purposes Committee (GPC) has responsibility for stewardship of the fund, approving business cases for new proposals and reviewing progress with existing schemes. In June 2017 the Committee received a baseline report describing how each of the proposals would be progressed and monitored and this paper provides the third quarterly in-year monitoring update on expenditure and outcomes to date, the first being received by GPC in September.
- 1.3 GPC asked that future reports provide a high-level overview of how proposals were working, using a Red Amber Green (RAG) rating system to highlight where things are on and off-track. The steer given was that individual Policy and Service Committees would review relevant projects in detail as appropriate, with GPC maintaining a strategic oversight role and primarily focussing on highlights and exceptions.

2. OVERVIEW OF PROGRAMME

- 2.1 The table at fig. 1 provides a summary for Committee regarding the proportion of schemes which are rated green as 'on track' and those which are amber or red because the delivery of benefits is either delayed or will not be achieved as originally anticipated. The total invested and delivered to date and projected over the lifetime of the programme is provided in overview.

Figure 1: Transformation Programme Overview

RAG Rating	No of Schemes	Investment to Q3 (£000)	Savings / Income to Q3 (£000)	Total Investment Committed (£000)	Total Projected Saving/income over lifetime of scheme (£000)
Green – On Track	12	898	-2356	3308	-3250
Amber – Delayed or some risk of under-delivery	2	619	-2160	840	-2592
Red – Not projected to deliver as originally planned	4	511	-416	1220	-512
Total	18	2,028	-4932	5368	-6354

3. EXCEPTIONS

3.1 The Committee has requested details of schemes which are not on track and the table below therefore provides an overview of;

- investment funding spent and savings secured to the end of the quarter, and how this varies from the original profile
- the total projected saving from the investment, and how this varies from the original profile
- details of the reasons for the variance and any mitigating actions which could be put in place

Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q3 2017/18 (£000)	Savings to date at Q3 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating
Commercial Approach to Contract Management (c/r5.001)		267	-0	-2000	<p>This investment supports additional external support in order to identify contract management savings. These will be reflected in underspends on contractual spend and in future business planning savings associated with externally commissioned services.</p> <p>At present there are a number of initiatives derived from this investment that are delivering savings and efficiencies for 2017/18 across the Council. However, these are contributing to service-specific savings targets, rather than delivering savings against the centrally held savings target.</p> <p>With greater governance now in place around the Council’s purchasing and procurement, the Commercial Board is developing a specific programme to identify further savings opportunities from this work in 2019 and beyond.</p>	Red
Invest £000	Saving £000					
400	-2000					

Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q3 2017/18 (£000)	Savings to date at Q3 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating
Specialist Support for Adults with Autism to increase their independence (A/R 6.113)		35	-19	-26	<p>This scheme has been partially successful but will deliver a smaller financial benefit (£26k) than originally estimated (£72k)</p> <p>Mitigation work involves expanding the activity to other Vulnerable Adults; monitoring the saving against avoided costs and the demographic expectation.</p>	Red
Invest £000	Saving £000					
50	-72					
Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q3 2017/18 (£000)	Savings to date at Q3 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating
Using Assistive Technology to help people with Learning Disabilities live and be safe more independently without the need for 24 hr or overnight care (A/R 6.116)		94	-95	-135	<p>As part of the Learning Disability savings programme we have invested in additional specialist assistive technology capacity. The work to review the use of technology across LD cases is ongoing. The savings rate achieved in 2017/18 is lower than modelled with the rate of referrals also being slower – however the programme is ongoing and we believe that further opportunities can be identified – in particular the use of more enabling technologies for people with autism will support greater independence during daytime activities. Updated savings projections will be made once this work has developed further – as part of the Adults Positive Challenge Programme</p>	Amber
Invest £000	Saving £000					
186	-214					
Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q3 2017/18 (£000)	Savings to date at Q3 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating

Enhanced Occupational Therapy Support to reduce the need for double-handed care (A/R.6.165)		41	-202	-211	<p>Project is in progress and delivering savings</p> <p>Progress with the Care Home element of the project has been slower than anticipated, due to a member of the team being off sick for an extended period (now returned). The LD reviews are progressing somewhat more slowly due to the complexity of the cases but where care packages can be changed this is expected to bring significant savings.</p> <p>Amber status reflecting potential need to re-phase savings</p>	Amber
Invest £000	Saving £000					
90	-252					
Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q3 2017/18 (£000)	Savings to date at Q3 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating
Sustaining Budgetary performance in older people's services (c/r 5.320)		351	-793	-973	<p>Return on investment is linked to the reallocation of some of the achieved underspend in Older People's and Mental Health Services in 2016/17.</p> <p>This saving is predicated on the services continuing to meet people's needs within the reduced budget allocation. Demographic pressures have recently appeared and are now being managed / mitigated within Older People's and Mental Health Services. The amber status and lower saving projection reflects the remaining pressure on this overall budget (£888k) as shown in the Finance and Performance Report</p>	Amber
Invest £000	Saving £000					
600	-1861					
Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q3 2017/18 (£000)	Savings to date at Q3 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating

Children’s Social Care Support for young people with complex needs (C/R.5.404)		115	-302	-1508	The model is now live from 1/10/17 delivering outreach support, residential beds in the children’s home at Wisbech and joint working with the police. Over this period 42 young people have been supported to either prevent their admission to care, return home from care within a 28 day period of admission, return home from long-term care in a planned and sustainable way, or to stabilise their presentation to reduce risk and prevent placement breakdown or escalation in resources. Work has continued on a recruitment strategy for family placements (fostering and supported lodgings) however progress has been delayed due to significant pressures on management capacity and operational demands. Communication support worker has been recruited and started in Q4, and work continues to recruit to the clinician post. This project is already delivering savings and we anticipate that the full financial benefit of £1508k will be delivered. However the amber status reflects the delay in implementation which will result in a shortfall in 2017/18 – with savings re-phased into 2018/19 accordingly	Amber
Invest £000	Saving £000					
497	-1508					
Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q3 2017/18 (£000)	Savings to date at Q3 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating
Dedicated Reassessment Team - Learning Disabilities (A/R 6.114)		589	-1722	-1,994	A dedicated Project Assessment Team (PAT) has been established and a full programme of care package reviews and provider negotiations is underway. There has been some delay in delivering the estimated saving with the complexity of the cases as well as significant staff	Amber

Invest £000	Saving £000				turnover in the team delaying the amount of care package reviews completed in the year.	
750	-2381				The commissioning element of PAT has also been leading on the procurement of framework contracts as well as provider fee increase negotiations which avoid increased costs rather than delivering cashable savings. This year has been particularly challenging due to increases in the National Living Wage and increased costs for night support due to recent clarifications of the National Minimum Wage Regulations on top of the wider financial challenges facing the sector.	

4. HIGHLIGHTS

4.1 Some schemes which are of particular interest in terms of their positive impact on outcomes and savings are highlighted below.

4.2 Adults Transformation programme (C/R.5.319).

The Consortium of Capgemini and iMPOWER are now nearing the end of the Adults Positive Challenge Programme in Adult Services and Safeguarding and are finalising their recommendations. The emerging programme captures and builds on the innovative thinking within our teams and brings fresh ideas and insights from an independent perspective.

The opportunities the consortium have identified include our approach to technology, our relationships with communities, conversations with service users, how we support carers differently, our approach to commissioning and how we influence people to keep themselves well. A priority that comes through strongly is a focus on empowered and devolved practice and supporting our teams to do what is needed to help people achieve their goals.

A programme plan is under development and a mobilisation and development period will take place during March and April. This time will be used to:

- Share the proposed vision and opportunities with elected Members and staff across the Council and gather feedback on the business cases through a series of workshops, drop-in sessions and via internal communications;
- Discuss the findings and proposed opportunities with partners to fully understand the potential impact on their organisations and how we can collaborate on transformation and develop opportunities together;
- Consider and discuss the scale of joint implementation between Cambridgeshire and Peterborough, and discuss this with elected Members from both authorities
- Identify the requirement for external capacity and expertise to support implementation of the programme.

There are a number of opportunities that can be taken forward now, whilst the rest of the programme is developed. These include conversations about measures we can take to maximise people's independence; changes to the Council's information and communications materials; and investigating different types of Assistive Technologies available in the market. Officers will begin to develop these opportunities during March and April as the full Programme is developed. It is anticipated that a full description of the programme, along with investment implications, will be presented to Adults Committee and GPC in May.

4.3 Neighbourhood Cares

Our future direction in Adults Service will be strongly informed by the Council's Neighbourhood Cares innovation sites which are fully operational in Soham and St Ives. Initially the teams were working to develop links into their communities and to meet the emerging needs of new service users. The pilot is now moving to the next stage where the teams are also taking on the service users open to the mainstream Older People's Team in

East Cambridgeshire and Huntingdon – so we are beginning to test the model’s ability to work differently whilst still responding to the full range of demand in a given geography.

The innovation sites continue to generate numerous examples of really positive work within communities - including

- Working with local residents to build a Soham Community Map which will be both physical and virtual. With the library hosting one of the three maps and local residents keeping info up to date.
- Soham Library are planning to work with the local community to host a [Repair Café](#) where volunteer Repairers fix items brought in by the public to prevent waste and build community whilst bringing new footfall to the library
- Responding to feedback from people in St Ives about how difficult and isolating the time could be between Christmas and New Year the team arranged a local café to hold a coffee and cake get together which will now go on to become a regular social and support group
- The library hosting Community Lunches where a range of public sector, voluntary and community partners come together to share news and collaborate on projects.
- Volunteer4Soham event. 10 organisations came together to showcase their volunteer opportunities in the town and to recruit new Volunteers.
- Neighbourhood Cares hold weekly Drop Ins in the library where local residents can pop in for info, advice and support and also to join our volunteer team

Paul Jansen the Chief Operating officer from Public World is carrying out a health check assessment on the Neighbourhood Carer model – testing how well it is using the Buurtzorg principles and to provide recommendations on how we can embed these in our future service models.

A further upcoming development is work with Purple (the organisation that provide the Direct Payment support to people in Cambridgeshire) and Care Networks in regards to their submitted bid to the Councils Innovation grant to support micro enterprises that specifically provide Personal Assistants . We are optimistic that this will give us the capacity to develop this market across the patches and inform the future county-wide model.

4.4 External Funding / Cambridgeshire Lottery

Transformation Fund investment has supported the development around the proposal of a lottery model for Cambridgeshire, this will be presented to C & I Committee in March.

The proposal is for a £1 tickets price with a maximum prize of £25,000. The draws would be weekly and all tickets would be sold online via a dedicated website hosted by the ELM (accessible on mobiles, tablets and desktop applications).

We are currently proposing a model whereby players can choose to buy a ticket to support either:

- The Central Fund (the default ticket type) – all 60% goes to the central fund to be distributed by the existing council processes

- Specific Good Cause – 50% goes directly to the chosen good cause and the other 10% goes to the central fund.

Using conservative estimates based on all ticket buyers donating 50p to a Specific Good cause and 10p to the Central Fund. Over 5 years it is estimated that around £1.3m would be generated for good causes and over £300k would be generated for the central fund – allowing the County Council to invest according to our priorities and offsetting existing costs.

5. ALIGNMENT WITH CORPORATE PRIORITIES

5.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

5.2 Helping people live healthy and independent lives

A key focus of the Transformation Programme is on helping people to live healthy lives and cope more independently of public services.

5.3 Supporting and protecting vulnerable people

The impacts associated with the people living healthy and independent lives are captured within Community Impact Assessments for each proposals within the Business Plan, including these transformation programmes. By successfully delivering transformation we can address the funding shortfall whilst protecting and enhancing outcomes for vulnerable groups. The transformation fund and its impact therefore mitigates the potential need for service reductions which would impact negatively on vulnerable people.

6. SIGNIFICANT IMPLICATIONS

6.1 Resource Implications

The resource implications are captured on the savings tracker showing expenditure from the transformation fund and the actual and anticipated return on investment.

6.2 Procurement/Contractual/Council Contract Procedure Rules Implications

No significant implications – in some instances the procurement process has taken longer than anticipated creating some delay in the expenditure and impact of the transformation investments – these are described within the commentary for each scheme.

6.3 Statutory, Legal and Risk Implications

There are no significant impacts for this category.

6.4 Equality and Diversity Implications

There are no significant implications within this category from this report – individual community impact assessments were completed for all schemes as part of the original business case.

6.5 Engagement and Communications Implications

There are no significant impacts for this category.

6.6 Localism and Local Member Involvement

There are no significant impacts for this category.

6.7 Public Health Implications

There are no significant impacts for this category.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes – Chris Malyon and Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	n/a
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	n/a
Have the equality and diversity implications been cleared by your Service Contact?	n/a
Have any engagement and communication implications been cleared by Communications?	n/a
Have any localism and Local Member involvement issues been cleared by your Service Contact?	n/a
Have any Public Health implications been cleared by Public Health	n/a

Source Documents	Location
General Purposes Committee Agenda, Reports and Minutes	https://cmis.cambridgeshire.gov.uk/ccc_live/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/2/Default.aspx

INTERNAL AUDIT ANNUAL REPORT 2017/18

To: Audit & Accounts Committee

Date: 29th May 2018

From: LGSS Chief Internal Auditor

Purpose: The Public Sector Internal Audit Standards require that the Chief Internal Auditor presents an annual report to the Authority's Audit & Accounts Committee. This is reflected in the terms of reference of the Authority's Audit & Accounts Committee.

The purpose is for Audit & Accounts Committee to consider the Annual Internal Audit Report for 2017 – 18 and be made aware of the Chief Internal Auditor's opinion on the state of the Internal Control Framework within Cambridgeshire County Council.

Key issues: The Annual Internal Audit Report forms part of the evidence that supports the Authority's Annual Governance Statement 2017 – 18.

Recommendation: Audit & Accounts Committee is requested to consider and approve the Annual Internal Audit Report.

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INTERNAL AUDIT SERVICE

INTERNAL AUDIT ANNUAL REPORT 2017/18

DUNCAN WILKINSON, CHIEF INTERNAL AUDITOR

29th May 2018

**LGSS Internal Audit & Risk Management
Annual Report 2017/18**

Cambridgeshire County Council

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1. INTRODUCTION

1.1 *The Annual Reporting Process*

- 1.1.1 The Public Sector Internal Audit Standards (PSIAS) (Performance Standard 2450) state that the Chief Audit Executive (CAE) must deliver an annual internal audit opinion and report that can be used by the organisation to inform its annual governance statement (AGS) that forms part of the Council's official accounts. Cambridgeshire County Council's Chief Audit Executive is the LGSS Chief Internal Auditor.
- 1.1.2 The annual report is required to incorporate the opinion; a summary of the work that supports the opinion; and a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement plan.

2. CHIEF INTERNAL AUDITOR OPINION 2017/18

2.1 Chief Internal Auditor Opinion

- 2.1.1 The annual opinion of the Chief Audit Executive (CAE) must be based on an objective assessment of the framework of governance, risk management and control and include an evaluation of the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems.
- 2.1.2 My opinion is derived from an assessment of the range of individual opinions arising from assignments contained within the risk-based Internal Audit Plan. This assessment has taken account of the relative materiality of these areas, and management's progress in addressing control weaknesses.
- 2.1.3 Public Sector Internal Audit Standards (PSIAS) also require the CAE to confirm that the Internal Audit service has operated with an adequate level of resource to deliver an annual audit opinion. Internal Audit operates independent of the organisation, as per the Internal Audit Strategy and Charter, and there have been no compromises of Internal Audit's independence in its operation this year. I confirm that the above was compliant with PSIAS requirements.

*On the basis of the audit work undertaken during the 2017/18 financial year, an opinion of **good** assurance is awarded. The internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice. In addition, there are no outstanding significant issues arising from the work undertaken by Internal Audit*

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

I am pleased to report that the level of assurance therefore remains at a similar level from 2016/17.

3. **REVIEW OF INTERNAL CONTROL**

3.1 *How Internal Control is reviewed*

- 3.1.1 In order to support the annual Internal Audit opinion on the internal control environment, each year Internal Audit develops a risk-based Audit Plan. This includes a comprehensive range of work to confirm that all assurances provided as part of the system of internal audit can be relied upon by stakeholders.
- 3.1.2 The changing public sector environment and emergence of new risks increasingly necessitates a flexible approach and re-evaluation of the Audit Plan throughout the year. In 2017, revisions to reflect the changing risk profile of the organisation were approved on an ongoing basis throughout the year by SMT and the Audit and Accounts Committee.
- 3.1.3 Each Internal Audit review has three key elements. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables Internal Audit to give an assurance on the control environment.
- 3.1.4 However, controls are not always complied with, which will in itself increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This enables Internal Audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.
- 3.1.5 Finally, where there are significant control environment weaknesses or where key controls are not being complied with, further substantive testing is undertaken to ascertain the impact these control weaknesses are likely to have on the organisation's control environment as a whole.
- 3.1.6 Three assurance opinions are therefore given at the conclusion of each audit: control environment assurance, compliance assurance, and organisational impact. To ensure consistency in reporting, the following definitions of audit assurance are used:

Control Environment Assurance	
Level	Definitions
Substantial	There are minimal control weaknesses that present very low risk to the control environment

Good	There are minor control weaknesses that present low risk to the control environment
Satisfactory	There are some control weaknesses that present a medium risk to the control environment
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment

Compliance Assurance	
Level	Definitions
Substantial	The control environment has substantially operated as intended although some minor errors have been detected.
Good	The control environment has largely operated as intended although some errors have been detected
Satisfactory	The control environment has mainly operated as intended although errors have been detected.
Limited	The control environment has not operated as intended. Significant errors have been detected.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.

3.1.7 Organisational impact will be reported as major, moderate or minor (as defined below). All reports with major organisation impacts are reported to SMT, along with the agreed action plan.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

3.1.8 Specifically for the compliance reviews undertaken, the following definitions will be used to assess the level of compliance in each individual reviewed:

Opinion for Compliance Audits – Levels of Compliance	
Level	Definitions
High	There was significant compliance with agreed policy and/or procedure with only minor errors identified.
Medium	There was general compliance with the agreed policy and/or procedure. Although errors have been identified there are not considered to be material.
Low	There was limited compliance with agreed policy and/or procedure. The errors identified are placing system objectives at risk.

3.2 *The Basis of Assurance*

- 3.2.1 The findings and assurance levels provided by the reviews undertaken throughout 2017/18 by Internal Audit form the basis of the annual opinion on the adequacy and effectiveness of the control environment.
- 3.2.2 In 2017/18, the Audit Plan has been based on assurance blocks that each give an opinion on the key control environment elements, targeted towards in-year risks, rather than a more traditional cyclical approach that looks at each system over a number of years. The Audit Plan reflects the environment in which the public sector audit operates, recognising that this has changed considerably over the past few years with more focus on, for example, transformation, safeguarding and achieving value for money.

Section 4

4. INTERNAL AUDIT IN 2017/18

4.1 Overview and Key Findings

4.1.1 This section provides information on the audit reviews carried out in 2017-18, by assurance block.

4.1.2 For the reviews undertaken during 2017/18, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole.

4.1.3 In each instance where it has been identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and is reported to Audit and Accounts Committee on a quarterly basis. An overview of the implementation of actions in 2017-18 is summarised in Table 1, below¹:

Table 1: Implementation of Audit Recommendations 2017-18

	Category 'Red' recommendations	Category 'Amber' recommendations	Total
Agreed and implemented.	6	81	87
Agreed and due within the last 3 months, but not yet implemented.	0	7	7
Agreed and due over 3 months ago, but not yet implemented.	1	22	23
TOTAL	7	110	117

¹ Please note that the total reflects the number of recommendations required to be implemented within 2017-18, and therefore includes recommendations made in 2016-17.

4.1.4 An exceptionally high number of actions became due for follow-up in 2017/18; for comparison in 2016/17, 52 actions were followed up during the year. The delay in implementation of ERP Gold created delays in implementing nine audit actions which were reliant on the new system, which is reflected in the figures for outstanding actions in Table 1, above. Four actions outstanding relate to the implementation of the new project management methodologies framework, which was presented in draft to CLT in April 2018. It is therefore anticipated that Internal Audit will be able to close these actions early in 2018/19.

4.1.5 One action relating to risks rated “red” remains open at the end of the year. This relates to governance arrangements within the Transformation Programme. This action focussed on clearly defining responsibilities for oversight of the transformation, specifically to ensure projects align with strategic priorities and to monitor benefits realisation. Progress has been made with implementing this recommendation in 2017/18 but it has not yet been fully completed.

4.2 *Financial and Other Key Systems*

4.2.1 This is the 2017/18 suite of annual core systems reviews, undertaken to provide assurance to management and External Audit that expected controls are in place for key financial systems; that these controls are adequately designed and are routinely complied with in practice. The work is focused on the systems that have the highest financial risk; these are agreed in advance with External Audit and assist in providing assurance to External Audit that systems recording transactions within the 2017/18 financial year are free from material misstatement. These reviews also give an opinion as to the effectiveness of financial management procedures and the arrangements to ensure the integrity of accounts.

4.2.2 During 2017/18, the audits were undertaken as joint reviews of Cambridgeshire County Council and Northamptonshire County Council LGSS systems.

4.2.3 Audit coverage during the year has provided sufficient evidence to conclude that the key financial control systems are sound and that these controls continue to work well in practice although there are some minor areas where improvements have been recommended. The level of assurance provided for all key financial systems reviews was good or substantial overall.

4.2.4 Table 2 below details the assurance levels of all key systems audits undertaken in 2017/18, compared to the assurance levels in 2016/17. Where audits are marked with an asterisk, this indicates that the report is at draft stage at the time of writing, but the emerging opinion is included:

Table 2 – Key Financial Systems Audits 2017/18

Key Financial Systems:	Audit Opinion 2017-18		Audit Opinion 2016-17	
	Environment	Compliance	Environment	Compliance
Treasury Management	Substantial	Substantial	Substantial	Substantial
Bank Reconciliation	Substantial	Substantial	Substantial	Substantial
Purchase to Pay*	Substantial	Substantial	Substantial	Substantial
Accounts Receivable*	Good	Good	Substantial	Substantial
Payroll*	Substantial	To Be Confirmed	Substantial	Substantial
Pensions	Substantial	Substantial	Substantial	Good
General Ledger*	Good	Good	Substantial	Substantial
IT General Controls*	Substantial	Satisfactory	Substantial	Substantial

4.2.5 In relation to the Accounts Receivable review, the reduced level of assurance compared to 2016/17 relates to several findings during the course of the review. It was identified that debt collection processes and monthly reconciliations of unapplied receipts are not always undertaken in a timely manner or at all, and the current Collection Strategy may not support a clear and consistent understanding of the collection process. A review of debt reporting has been proactively identified by the LGSS Head of Debt and Income as a priority and is planning to implement a formal process for addressing performance against targets.

4.2.6 In relation to the General Ledger review, while overall it was found that effective arrangements were in place to oversee activity through the general ledger, there were weaknesses in the administration of the payroll control net pay reconciliation as well as the payroll suspense account. There was limited evidence of unreconciled items being cleared in a timely way and no evidence of management review of monthly reconciliations from April – November 2017. These issues were raised in the previous year's review, and the assurance level has reduced in 2017/18 as these issues have yet to be addressed. Actions to address these concerns have now been agreed and will be implemented in the coming year.

- 4.2.7 In relation to the IT General Controls review, it was found that clearly defined procedures and controls were in place for the key financial systems, but there were also areas of non-compliance with these procedures. In particular, quarterly reviews of access rights had not been completed for four out of the five system modules in 2017-18, access to eBusiness had not been removed for staff who left the Council, and access rights had been awarded to new users without appropriate approval. Actions to address these concerns have now been agreed and will be implemented in the coming year.

4.3 *Compliance*

- 4.3.1 Compliance work is fundamental, as it provides assurance across all Directorates and therefore underpins the Head of Internal Audit opinion on the control environment. The audit coverage for compliance is underpinned by an assessment of the Council's framework of controls (often directed by policies and procedures) and includes a focus on those core areas where a high level of compliance is necessary for the organisation to carry out its functions properly. The work involves compliance checks across the organisation to provide assurance on whether key policies and procedures are being complied with in practice. As a part of this work, the existing controls are challenged to ensure that they are modern, effective and proportionate.
- 4.3.2 As well as a range of procurement compliance reviews, discussed below at 4.4, the Plan for 2017/18 included coverage of compliance in the following areas:
- Compliance with the Council's Scheme of Delegation;
 - Compliance with policies on the use of agency staff;
 - Member compliance with the Council's policies on travel and subsistence;
 - Officer compliance with the Council's policies on overtime and enhancements;
 - Visits to two Council Children's Centres and the Archives service to verify compliance with the Council's financial procedure rules.
- 4.3.3 The sample testing undertaken throughout the year has not identified any significant non-compliance issues. Where weaknesses have been identified, recommendations have been made to improve compliance and/or procedures and controls; all recommendations which are considered to be of significant impact on the control environment are followed up by Internal Audit to ensure they have been implemented.

4.4 *Risk-Based Reviews*

- 4.4.1 Risk-based reviews have been a key element of the assurance on the entire control environment of the authority in 2017/18. This assurance block includes reviews which have been targeted towards key areas of high risk, as identified through consultation with senior management, review of risk registers, and the Internal Audit risk assessment of the organisation. This block also incorporates on-going work on initiatives to promote value for money. Each audit we undertake includes consideration of value for money at its core.
- 4.4.2 This assurance block includes audit work undertaken using our 'embedded assurance' approach; this applies to reviews where auditors attended Project Boards and/or gave independent advice and support to project or programme work, with periodic reporting as appropriate.
- 4.4.3 The outcomes of all risk-based reviews issued in 2017/18 can be seen at Appendix 1.

4.5 *Procurement and Contracts Reviews*

- 4.5.1 In 2017/18, Internal Audit has provided a review of the new Highways contract in its first year of operation. Ongoing work has also been conducted focusing on the Street Lighting and Waste PFIs. Reviews in these key high-value contract areas will continue into the 2018/19 financial year.
- 4.5.2 In addition, a number of cross-cutting reviews have been undertaken, with a particular focus on key aspects of the Council's procurement framework, including:
- A review of compliance with EU Procurement Regulations;
 - A review of compliance with internal policies regarding procurement exemptions;
 - Half-yearly reviews of compliance with the Council's procurement regulations.
- 4.5.3 In line with the findings from 2016/17, these reviews highlighted weak compliance with the processes for procurement exemption requests. A number of actions to address this have been agreed, including review of guidance documents and changes to the online exemption form, and awareness-raising on the Council's intranet has been undertaken. Procurement audit work in 2018/19 will continue to review this risk area to assess the effectiveness of these changes in improving compliance.

4.6 *Anti-Fraud and Corruption*

- 4.6.1 This is a high-risk area across the public sector. LGSS Internal Audit undertakes work on anti-fraud and corruption, which includes both reactive and pro-active elements, along with a number of initiatives to raise awareness of the council's anti- fraud and corruption culture and to report on the arrangements in place, and pro-active fraud strategy work.
- 4.6.2 In 2017/18, pro-active work included the approval and launch of a new whistleblowing policy. This included a poster campaign to raise awareness of the whistleblowing policy and distribution of leaflets in public areas. An online launch of the new policy is also planned for early 2018/19 with publicity on the Council's intranet and internal newsletters.
- 4.6.3 Details of specific cases have been reported to the Audit and Accounts Committee throughout the year. In addition to the full investigations outlined in Table 3 below, advice and guidance is provided to officers on an ad-hoc basis.

Table 3 – Investigations 2017-18

Type of referral	No. referrals	Outcomes
Concerns regarding financial irregularities or theft in schools	2 cases	Both cases were reviewed and a report issues with appropriate recommendations to address control issues.
Allegations in relation to misuse of concessionary travel passes.	21 cases	All referrals received have been reviewed with appropriate conclusions, which included seven cases where the concessionary travel pass was withdrawn, and one referral on to the Department for Work and Pensions.
Allegations in relation to misuse of Blue Badges.	21 cases	All referrals received have been reviewed with appropriate conclusions, which included 10 cases where badges were withdrawn.
Support to external investigation into allegations relating to transport service providers.	1 case	Internal Audit has provided support to the external investigation into transport service providers, in particular assisting with the collection of evidence. The external investigation report will be made public in 2018/19. An interim report to management was produced by Internal Audit in 2017/18, to highlight recommended actions identified through the process of gathering evidence.
Direct Payments Investigations	2 cases	Two reviews were undertaken into concerns regarding possible misuse of Direct Payments. As a result of one of these investigations,

		further work on Personal Budgets and Education Health & Care Plans has been included in the Audit Plan for 2018/19.
Social care charging investigation	1 case	Investigation into a whistleblowing complaint regarding charging for social care costs. No fraudulent activity was found, and a report was issued with some recommendations for improvements in the service.
Agency Worker	1 case	A review was undertaken into concerns regarding a former agency worker. A report was issued and no fraud was identified.
Conflicts of Interest Investigations	4 cases	Four possible cases of conflicts of interest were identified from NFI data. An investigation has been completed on the first case, which was identified as the most high-risk. Three further investigations are ongoing and expected to be completed in early 2018/19.
Review of travel and expense claims	1 case	A review was opened into allegations regarding an individual's travel and expense claims. An initial draft report was provided to management in March 2018 and the investigation is expected to be completed in early 2018/19.

4.6.4 The National Fraud Initiative (NFI) data matching exercise was carried out for Cambridgeshire County Council in October 2016. This statutory exercise involves a data-matching exercise between public and private sector bodies to prevent and detect fraud. The results of the exercise were received by the Council in February 2017, and the process of following-up on identified matches has been underway throughout the year, co-ordinated by Internal Audit's Counter Fraud Team.

4.6.5 A significant amount of time throughout 2017/18 was spent supporting the external investigation into allegations against community transport operators. This included supporting the collection and provision of evidence, as well as providing an interim report into control weaknesses identified as a result of evidence collection.

4.7 *ICT and Information Governance*

4.7.1 Internal Audit work was directed to assessing the adequacy of risk management in the following important ICT and information governance risk areas during 2017-18. Where audits are marked with an asterisk, this indicates

that the report is at draft stage at the time of writing, but the emerging opinion is included:

Table 4 – ICT and Information Governance Reviews 2017 - 18

Review Title	Control Assurance	Compliance Assurance
Planning for GDPR	Good	Good
IT Platform Stability Plan*	Good	Good
New ERP System IT Controls	Ongoing project support	
Agresso data migration	Ongoing project support	
Assurances from Suppliers and 3rd Parties	Satisfactory	Satisfactory
Information Security Culture	Good	N/A
General Computer Controls	Good	Good

4.7.2 The Internal Audit team began attending Information Management Board meetings in 2017/18, in order to gain assurance over information management on an ongoing basis, as well as provide advice and input to the board discussions.

4.7.3 Internal Audit was also interviewed as part of the NHS Digital review of data sharing Cambridgeshire County Council in autumn 2017. This review gave positive feedback on the approach to assessment of information management risks which had been developed and implemented through risk workshops held by Internal Audit and Risk Management with the Council's Information Governance team in March and April 2017.

4.8 *Grants and Other Head of Audit Assurances*

4.8.1 In 2017/18, 9 grants received by Cambridgeshire County Council required review and certification by Internal Audit to verify that funds have been spent in accordance with grant conditions.

4.8.2 The Troubled Families Grant has been a particular area of focus for the team following an Internal Audit review of processes for claiming and reviewing this grant, which was undertaken in 2016/17. In total, the Council made 450 claims in 2017/18, an increase on the 405 claims made the previous year. Improvements made to both audit and service processes meant that there was a significant reduction in the level of queries on claims that were reviewed by Internal Audit, which has made the process more time efficient. Cambridgeshire has set a target to achieve 992 claims in total in 2018/19; given the impact of the improvements made to date and further changes planned for implementation next year, it is hoped that audit review of this increased number of claims can be managed without needing to increase the time allowance for this work.

4.9 *Policies and Procedures*

4.9.1 In 2017/18, Internal Audit has maintained a focus on review of key policies and procedures, to ensure that these are: up to date; fit for purpose; effectively communicated; routinely complied with across the organisation; monitored and routinely improved. This has included a review and relaunch of the Council's Whistleblowing Policy as well as review of how ethical standards are communicated throughout the Council's policy framework.

4.9.2 In addition to work which focuses specifically on individual Council policies and procedures, every risk-based audit review undertaken considers the current policies and procedures in the service area under review, and audit recommendations include suggested revisions or updates to policies as appropriate.

4.10 *Schools Audits*

4.10.1 In 2017/18, the audit team has focused on two key areas of risk within the Council's maintained schools, namely payroll and safe recruitment. Of the £209m schools costs funded through Dedicated Schools Grant in 2016/17, 77% related to staffing expenditure, making payroll costs a high risk area. Additionally, safe recruitment is a key risk area for schools, with strong recruitment controls mitigating some of the risks around inaccurate payment of payroll expenditure. Therefore a combined audit focusing on schools payroll and safe recruitment was undertaken.

4.10.2 Audit testing included conducting detailed compliance testing at a sample of five schools; reviewing the work of the Schools Intervention Service and the Schools finance teams; and reviewing the level of third-party assurance available over schools external payroll providers. This resulted in a 'good' overall assurance opinion. Four out of five of the schools tested obtained a 'good' assurance over both their safe recruitment and payroll processes, with the remaining school being given 'satisfactory' over safe recruitment due to a single issue identified whereby a DBS certificate was accepted from a candidate who was not registered on the DBS update service.

4.10.3 Actions for further improvement were agreed with all schools sampled. It was also agreed that the Director of Education would arrange for a review of contracts with external schools payroll providers to ascertain the arrangements for provision of third party assurance over systems.

4.11 *Other Work*

4.11.1 Internal Audit continues to provide advice and guidance to officers on a wide range of issues, including the interpretation of Council policies and

procedures, risks and controls within systems or processes, and ad-hoc guidance on queries relating to projects or transformation. Internal Audit aims to provide clear advice and risk-based recommendations with a view to reducing bureaucracy whilst maintaining a robust control environment. Where appropriate, we also refer queries or concerns on to specialist services such as Information Governance or IT Security.

4.11.2 In 2017/18, Internal Audit carried out a wide range of additional advice and guidance work, including:

- Input to reviews of a wide range of IT security policies including records management, equipment disposal, acceptable use, e-safety and incident management policies;
- Support to the People & Communities Quality Governance and Practice Development team including guidance on the development of new thematic audit methodologies for the team to undertake.
- Advice and guidance on new processes for the purchase and insurance of equipment for day centres when funded via social funds.

4.11.3 Internal Audit also leads on co-ordinating risk management work across the organisation. In 2017/18 the team has co-ordinated an external risk management health check review by the Council's insurers, Zurich. The team has also delivered a risk management seminar to Members alongside the Head of Business Intelligence, and is in the process of facilitating reviews of Directorate Risk Registers.

4.12 *Summary of Completed Reviews*

4.12.1 A summary of all audit reports issued in 2017/18 is attached at Appendix 1.

5. INTERNAL AUDIT PERFORMANCE AND QUALITY ASSURANCE

5.1 *Delivery of the 2017/18 Internal Audit Plan*

- 5.1.1 The Cambridgeshire County Council Internal Audit Plan was agreed in March 2017, with the required resources approved at 1550 days based on each audit identified.
- 5.1.2 In accordance with best practice, the Internal Audit Plan was re-assessed and updated in line with changing risks throughout the year. Changes to the Plan were approved by Strategic Management Team (SMT) and the Audit and Accounts Committee (AAC) through regular progress reporting. The key performance measure for Internal Audit was approved as completion of the Audit Plan, which is reported to SMT and Audit Committee at least quarterly.

5.2 *Customer Feedback*

- 5.2.1 When final reports are issued, Internal Audit issue Customer Feedback Questionnaires to all officers who receive the final report, and request feedback. Officers have the opportunity to score the Internal Audit team against a range of criteria on a scale of 1 – 4, with 1 being “Poor” and 4 being “Excellent”. Officers also have the option of providing more detailed feedback. The team’s target is for each returned questionnaire to average a score of 3 or higher.
- 5.2.2 The results of the feedback received in 2017-18 is summarised in Table 5 below, with the figures for 2016-17 for comparison. The average score for all feedback received in 2017-18 was 3.29, a positive result and comparable to 2015-16. Of the 14 feedback forms received, 7 (50%) gave the highest possible rating of ‘Excellent’.

Table 5: Customer Feedback Received

	2017-18		2016-17	
	No. responses	Avg. score	No. responses	Avg. score
Non-Schools Audit	14	3.29	17	3.56

5.3 *Service Development*

- 5.3.1 Continuing Professional Development has been a major focus of the quality assurance programme in 2017/18, to ensure that staff have the skills to carry out their responsibilities with proficiency and deliver work of the required

quality. Team meetings are used to deliver training and workshops to staff, and a system of post-audit assessments against the CIPFA Excellent Internal Auditor standard is used to identify areas for development on an ongoing basis, in tandem with regular supervision of all staff.

- 5.3.2 A new Internal Audit Strategy and Charter were implemented from the start of the year, to ensure that the service remains effective and focused in providing a modern, independent and objective assurance function to Councillors and management.

5.4 *Compliance with Public Sector Internal Audit Standards*

- 5.4.1 The Internal Audit service has operated in compliance with Public Sector Internal Audit Standards throughout the year.
- 5.4.2 An external assessment of Internal Audit's compliance with Public Sector Internal Audit Standards (PSIAS) was undertaken in 2016/17, and a number of recommendations were agreed to further improve the work of the service, including the introduction of a new Terms of Reference format, and the inclusion of some specific areas within the Annual Report. A follow up visit was undertaken in May 2017, which confirmed the implementation of these actions in 2017/18 and the service's compliance with the latest set of standards issued in April 2017.

APPENDIX A

CCC INTERNAL AUDIT

Summary of Completed Reviews 2017/18:

The table below summarises the Internal Audit reviews that were completed during the 2017/18 financial year, excluding counter fraud investigations which are itemised separately in section 4.6; and schools audits which are itemised separately below.

Audit Title	Directorate	Compliance assurance	Systems assurance	Organisational impact
MAKING EVERY PENNY COUNT				
Governance of Financial Assessments	P&C	Satisfactory	Satisfactory	Minor
Traded Services	Cross-Cutting	Briefing note style report provided		
Overtime and Enhancements in P&C	P&C	Satisfactory	Satisfactory	Moderate
KEY FINANCIAL SYSTEMS				
Accounts Receivable*	Cross-Cutting	Good	Good	Minor
Purchase to Pay*	Cross-Cutting	Substantial	Substantial	Minor
Payroll*	Cross-Cutting	Substantial	TBC	Minor
General Ledger*	Cross-Cutting	Good	Good	Minor
Bank Reconciliation	Cross-Cutting	Substantial	Substantial	Minor
Treasury Management	Cross-Cutting	Substantial	Substantial	Minor
Financial Systems IT General Controls*	Cross-Cutting	Substantial	Satisfactory	Minor
Risk Management	Cross-Cutting	External report on risk management commissioned from Zurich.		
Pension Fund	Cross-Cutting	Substantial	Substantial	Minor
Debt Recovery*	Cross-Cutting	Limited	Limited	Moderate
SCHOOLS				
Payroll Transaction Testing & Safe Recruitment in Schools	P&C	Good	Good	Minor
Wilburton Primary School – Safer Recruitment & Payroll	P&C	Safer Recruitment – Good Assurance Payroll – Good Assurance		
Westwood Primary School – Safer Recruitment & Payroll	P&C	Safer Recruitment – Good Assurance Payroll – Good Assurance		
Pendragon Primary School – Safer Recruitment & Payroll	P&C	Safer Recruitment – Good Assurance Payroll – Good Assurance		
Colville Primary School – Safer Recruitment & Payroll	P&C	Safer Recruitment – Satisfactory Assurance Payroll – Good Assurance		
Duxford Primary School – Safer Recruitment & Payroll	P&C	Safer Recruitment – Good Assurance Payroll – Good Assurance		
GRANT VERIFICATION				
Local Growth Deal	P&E	Grant certification provided		
Local Transport Capital Block Funding	P&E	Grant certification provided		

Bus Service Operators	P&E	Grant certification provided		
Pothole Action Fund	P&E	Grant certification provided		
Cycle City Phase II	P&E	Grant certification provided		
Troubled Families Grant	P&C	Grant certification provided		
Section 31 Grant	P&E	Grant certification provided		
Disabled Facilities Grant (2016/17)	P&C	Grant certification provided		
Disabled Facilities Grant (2017/18)	P&C	Grant certification provided		
COMMISSIONING & CONTRACTS				
Highways Contract	P&E	Report provided on contract management in the first year of the Highways contract.		
Waste PFI Contract*	P&E	Review of contract and contract management processes.		
Capital Programme Board*	Cross-Cutting	Satisfactory	Good	Minor
Commercial Board*	Cross-Cutting	Satisfactory	Satisfactory	Moderate
Commissioning Board*	Cross-Cutting	Satisfactory	Good	Minor
RISK-BASED AUDITS				
Deputyships	P&C	Good	Good	Minor
Deprivation of Liberty/Mental Capacity Act (DoLs/MCA) – Residential Settings*	P&C	Limited	Limited	Moderate
Deprivation of Liberty/Mental Capacity Act (DoLs/MCA) – Children’s*	P&C	Good	Satisfactory	Minor
Joint Safeguarding Board Arrangements*	P&C	Good	Good	Minor
Safe Recruitment	P&C	Satisfactory	N/A	Minor
Business Intelligence Continuity	C&CS	Good	Good	Minor
Property Portfolio Development Project	Resources	Ongoing embedded assurance support.		
Project Management Methodologies	Resources	Limited	Limited	Moderate
Projects Assurance – Energy Efficiency Fund	Resources	Satisfactory	Satisfactory	Minor
Projects Assurance – Looked After Children Property Project	P&C	Satisfactory	Satisfactory	Minor
Projects Assurance – Cambridgeshire Public Services Network	C&CS	Good	Good	Minor
Projects Assurance – Citizen First Digital First	C&CS	Briefing note report with recommendations for project governance framework		
Use of Social Media (Regulation of Investigatory Powers Act)	Cross-Cutting	Report provided on policy and compliance with RIP in use of social media		
Transformation Programme	Resources	Ongoing embedded assurance support.		
POLICIES & PROCEDURES				
Whistleblowing Policy & Compliance	Cross-Cutting	Launch of new policy and awareness-raising campaign.		
Scheme of Delegation Policy & Compliance	Cross-Cutting	Good	Good	Minor
Ethics Policies & Compliance	Cross-Cutting	Good	Good	Minor
COMPLIANCE				
Direct Payments Compliance	P&C	Satisfactory	N/A	Minor

Agency Staff Compliance	Cross-Cutting	Limited	N/A	Minor
Wisbech Children's Centre Financial Management	P&C	Good	Good	Minor
St Neot's Children's Centre Financial Management	P&C	Good	Good	Minor
Archives Financial Management	P&E	Satisfactory	Satisfactory	Minor
Key Performance Indicators Compliance	Cross-Cutting	Audit fieldwork completed but has identified a need for a systems review. Both reviews will therefore be reported jointly in 2018/19.		
Members Travel & Subsistence	Cross-Cutting	Good	N/A	Minor
Procurement Compliance Q1	Cross-Cutting	Good	N/A	Minor
Procurement Compliance Q3	Cross-Cutting	Satisfactory	N/A	Moderate
Procurement Exemptions Compliance	Cross-Cutting	Satisfactory	N/A	Minor
EU Procurement Regulations*	Cross-Cutting	Satisfactory	N/A	Minor
ICT AND INFORMATION GOVERNANCE				
Planning for GDPR	C&CS	Good	Good	Minor
IT Platform Stability Plan*	C&CS	Good	Good	Minor
New ERP System IT Controls	Cross-Cutting	Ongoing audit engagement with the project		
Agresso data migration	Cross-Cutting	Ongoing audit engagement with the project		
Assurances from Suppliers and 3rd Parties	C&CS	Satisfactory	Satisfactory	Moderate
Information Security Culture	Cross-Cutting	Good	N/A	Minor
General Computer Controls	C&CS	Good	Good	Minor
ANTI-FRAUD AND CORRUPTION				
National Fraud Initiative	Cross-Cutting	Co-ordination of review of data matches following data collection in 2016/17		
Interim Report to Management	P&E	Report to management on issues identified in the course of gathering information for the Community Transport investigation.		

* These audit reports were still at draft stage at the time of writing this report but the emerging opinions are included.

DRAFT ANNUAL GOVERNANCE STATEMENT 2017 - 18

To: **Audit & Accounts Committee**

Date: **29th May 2018**

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

Electoral division(s): **All**

Forward Plan ref: **N/A**

Key decision:

N/A

Purpose: **This report presents the Annual Governance Statement (AGS) for 2017 - 18 for consideration by the Audit and Accounts Committee, prior to sign off by the Chief Executive and the Chairman of the General Purposes Committee.**

Recommendation: **The Audit and Accounts Committee is requested to consider if the AGS at Appendix A is consistent with the Committee's own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 3.2.**

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1.0 PURPOSE

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

2.0 BACKGROUND

- 2.1 The draft AGS (at Appendix A) has been compiled by staff in Internal Audit and Risk Management based upon the following sources of evidence:
 - A review of the extent to which the Council has complied with each element of its Code of Corporate Governance;
 - A review of the Council's Code of Corporate Governance itself, based on the CIPFA/Solace *Delivering Good Governance in Local Government* Framework.
 - Self-assurance statements prepared by directors;
 - The Chief Internal Auditor's opinion on the Council's internal control environment, which will be formally reported to the Audit Committee on 29th May 2018.

3.0 The Annual Governance Statement

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

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

4.0 RECOMMENDATION

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

Source Documents	Location
Director Assurance Statement Returns Cambridgeshire County Council Code of Corporate Governance	OCT1108 Shire Hall Castle Hill Cambridge CB3 0AP

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

Cambridgeshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

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

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

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The Governance Framework has been in place at the Council for the year ended 31 March 2018 and up to the date of approval of the Annual Report and Statement of Accounts.

THE GOVERNANCE FRAMEWORK

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

ANNUAL GOVERNANCE STATEMENT

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

REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Corporate Governance Framework, including the system of internal control.

The review of effectiveness is informed by:

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- Assurances from executive managers within the Council who have responsibility for the development and maintenance of the governance environment.
- The Chief Internal Auditor's and Risk Management's annual reports.
- Comments made by external auditors and other review agencies and inspectorates.

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

The arrangements for reviewing the Governance Framework comprise:

- A review of the Governance Framework and Internal Control Environment in accordance with CIPFA guidance, carried out by Internal Audit annually. Within this, consideration has been given to ensuring the Authority's financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government and the role of the Chief Internal Auditor in Public Service Organisations.
- An annual review of the Council's Code of Corporate Governance undertaken by staff within Internal Audit.
- The annual report and opinion on the internal control environment prepared by the Chief Internal Auditor. This report draws upon the outcome of audit reviews undertaken throughout 2017/18 and is informed by the comments of external auditors and inspectors. The report is designed to provide assurance on the effectiveness of internal controls.
- The completion of Self-Assurance Statements by directors.
- The consideration of relevant outputs from member and officer-led reviews undertaken during the year, and the comments made by the external auditors and other review agencies and inspectorates.

The key aspects of the review of effectiveness are:

i. Council Planning

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

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

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

ii. Performance Management

ANNUAL GOVERNANCE STATEMENT

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

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

iii. Executive Decision Making and Scrutiny

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

iv. The Audit and Accounts Committee

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

The Audit and Accounts Committee met regularly during 2017/18, considering reports, including the annual Internal Audit Report, from the Chief Internal Auditor, the Council's Senior Finance Officers and the External Auditor. Additionally, the Committee invited officers of the Council to attend the Committee on a number of occasions to assist the Committee in its work. The Chair of the Audit and Accounts Committee presents an annual report to Council detailing the work of the Audit and Accounts Committee in the preceding year.

v. Statutory Officers

The statutory functions undertaken by the Head of Paid Service, Monitoring Officer, S151 Officer, Director of Public Health and the Executive Director of People and Communities were effectively fulfilled during 2017-18 and up to the date of this report.

vi. Management

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

- They fully understand their roles and responsibilities;
- They are aware of the principal statutory obligations and key priorities of the Council which impact on their services;
- They have made an assessment of the significant risks to the successful discharge of the Council's key priorities;
- They acknowledge the need to develop, maintain and operate effective control systems to manage risks;
- Service Directors and/or relevant senior staff have provided assurance on the key elements of risk and control in their areas of responsibility;

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- Throughout the financial year they consider that risks and internal controls have been sufficiently addressed to provide reasonable assurance of effective financial and operational control, compliance with the Code of Corporate Governance and other laws and regulations.

No exceptions to the above were identified by Directors in their assurance statements.

vii. Internal Audit

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

The Chief Internal Auditor provided his annual report to the Audit Committee on 12th June 2018. The report outlined the key findings of the audit work undertaken during 2017/18, including areas of significant weakness in the internal control environment.

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

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

From the audit reviews undertaken during 2017/18, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole. In each instance where it has been identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and is reported to Audit and Accounts Committee on a quarterly basis.

It is the opinion of the Chief Internal Auditor that:

"On the basis of the audit work undertaken during the 2017/18 financial year, an opinion of good assurance is awarded. The internal control environment (including the key financial systems, risk and governance) is well established and operating effectively in practice. In addition, there are no outstanding significant issues arising from the work undertaken by Internal Audit. However, no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. I am pleased to report that the level of assurance therefore remains at a similar level from 2016/17."

The detail to support this assessment was provided in the Annual Internal Audit Report which was presented to the Audit and Accounts Committee on 12th June 2018.

viii. Review of Internal Audit

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The Public Sector Internal Audit Standards were introduced from April 2013. The Internal Audit service has operated in compliance with Public Sector Internal Audit Standards throughout the year. The Cambridgeshire office of LGSS Internal Audit underwent an external review of compliance with Public Sector Internal Audit Standards in December 2016/17, and a number of recommendations were agreed to further improve the work of the service, including the introduction of a new Terms of Reference format, and the inclusion of some specific areas within the Annual Report. A follow-up visit in May 2017 confirmed the implementation of these actions and confirmed compliance with the latest set of standards issued in April 2017.

ix. External Audit

BDO was the Council's appointed External Auditor for the 2016/17 Accounts. As well as an examination of the Council's financial statements, the work of the Council's External Auditor included an assessment of the degree to which the Council delivers value for money in its use of its resources. An objection to the annual accounts was received from a local elector, which remains under consideration by the External Auditor. In the Annual Audit letter, the External Auditor issued an unmodified conclusion on the ability of the Council to secure proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

x. Risk Management

The Council managed its risks during 2017/18 in accordance with the approved Risk Management Policy and the Risk Management Procedures. The Strategic Management Team and Directorate Management Teams formally considered risk on a quarterly basis. Quarterly risk management reports were submitted to both the General Purposes Committee and the Audit and Accounts Committee.

The Internal Audit Plan for 2018/19 presented to the Audit and Accounts Committee in March 2018 is substantially based upon the key risks faced by the Council as identified in the Corporate and Directorate risk registers, such that Internal Audit will provide assurance on the effectiveness of the internal control framework during 2018/19.

A full review of the Council's corporate risk register and risk management took place in 2017/18, alongside the review of corporate KPIs, aligning risk reporting more closely to the Council's financial reporting processes. In addition, a 'Risk Management Health Check' was conducted by the Council's insurer's Zurich. The final report was received in April 2018, and will inform further improvements in risk management processes in 2018/19.

SIGNIFICANT GOVERNANCE ISSUES

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

The Annual Governance Statement process allows the Council to identify any significant governance issues that have been identified, and the associated actions it is proposing to

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undertake to enhance its corporate governance arrangements.

However, there are no such actions requiring specific mention in the 2017/18 Annual Governance Statement.

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

It is recognised that in order to address this increased financial pressure on the organisation, the Council needs to transform and develop more effective working across all services. To achieve this, Cambridgeshire County Council has developed a Transformation Fund, for which the General Purposes Committee has stewardship. This enables the authority to fund the costs of transforming services through the ongoing Transformation Programme.

In order to address financial pressures across the public sector, partnership working between the County Council and other public sector organisations is increasingly important. On 16th March 2017, the Secretary of State for Communities and Local Government announced the Cambridgeshire and Peterborough Combined Authority devolution deal. The integrity of Cambridgeshire County Council is protected under this deal and the Council will continue to deliver the vast majority of services for residents as it does currently, with the Leader of the Council acting as a member of the Combined Authority.

In future years, there is the potential that devolution in the region could evolve further and this may impact further upon the authority's governance arrangements. Cambridgeshire County Council already works closely with other public sector bodies in the region, and shares a Chief Executive and several Directors with Peterborough City Council. Governance arrangements for sharing staff and services across partners continue to evolve into 2018/19, and the Council is planning to bring forward further integrated and shared service opportunities with Peterborough, in order to drive down costs, increase resilience and improve outcomes for residents.

CONCLUSION

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

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

CHAIRMAN OF GENERAL PURPOSES COMMITTEE AND CHIEF EXECUTIVE STATEMENT

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

Councillor Steve Count

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Chairman of the General Purposes Committee

Gillian Beasley
Chief Executive

Councillor Michael Shellens
Chairman of the Audit and Accounts
Committee

June 2018

AUDIT AND ACCOUNTS – ANNUAL REVIEW OF THE TERMS OF REFERENCE

To: **Audit and Accounts Committee**

Date: **29th May 2018**

From: **Chief Internal Auditor**

Electoral Division(s): **All**

Forward Plan Ref: **N/A**

Key decision: **No**

Purpose: **To present the Terms of Reference for the Audit & Accounts Committee for annual review.**

Key Issues: **N/A**

Recommendation: **The Audit and Accounts Committee is asked to review and approve the Terms of Reference.**

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

AUDIT & ACCOUNTS COMMITTEE TERMS OF REFERENCE

1. Background:

- 1.1 The current Terms of Reference are attached at Annex A.
- 1.2 The Terms of Reference have been in place since July 2017, following an update and review initiated by the Chief Internal Auditor that the Committee approved and recommended on for endorsement by the Constitution and Ethics Committee in June 2017 and final approval by full Council. As they were only reviewed last year, the Chief Internal Auditor is not recommending any further changes. Any proposed changes would need to be referred on to Constitution and Ethics Committee for their consideration.

2. Recommendation:

- 2.1 The Audit & Accounts Committee is asked to review and approve the attached terms of reference.

3. Source Documents:

Source Documents	Location
Audit & Accounts Committee Terms of Reference	Box OCT1108 Shire Hall Castle Hill Cambridge, CB3 0AP

AUDIT AND ACCOUNTS COMMITTEE TERMS OF REFERENCE

1. Membership:

Seven members of the Council. The Chairman/woman and Vice-Chairman/woman of the Committee shall be elected by the Audit and Accounts Committee.

The Audit and Accounts Committee shall be entitled to appoint up to three people at any one time as non-voting co-opted members of the Committee. The Committee shall determine whether the co-options shall be effective for a specified period, for specific meetings or for specific items. The Committee may not co-opt any person who is an active member of any political party, defined as any person who engages in political activities which would not be permissible if that person was an officer holding a politically-restricted post within the Council. Co-options may only be made if the person co-opted has particular knowledge or expertise in the functions for which the Committee is responsible.

The Committee will meet at least 4 times a year, and will maintain the technical capability to discharge the Audit and Accounts Committee responsibilities of the Council.

2. Summary of Functions:

- To provide independent assurance of the adequacy of the risk management framework and the associated control environment.
- To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakness of the control environment.
- To oversee the financial reporting process.
- To review matters relating to Internal Audit, external audit, risk management, governance, assurance statements, anti-fraud and anti-corruption arrangements.
- To enhance and promote the profile, status and authority of the Internal Audit function and to demonstrate its independence.
- To contribute towards making the authority, its committees and departments more responsive to the audit function.

- To review compliance with the relevant standards, codes of practice and corporate governance policies.
- To consider the extent to which the authority's control environment is successful in achieving value for money.

Delegated Authority	Delegation/ Condition
<p><u>1</u> <u>Audit Activity</u></p> <p>1.1 To approve the Internal Audit strategy and monitor its progress</p> <p>1.2 To approve, but not direct, Internal Audit's annual plan of work and monitor unscheduled work that could potentially divert audit resources away from a plan, and monitor performance against those plans, ensuring that there are no inappropriate scope or resource limitations.</p> <p>1.3 To consider the Annual Report and opinion of the Head of Audit and a summary of Internal Audit activity and the level of assurance it can give over the Council's corporate governance arrangements. To suggest work for Internal and External Audit</p> <p>1.4 To consider summary Internal Audit reports and the main issues arising, and seek assurance that action has been taken where necessary</p> <p>1.5 To consider reports dealing with the management and performance of the Internal Audit function.</p> <p>1.6 To consider reports from Internal Audit on agreed recommendations not implemented within reasonable timescales</p> <p>1.7 To consider the Annual Audit Letter, relevant reports and the reports of those charged with governance</p> <p>1.8 To consider specific reports as agreed with the External Auditor to ensure agreed action is taken within reasonable timescales</p> <p>1.9 To comment on the scope and depth of the external audit work and to ensure it gives value for money</p>	

Delegated Authority	Delegation/ Condition
<p>1.10 To liaise with Public Sector Audit Appointments Limited over the appointment of the Council's External Auditor</p> <p>1.11 To consider the reports of inspection agencies relevant to the Council (such as Ofsted, the Information Commissioner's Office, etc.)</p> <p>1.13 To undertake an annual review of the effectiveness of the system of Internal Audit</p>	
<p><u>2</u> <u>Regulatory Framework</u></p> <p>2.1 To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations, codes of conduct etc.</p> <p>2.2 To review any issue referred to it by the Chief Executive or Executive Director or any Committee of the Council</p> <p>2.3 To monitor the effective development and operation of risk management and corporate governance throughout the Council</p> <p>2.4 To monitor council policies on "raising concerns at work" and anti-fraud and anti-corruption policies, including the Council's complaints process</p> <p>2.5 To oversee the production of the Council's Statement of Internal Control/Governance Statement and recommend its adoption</p> <p>2.6 To consider the arrangements for corporate governance and to agree necessary actions to ensure compliance with best practice</p> <p>2.7 To consider the Council's compliance with its own and published standards and controls</p> <p>2.8 To report as appropriate to Full Council, relevant Policy and Service Committees and the Constitution and Ethics Committee on issues which require their attention or further action</p> <p>2.9 To bring to the attention of the General Purposes Committee any issue which may warrant further consideration or review</p>	
<p><u>3</u> <u>Accounts</u></p>	

Delegated Authority	Delegation/ Condition
<p>3.1 To review and approve the annual Statement of Accounts</p> <p>3.2 Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council</p> <p>3.3 To consider the External Auditor's report to those charged with the governance issues arising from the audit of the accounts</p>	
<p><u>4 Risk Management</u></p> <p>4.1 To consider the effectiveness of the Council's risk management arrangements</p> <p>4.2 To seek assurances that action is being taken on risk-related issues</p> <p>4.3 To be satisfied that the Council's assurance statements, including the Statement of Internal Control, properly reflect the risk environment and any actions required to improve it</p>	

WHISTLEBLOWING POLICY ANNUAL REPORT

To: **Audit & Accounts Committee**

Date: **29th May 2018**

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

Electoral division(s): **All**

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

Purpose: **Annual report on the Council's Whistleblowing Policy.**

Recommendation: **Audit and Accounts Committee note the report.**

<i>Officer contact:</i>	
Name:	Duncan Wilkinson
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Email:	Duncan.Wilkinson@Milton-keynes.gov.uk
Tel:	01908 252089

1. BACKGROUND

- 1.1 Cambridgeshire County Council's Whistleblowing Policy was revised and updated in 2017 (see Annex A). Updates included greater detail on the issue of harassment following whistleblowing, setting out arrangements for monitoring the policy, and ensuring officer contact information is up to date.
- 1.2 The policy was reviewed by the Audit and Accounts Committee in May 2017, and approved by Constitution and Ethics Committee on 26th September 2017.
- 1.3 As part of the new policy, Internal Audit is due to produce an annual report to the Audit and Accounts Committee, to identify any patterns of concern and assess the effectiveness of the policy. This is the first of these annual reports. As the policy has been in place for less than a year, and initial publicity work has only recently completed due to the wait for the Council's new intranet site, this report gives a baseline view of awareness and caseload to May 2018.

2. PUBLICITY AND AWARENESS

- 2.1 Following the approval of the Whistleblowing Policy by Constitution and Ethics Committee, the revised policy was immediately made available to staff via the Council's intranet, and to members of the public via the Council's public website.
- 2.2 The Internal Audit team also conducted a publicity campaign to promote the policy and awareness of whistleblowing processes throughout the organisation. This has included a poster campaign and the production of public leaflets about whistleblowing, which have been distributed in public areas in line with the new policy.
- 2.3 The Local Authority's whistleblowing poster for schools was also updated, and a letter was sent to all maintained schools in January 2018, requiring them to display the posters.
- 2.4 Internal Audit has also worked with the Communications team to raise awareness via the 'Daily Blog' on the Council's intranet, with a post explaining how to raise concerns and sharing a copy of the whistleblowing poster. This was initially delayed by the wait for the launch of the Council's new intranet, but was published on the 3rd May 2018 and will be kept on the front page of the intranet for two weeks.

3. STAFF SURVEY

- 3.1 In line with the new policy, a staff survey was conducted in May 2018, to gauge staff awareness of the policy.
- 3.2 One hundred randomly-selected members of staff were asked to complete an online survey, and 25 responses were received.
- 3.3 Overall, the results were positive. 80% of staff indicated that they were aware of the Whistleblowing Policy, and 80% of staff confirmed that they would feel confident in raising a serious concern either with their line manager, another senior member of staff, or via the Whistleblowing Policy.
- 3.4 Only two members of staff indicated that they had considered using the whistleblowing process in the last 12 months. In one instance this appeared to relate to an issue which would be dealt with through the grievance process, rather than the whistleblowing policy. The second individual indicated that the reason that they had not made a referral was due to a concern that they may be victimised. As the survey is completely anonymous, it is not possible to follow this up further, however protection from harassment and victimisation is an area which has been expanded in the new policy, and this will be emphasised further in communications about the policy in 2018/19. All individuals contacted about completing the survey were provided with information about the new policy and how to make a whistleblowing referral.

4. WHISTLEBLOWING CASES 2017/18

- 4.1 In line with the new policy, Internal Audit asked the key whistleblowing contacts in the Council's policy to report on any cases raised under the whistleblowing process in the last 12 months. No cases were identified. A good workplace culture should enable staff to raise concerns through their own line management structure, and members of the public are also able to raise issues through the complaints policy. The lack of whistleblowing cases is not therefore necessarily a cause for concern.

5. WHISTLEBLOWING POLICY

- 5.1 A copy of the Whistleblowing Policy is provided at Annex A, for reference.

Source Documents	Location
Whistleblowing Policy	Box OCT1108 Shire Hall Castle Hill Cambridge, CB3 0AP



WHISTLEBLOWING POLICY

Policy Owner	
Name:	Duncan Wilkinson
Post:	LGSS Chief Internal Auditor
Email:	Duncan.Wilkinson@Milton-keynes.gov.uk
Tel:	01908 252089

THE COUNCIL WANTS YOU TO BE CONFIDENT THAT YOUR CONCERNS WILL BE TAKEN SERIOUSLY AND THAT YOU WILL BE PROTECTED FROM VICTIMISATION OR BULLYING OR HARRASSMENT IF YOU RAISE A CONCERN.

If you have a concern about the Council's services please read this policy. You may think this policy does not apply to the concern you have – IT DOES, we can give confidential advice about ANY concern you may have regarding the Council and its services.

If you want to informally / confidentially discuss this policy or your concerns you can contact:

- Janet Atkin (LGSS Head of HR Advisory) – 01223 699495
- Duncan Wilkinson (LGSS Chief Internal Auditor) on 01908 252089 or email Duncan.Wilkinson@milton-keynes.gov.uk
- Sue Grace (Director of Corporate and Customer Services) – 01223 715680
- Sue Stagg (LGSS Head of Health Safety & Wellbeing) - 07721522896
- Quentin Baker (Monitoring Officer & LGSS Director Law & Governance) - 01223 727961
- Chris Malyon (Chief Finance Officer & Section 151) on 01223 699241
- Gillian Beasley (Chief Executive) on 01223 729051

Or

The Whistleblowing hotline on 01908 252525

Or

Public Concern At Work on 0207 404 6609 or helpline@pcaw.co.uk

PCAW are an independent charity and information provided to PCAW is protected under the Public Interest Disclosures Act. Their helpline is where their lawyers provide confidential advice free of charge.

You may also wish to contact your trade union for advice or support in making a whistleblowing disclosure.

The details of such discussions will not be released to anyone else within the Council without your express consent and meetings can be held at a time and place of your choosing.

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1. INTRODUCTION

- 1.1 This policy seeks to provide a process that gives anyone with a concern about the Council the confidence to bring that concern to our attention.
- 1.2 Cambridgeshire County Council operates within legal requirements and regulations and expects its employees to co-operate in this by adhering to all laws, regulations, policies and procedures. Any employee becoming aware of inappropriate conduct is obliged and encouraged to report this activity. This policy also applies to contractors, consultants, partners and agency staff and other stakeholders including Councillors.
- 1.3 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. Councillors, customers and stakeholders are also in a position to identify concerns that affect Council services and need to be addressed.
- 1.4 Individuals with a concern may fear that they will be victimised or harassed if they raise the concern. In these circumstances it may feel easier to ignore the concern rather than report what may be a suspicion of malpractice.
- 1.5 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment the Council encourages employees, customers, contractors, employees of subsidiaries, stakeholders or any other person with serious concerns about any aspect of the Council's work to come forward and voice those concerns. This process is commonly referred to as "whistle blowing".
- 1.6 It is recognised that certain cases will have to proceed on a confidential basis but in accordance with the Freedom of Information Act this policy seeks to provide a transparent method for dealing with concerns. Whistleblowers can have confidence through this policy that they have the fullest protections afforded by the Public Interest Disclosures Act.
- 1.7 Specifically the code of practice set out in this policy makes it clear that staff and others can make reports without fear of reprisals and sets out what protections are in place under this policy. This Code is intended to encourage and enable concerns to be raised within the Council so that they can be addressed, rather than overlooking problems or raising them outside the Council.
- 1.8 All Officers, Councillors and partners have a responsibility to protect the Council's interests through the proper adherence to this policy.

2. AIMS AND SCOPE OF THIS POLICY

2.1 This code of practice aims to:

- Encourage and enable any person to feel confident in raising serious concerns and to question and act upon concerns
- Provide avenues for any person to raise concerns and receive feedback on any action taken
- Ensure everyone making a referral receives a response to their concerns
- Describe how to take the matter further if dissatisfied with the Council's response
- Reassure anyone making a referral that they will be protected from reprisals or victimisation.

2.2 For the avoidance of doubt, if you have concerns that any person may be being mistreated / abused you can discuss your concerns in confidence with those listed on the front cover of this policy.

2.3 There are existing procedures in place to enable staff to lodge a grievance relating to their own employment, customers to complain about the service they receive and regarding concerns whether Councillors have breached the National Code of Conduct. This policy should not be used for such concerns, however, advice can be obtained from the contacts on the front cover of this policy if you have any doubts.

2.4 The Whistleblowing Policy is intended to cover concerns that fall outside the scope of the above procedures. A concern may be about:

- sexual, physical or emotional abuse of clients or other individuals
- conduct which is an offence or a breach of law
- disclosures related to miscarriages of justice
- health and safety risks, including risks to the public as well as employees
- damage to the environment
- unauthorised use of public funds
- action that is contrary to the Council's financial procedures or contract regulations
- possible fraud, corruption or financial irregularity
- action that is against the Council's Standing Orders and policies
- practice that falls below established standards or practice
- other improper or unethical conduct.

2.5 The concern may be something that makes a person feel uncomfortable in terms of known standards, their experience or the standards to which they believe the Council subscribes. If in doubt, please contact either a named contact on the front cover of this policy or Public Concern at Work to have a confidential discussion.

2.6 For the avoidance of doubt, this policy applies to all employees, contractors, consultants, schools and agency staff and other stakeholders who are acting on behalf of, or in partnership with, the Council.

2.7 Any disclosure of information that, in the reasonable belief of the worker, is made in the public interest, shall be deemed a qualifying disclosure.

2.8 This policy incorporates the provisions that are required from the Public Interest Disclosure Act 1998.

3. HOW TO RAISE A CONCERN

- 3.1 When an individual wishes to raise a concern, he or she will need to identify the issues carefully. They must be clear about the standards against which they are judging practice. Whilst not exhaustive they should consider the following:
- Is it illegal?
 - Does it contravene professional codes of practice?
 - Is it against government guidelines?
 - Is it against the Council's guidelines?
 - Is it about one individual's behaviour or is it about general working practices?
 - Does it contradict what the employee has been taught?
 - Has the individual witnessed the incident?
 - Did anyone else witness the incident at the same time?
- 3.2 Concerns from staff should normally be raised with their immediate manager, in the first instance. Similarly, non-employees (e.g. agency workers or contractors) should raise a concern in the first instance with their contact within the Council, usually the person to whom they directly report.
- 3.3 In some cases, the nature or sensitivity of the concern means that this may not always be appropriate. If a person feels they cannot raise their concern with their immediate manager they are able to go directly to the Chief Internal Auditor. They may also do so if, having raised a concern with the immediate manager/contact, they feel there has not been an appropriate response.
- 3.4 Others wishing to raise a concern should consider whether to raise that concern directly with the relevant senior officer of the service involved or use the Council's existing Complaints process. Details of all such contacts can be found on the Council's website.
- 3.5 Given the possible contractual issues, Annex A of this policy gives specific guidance to contractors and partners of the Council in raising such concerns.
- 3.6 Concerns may be raised verbally or in writing. Anyone who wishes to make a written report should give the background and history of the concern (giving relevant dates if possible) and the reason why they are particularly concerned about the situation.
- 3.7 If the individual wishes, they may ask for a private meeting with the person to whom they wish to make the complaint and can be accompanied if they wish. An employee may invite their trade union or professional association representative or work colleague to be present during any meetings or interviews in connection with the concerns they have raised.
- 3.8 When making a complaint verbally, the individual should write down any relevant information and date it. They should keep copies of all correspondence and relevant information.
- 3.9 It should be noted that often the earlier a concern is expressed the easier it is to take appropriate action.
- 3.10 The individual should ask the person to whom they are making the complaint what the next steps will be and if anything more is expected from them.
- 3.11 Although a person is not expected to prove the truth of an allegation that is made, it will be necessary to demonstrate that there are sufficient grounds for concern. It is not necessary for any person to undertake investigations into their concern prior to contacting the Council, as this may undermine any ultimate action needing to be taken.
- 3.12 Advice and guidance on how specific matters of concern may be pursued can be obtained from the Council's Internal Audit Service. Phone 01908 254230 or email

internal.audit@cambridgeshire.gov.uk. Alternatively staff may wish to get confidential advice from their trade union or professional association

- 3.13 Staff may wish to consider discussing their concerns with a colleague first and may find it easier to raise the matter if there are two (or more) of them who have had the same experience or concerns.
- 3.14 Where a person feels that they cannot approach anyone in the Council, they may wish to report their concerns through the external independent reporting scheme called Public Concern At Work. PCAW are an independent charity providing a legal advice service designated by the Bar Council and information provided to PCAW is protected under the Public Interest Disclosures Act. Their helpline number is 0207 404 6609. Their email is helpline@pcaw.co.uk, where their lawyers provide confidential advice free of charge.

4. SUPPORTING THE INDIVIDUAL TO RAISE A CONCERN

4.1 Harassment or Victimisation

- 4.1.1 The Council recognises that the decision to raise a concern can be difficult, not least because of the fear of reprisals.
- 4.1.2 The Council will not tolerate harassment or victimisation and will take action to protect individuals who raise concerns. This does not mean that if the individual is already the subject of disciplinary or redundancy procedures, that those procedures will be halted as a result of raising a concern under this policy.
- 4.1.3 It is the clear instruction to those officers (through this formal policy) of the Council who liaise with whistleblowers that they shall not release information to identify a whistleblower to any person within the Council and will only release those details to a proper person outside the Council when there is a legal requirement to do so, e.g. a court order. The only exception to this shall be where the whistleblower themselves gives written permission to do so.
- 4.1.4 Any person applying pressure upon such officers to identify whistleblowers shall be subject to the same provisions as outlined in 4.1.6 below.
- 4.1.5 Where a whistleblower alleges they are / have been victimised / harassed as a result of raising a concern, that matter shall be reported to Chief Executive or S151 Officer. Such allegations shall be investigated by the Chief Internal Auditor or LGSS Director of Law and Governance. Where the investigations may identify (either indirectly or directly) the whistleblower, the way forward shall be agreed with the whistleblower and any resultant action confidentially reported to the Chair of the Audit & Accounts Committee.
- 4.1.6 Each case will be considered on its merits. Any incident of victimisation or harassment of someone who has made a referral under this policy would normally be considered:
- A matter of Gross Misconduct if done by an employee of the Council
 - A matter for the Council to consider termination of a contract if done by or at the request of a contractor. If there are concerns that a contractor is victimising, or has victimised, a whistleblower an independent review may be requested
 - A matter that would be referred to the Constitution & Ethics Committee if undertaken by or at the request of a Councillor

- A matter that could affect the service provided to a customer if done by or at the request of that customer.

4.2 Confidentiality

- 4.2.1 All concerns will be treated in confidence and every effort will be made not to reveal the identity of the person highlighting the concern if that is the wish of the individual.
- 4.2.2 Individuals are encouraged to put their name to any allegation. The Council will do its best to protect the individual's identity when they do not want their name disclosed. It must be appreciated that the investigation process may reveal the source of the information, and a statement by the individual raising the concern may be required as part of the evidence.

4.3 Anonymity

- 4.3.1 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council. In exercising this discretion, the factors to be taken into account would include :
- Seriousness of the issue
 - Credibility of the concern
 - Likelihood of being able to obtain the necessary information

4.4 Untrue Allegations

- 4.4.1 Any individual who makes an allegation which is not subsequently confirmed by the investigation, will have no action taken against them and will continue to have protection under this policy from victimisation or harassment.
- 4.4.2 If, however, an individual makes malicious or vexatious allegations, action may be taken against them.

5. HOW THE COUNCIL WILL RESPOND

- 5.1 The action taken by the Council will depend on the nature of the concern. Where appropriate, the matters raised may:
- be investigated by management, Internal Audit, HR, or other appropriate person
 - be referred to the External Auditor
 - be referred to the police
 - form the subject of an independent inquiry.
- 5.2 In order to protect individuals and the Council, an initial investigation will be carried out to decide whether a full investigation is appropriate and, if so, what form it should take. Concerns or allegations, which fall within the scope of specific procedures (for example, child protection or discrimination issues), will normally be referred for consideration under those procedures.
- 5.3 It should be noted that some concerns may be resolved by agreed action without the need for investigation. Equally some issues may be investigated without the need for initial enquiries. If urgent action were required, this would be taken before any investigation is conducted.
- 5.4 The Council will write to the person raising the concern within 7 -10 working days (i.e. initially the individual or representative with whom the report was lodged as set out in Sections 4.1 and 4.2):
- acknowledging that the concern has been received
 - indicating how it proposes to deal with the matter
 - giving an indication of when a final response or update will be provided
 - telling the person whether any initial enquiries have been made
 - supplying the person with information on staff support mechanisms and
 - telling the person whether further investigations will take place and, if not, why not.
- 5.5 Every effort will be made to resolve the matters raised as soon as possible, in the interests of the Council, the person raising the concern and the person(s) being investigated.

- 5.6 The amount of contact between the officers considering the issues and the person raising the concern will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information may be sought from the person raising the concern.
- 5.7 Where any meeting is arranged, staff have the right, if they so wish, to be accompanied by a trade union or professional association representative or a work colleague who is not involved in the area of work to which the concern relates.
- 5.8 The Council will take appropriate steps to minimise any difficulties, which a person may experience as a result of raising a concern and provide advice and support should they be required to give evidence, e.g. at a disciplinary hearing. Such support may include the ability to give evidence via video link.
- 5.9 The Council accepts that the person raising a concern needs to be assured that the matter has been properly addressed. Thus, subject to legal constraints, the person raising the concern will be kept informed as the investigation progresses unless they have requested otherwise. At the very least they should receive an update on the investigation by the date implied by the estimated response time given in section 5.4

6. HOW THE MATTER CAN BE TAKEN FURTHER

- 6.1 This policy is intended to provide an avenue to raise concerns within the Council. The Council hopes that those using this process will be satisfied with the way their concerns are treated and any investigations that may be carried out. However, if they are not satisfied and feel it right to take the matter outside the Council, the matter can be raised with:
- Public Concern At Work on 0207 404 6609 or helpline@pcaw.co.uk
 - Relevant professional bodies or regulatory organisations
 - A solicitor.
- 6.2 In taking advice from sources outside the Council, a person must ensure that, so far as possible, it is raised without confidential information being divulged and would, other than in exceptional circumstances, be expected to have exhausted the internal routes available first.
- 6.3 Any individual has the right and responsibility to refer a concern to the Police if they suspect a criminal act.

7. ROLES AND RESPONSIBILITIES

- 7.1 The responsibility for the operation of this policy rests with the Executive Directors to ensure all staff are fully aware of its provisions. The Chief Internal Auditor must be advised of all referrals (but in a form which does not endanger confidentiality) so that an annual report to the Council's Audit & Accounts Committee can be compiled.
- 7.2 Investigations should be undertaken by appropriate officers with expertise and will be dependant upon the issue raised. Internal Audit and Human Resources will jointly ensure that investigations are swift and effective and undertaken by someone with relevant skills and experience. Internal Audit and Human Resources (HR) will act as the corporate services who maintain records of all referrals and subsequent investigations received by the Council.

Additionally:

- 7.3 Internal Audit will lead on all financial referrals, including those where there are significant financial implications to an allegation. The Audit team will ensure that concerns raised through the informal process are logged and trends identified.
- 7.4 Human Resources will lead on allegations regarding serious misconduct of Council employees. The HR team will advise and support employees involved in the investigation process, to ensure that such processes are fair and supportive to all those involved.
- 7.5 The Monitoring Officer will lead on allegations regarding misconduct of Councillors and any issues where there is alleged unlawfulness or criminality.
- 7.6 As the Monitoring Officer has a statutory obligation to take action to avoid the Council acting unlawfully, officers are required to inform the Monitoring Officer of any whistleblower report received.
- 7.7 Employees: In all contracts of employment there is an implied understanding of mutual trust and confidence between the employer and employee. All employees, therefore, have a responsibility to raise concerns about work and they may do so in the manner described in this policy.
- 7.8 Line managers: Must create an open and fair culture within their area of responsibility and ensure that staff concerns are listened to and action taken where necessary. Line managers are responsible for ensuring that there is a safe environment for staff to raise their concerns and that there is no retribution as a result of someone raising their concerns.
- 7.9 Audit & Accounts Committee: is responsible for assuring the Council that the risks across the Council are being identified and managed. It is therefore responsible for ensuring that this policy is robust and for ensuring that the principles within this policy are upheld.

8. HOW THE POLICY WILL BE MONITORED

- 8.1 The Council has a responsibility for registering the nature of all concerns raised and to record the outcome. The Council's Internal Audit Service will produce an annual report to the Audit and Accounts Committee, which will identify any patterns of concern and assess the effectiveness of the policy.
- 8.2 This policy will be publicised via the Council's Website and specifically:
 - 8.2.1 Every new employee will be advised to familiarise themselves with the policy when joining the Council;
 - 8.2.2 Every contract will require the contractor to communicate the policy to their staff and adopt its provisions when working for the Council;
 - 8.2.3 Every employee of a Limited Liability Partnership (LLP) owned by the council will be provided a copy of the policy when joining the LLP, together with training on the whistleblowing procedures of their organisation and the circumstances where each policy will apply;
 - 8.2.4 All newly elected members should be provided a copy of the policy.
- 8.3 A public leaflet will be produced and placed in the Council's public areas to promote the policy and invite feedback.

- 8.4 An annual survey will be undertaken by Internal Audit to gauge the awareness of the policy and individual whistleblowers will be asked more detailed questions about their perceptions of the policy in practice.

9. REVIEW

- 9.1 This procedure will be kept under review and any amendments will be subject to consultation with staff representatives. It will be reviewed by the Council's Audit and Accounts Committee on an annual basis.

Procedure for Contractors / Partners, including employees of subsidiaries

1. As a first step contractors should normally raise concerns with their manager, who will then inform the lead Council officer who is dealing with that particular contract. If contractors do not have a manager, they should raise their concerns direct with the lead Council officer. This depends on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if contractors believe that their manager or lead Council officer is involved, they should approach the LGSS Director of Law and Governance at the Council direct. Otherwise, the lead Council officer receiving notification of concerns under this policy will inform the LGSS Director of Law and Governance that a confidential report has been received and provide a copy. If the concern relates to financial irregularities or failures of financial controls the lead Council officer receiving the report will also immediately notify the Chief Internal Auditor.
2. Concerns may be raised verbally or in writing. Individuals who wish to make a written report are invited to use the following format:
 - the background and history of the concern (giving relevant dates if possible);
 - the reason why the individual is particularly concerned about the situation.
3. It should be noted that often the earlier a concern is expressed the easier it is to take appropriate action.
4. Advice and guidance on how specific matters of concern may be pursued can be obtained internally from the Internal Audit Service. Alternatively contractors may wish to get confidential advice from their trade union or professional association.
5. Contractors may wish to consider discussing their concerns with a colleague first and may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
6. Contractors may invite their trade union or professional association representative or work colleague to be present during any meetings or interviews in connection with the concerns they have raised.

General Survey

- (1) Have you thought about using the Whistleblowing Policy in the last 12 months?
- (2) If yes, but you didn't make a referral, what prevented you?
- (3) On a scale of 1-10 (with 10 being perfect) how would you rate the policy in meeting the needs of someone who has concerns about the Council's services?
- (4) If you answered less than 10, what can we do to change so that we would score 10?

Specific Survey for those who have raised a concern

- (1) On a scale of 1-10 (with 10 being perfect) how good do you feel the Council's Whistleblowing arrangements are?
- (2) If you answered less than 10, what can we do to improve so that we would have scored a 10?
- (3) Were you able to obtain sufficient advice before making your referral?
- (4) Did you use normal management structures or the corporate officers?
- (5) Were your concerns properly addressed?
- (6) Were the implications of a referral (e.g. confidentiality and timescales) explained to you?
- (7) Were you provided with regular feedback (if you wanted it)?
- (8) If you asked for confidentiality was that effectively provided?
- (9) Do you feel you suffered harassment, victimisation or any other negative consequence from raising your concern?

**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE YEAR ENDING
31ST MARCH 2018**

To: **Audit & Accounts Committee**

Date: **29th May 2018**

From: **Chief Finance Officer**

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

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

Purpose: **This report:**

- **Details the performance of the Council for the 2017/18 financial year.**
- **Is a management report that precedes the production of the Council's formal Statement of Accounts. Although the Outturn Report and Statement of Accounts reconcile to one another, it is the statutory Statement of Accounts on which the audit opinion is formed.**

Recommendations: The committee is asked to note the following recommendations to General Purposes Committee on 29th May 2018:

- a) Note the Council's year-end resources and performance position for 2017/18.
- b) Approve a loan to Viva for £150k (repayable over 25 years) for capital expenditure on the Soham Mill project, see section 11.4.
- c) Approve the use in cash flow terms of £11,793k Greater Cambridge Partnership funding for schemes across the capital programme to postpone prudential borrowing, additional prudential borrowing required to offset the use of £533k Growth Deal and £663k Growing Places funding, and the resulting reduction of £10,596k in the prudential borrowing requirement, see section 13.8.
- d) Approve the use in cash flow terms of £4,983k Growing Places funding for schemes across the capital programme to postpone prudential borrowing, and the resultant reduction in the prudential borrowing requirement, see section 13.8.
- e) Approve additional prudential borrowing of £13m in future years for the completion of the Ely Southern Bypass scheme, see section 13.10.
- f) Approve the allocation of £1,453k (Adult Social Care Support Grant 2018-19) to the People & Communities directorate in 2018-19, see section 14.2.
- g) Note the changes to capital funding requirements as previously recommended in the February report, set out in Appendix 3.
- h) Approve additional prudential borrowing of £132,000 in 2017/18 to offset the increased use of capital receipts for additional capitalisation of redundancies, as previously recommended in the February report (but reduced by £6k from the previous £138k additional funding reported in February). See Appendix 3.

Officer contact:		Member contacts:	
Name:	Tom Kelly	Names:	Councillors Count & Hickford
Post:	Head of Finance	Post:	Chair/Vice-Chair
Email:	Tom.Kelly@cambridgeshire.gov.uk	Email:	Steve.Count@cambridgeshire.gov.uk Roger.Hickford@cambridgeshire.gov.uk
Tel:	01223 703599	Tel:	01223 706398

1. PURPOSE

- 1.1 To present financial and performance information for the financial year 2017/18.

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.

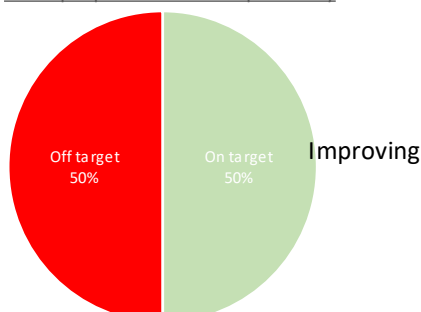
DRAFT

Data available as at: 31 March 2018

Outcomes

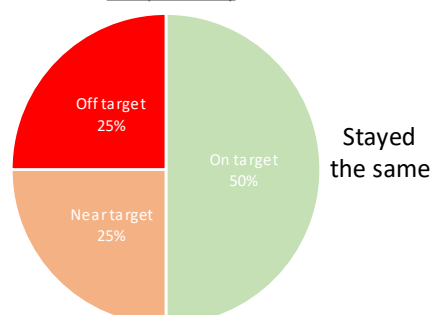
88 indicators about outcomes are monitored by service committees
They have been grouped by outcome area and their status is shown below

Older people live well independently



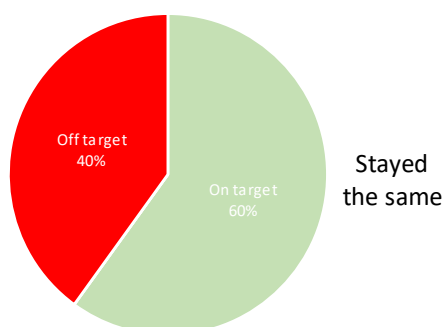
4 indicators

People with disabilities live well independently



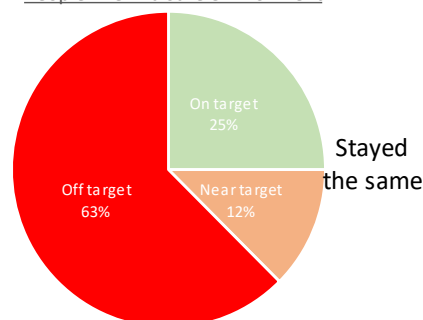
4 indicators

Adults and children are kept safe



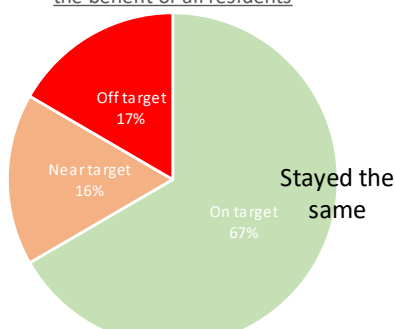
6 indicators, 1 of which do not have targets

People live in a safe environment



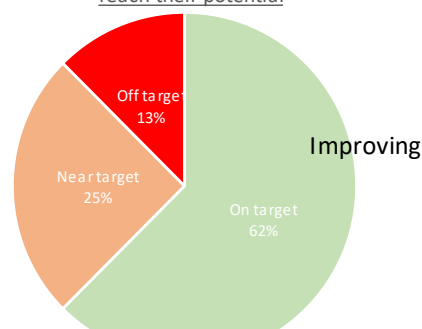
12 indicators, 4 of which do not have targets

The Cambridgeshire economy prospers to the benefit of all residents



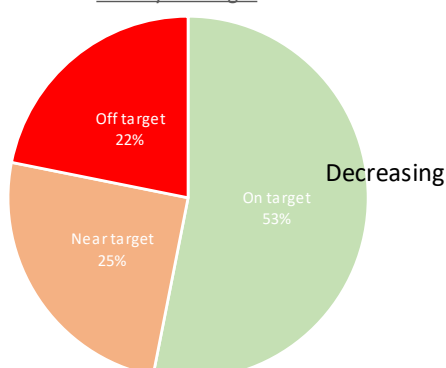
15 indicators, 3 of which do not have targets

Places that work with children help them to reach their potential



10 indicators, 2 of which do not have targets

People lead a healthy lifestyle and stay healthy for longer



35 indicators, 3 of which do not have targets

Our Transformation Programme is on track	Sustain a high performing, talented, engaged and resilient workforce
28 Early ideas ↑ 122 Business cases in development ↑ 24 Projects being implemented ↔ Transformation Fund: 12 projects rated Green ↓ 2 rated Amber (reflecting some need to re-phase savings) ↓ 4 rated Red (risk of non-delivery of savings or benefits) ↑	As of the end of March 2018 we had lost 6.27 days on average per staff member to sickness during the last 12 months. This is lower than the average number of days lost per staff member at the end of 2016/17 (6.91 days).

Finance and Risk

Revenue budget outturn

+£4.0m (1.1%)
variance at end of year

RED

This is a £0.4m decrease in the revenue pressure since last month's forecast.

Capital programme outturn

-£85.2m underspend, mainly the result of:
-£83.3m relating to housing schemes (re-profiled and re-calculated in future years: planning contingent)

GREEN

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

*Latest Review: January 2018

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	Mar-18	Trend since Apr-17
Nursing	436	Stayed the same
Residential	856	Increasing
Community	2,185	Stayed the same

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

	Mar-18	Trend since Apr-17
Nursing	26	Stayed the same
Residential	324	Increasing
Community	1,913	Increasing

Children open to social care

	Mar-18	Trend since Apr-17
Looked after children	697	Increasing
Child protection	477	Decreasing
Children in need*	2,254	Increasing

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

Public Engagement

	Mar-18	Trend since Aug-17
Contact Centre Engagement	13,649 Phone Calls 5,440 Other	Decreasing Increasing
Website Engagement (cambridgeshire.gov.uk)	205,462 Users 330,539 Sessions	Increasing Increasing

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 This report summarises the overall financial position for the 2017/18 financial year, whereas prior reports have focussed on the movements since the previous report. As is the case with every year-end report there are a number of changes that result as balance sheet activities are reviewed. Key movements in operational expenditure are set out below in paragraph 3.2.

2.3 The key issues included in the summary analysis are:

- The overall revenue budget position was a pressure of +£4.0m (+1.1%) at year end. This is a movement of -£0.4m on the forecast reported as at the end of February with the majority of services reporting small favourable movements on their February forecasts with the exception of People & Communities (P&C) and CS Financing.
- The Capital Programme is reporting an underspend of -£2.0m compared to the position originally anticipated when the capital programme variations budget was set. Incorporating the in-year underspend of -£83.3m on Housing schemes, this gives an overall underspend position of -£85.2m. This includes full utilisation of the £27.5m capital programme variations budget. See section 12 for details.

3. REVENUE BUDGET

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Original Budget as per BP	Service	Revised Budget	Application of Carry Forwards	Total Funds (3)+(4)	Actual Spending	Variation		Transfer to (+) / from (-) Reserves
£'000		£'000	£'000	£'000	£'000	£'000	%	£'000
38,682	Place & Economy (P&E)	41,477	585	42,062	42,114	53	0.1%	-53
237,311	People & Communities (P&C)	239,567	0	239,567	246,519	6,953	2.9%	-6,953
200	Public Health (PH)	386	0	386	50	-336	-%	336
8,416	Corporate Services (CS)	5,049	-256	4,793	4,968	175	3.6%	-175
13,626	LGSS Managed	11,582	0	11,582	11,607	25	0.2%	-25
2,702	Commercial & Investment (C&I)	25	0	25	560	535	-%	-535
22,803	CS Financing	24,227	0	24,227	22,246	-1,981	-8.2%	1,981
323,740	Service Net Spending	322,312	329	322,642	328,065	5,424	1.7%	-5,424
24,377	Funding Items	22,720	0	22,720	21,142	-1,579	-6.9%	1,579
348,117	Net Spending	345,033	329	345,362	349,207	3,845	1.1%	-3,845
	Memorandum Items:							
7,746	LGSS Operational	9,473	0	9,473	9,588	115	1.2%	-115
355,863	Total Net Spending 2017/18	354,506	329	354,835	358,795	3,961	0	-3,961

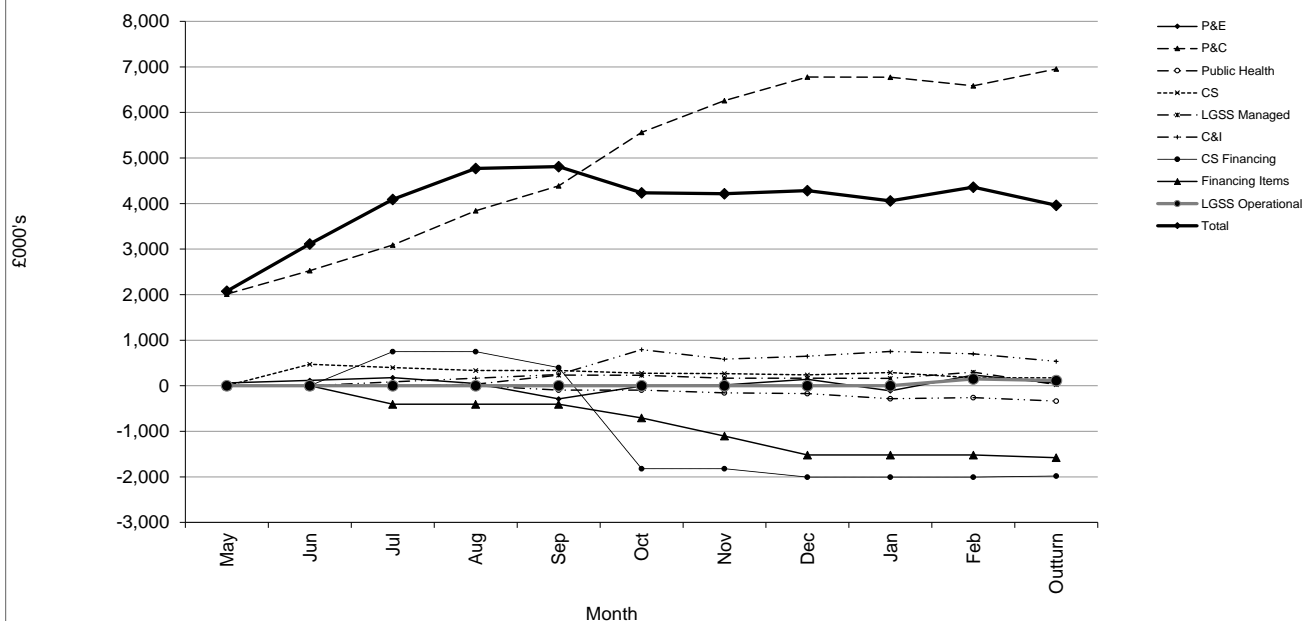
¹ The budget figures in this table are net, with the 'Original Budget as per BP' representing the Net Budget column in Table 1 of the Business Plan for each respective Service.

² The budget of £386k 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.

³ Key to column 7: + signifies overspend or reduced income, - signifies underspend or increased income.

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

Forecast Outturn Position 2017/18



3.2 Key exceptions this month are identified below:

3.2.1 **Place & Economy:** +£0.053m (+0.1%) pressure is being reported at year end

- | | £m | % |
|--|--------|--------|
| <ul style="list-style-type: none"> Coroners – a +£290k pressure is being reported at year end, an increase of £111k since February. Caseloads for Coroners have been higher during 2017-18 and costs have also increased for handling of complex cases. There was also an increase in inquest costs due to the large case load, which has included a concerted effort to reduce the number of outstanding cases. | +0.290 | (+37%) |
| <ul style="list-style-type: none"> Traffic Management – a -£270k underspend is being reported at year end. The signals budget has underspent by £270k mainly due to savings from a new contract and savings on energy and staffing costs. | -0.270 | (-20%) |
- For full and previously reported details see the P&E Finance & Performance Report. (Please note that the information from the P&E report will be available at the links below following the publication of the [Economy and Environment Committee](https://tinyurl.com/ybr6ee8j) (<https://tinyurl.com/ybr6ee8j>) and [Highways and Community Infrastructure Committee](https://tinyurl.com/y724pzsf) (<https://tinyurl.com/y724pzsf>) agendas.)

3.2.2 **People & Communities:** +£6.953m (+2.9%) pressure is being reported at year end.

	£m	%
<ul style="list-style-type: none"> High Needs Top Up Funding- a +£2.2m pressure is being reported at year-end. Numbers of young people with Education Health and Care Plans (EHCP) in Post-16 Further Education providers continue to increase and this has resulted in the year-end pressure. This budget is funded from the Dedicated Schools Grant (DSG) High Needs Block and for this financial year, this pressure has been managed within the overall available DSG resources. 	+2.174	(+16%)
<ul style="list-style-type: none"> Older People's Services – a +£1.5m pressure is being reported at year end, which is an increase of £583k on the pressure previously reported in February. The increased pressure is mainly due to increases in care costs over the last six weeks of the year (reflecting trends seen throughout the year) and a higher level of debt adjustments resulting from concerted efforts to address outstanding debt ahead of the transfer to the new financial system. 	+1.471	(+3%)
<ul style="list-style-type: none"> Legal Proceedings (Childcare Law)- a +£797k pressure is being reported at year end, which is a movement of +£347k on the position previously reported in June, and a worsening of £111k since February. 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 care proceedings have reduced by around 14% since 1 April 2017 we have consistently had around 100 cases which exceeded the previous year's number of completed legal proceedings and caused significant pressure on the budget. Whilst we are now in a position of having 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. 	+0.797	(+52%)
<ul style="list-style-type: none"> Mental Health- a +£329k pressure is being reported at year-end across Adult Mental Health and Older People Mental Health. This is a decrease of £269k on the pressure previously reported in November, mainly as a result of lower than expected costs, and higher than expected savings delivery, over the last six weeks of the year. 	+0.329	(+3%)
<ul style="list-style-type: none"> Early Years Specialist Support- an underspend of -£259k is being reported at year end. This is mainly due to the transition from the Early Year Access Fund (EYAF) to the new SEN Inclusion Fund (SENIF) which resulted in an underspend of £317k in 17/18. For 18/19, the EYAF budget and SENIF budget have been combined to assist funding the support costs for 3 and 4 year olds. 	-0.259	(-27%)

In addition, there was a small underspend on the Childcare Access Fund (-£20k), and small pressures on the Children Educated at Home budget (£44k) and the Therapy budget (£34k) following the outcome from Tribunal, where funding for one additional young person was agreed in each instance.

- Executive Director & Central Financing** - an underspend of -£262k is being reported at year for the net outturn position on the Executive Director budget area. 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. The Council was already making use of this flexibility – and following a recent review a further £193k of eligible expenditure was identified within People & Communities. Use of the capital receipts flexibility is reported in turn to Full Council. The remaining underspend resulted from a number of smaller savings achieved across the directorate.

-0.262	(-245%)
--------	---------
- Financing DSG** – a -£3.7m required contribution from DSG is being reported at year-end, which is an increase of -£1.6m on the position previously reported in February. This is due to increases in the High Needs pressure, specifically in respect of High Needs Top-Up Funding and SEN placements

-3.742	(-%)
--------	------
- Strategic Management – Adults**- a -£4.9m underspend is being reported at year end, which is an increase of -£532k on the underspend previously reported in February. This is as a result of further application of one-off grant funding to offset pressures elsewhere in the service (see Older People’s Services above for the contra movement).

As previously reported, the underspend is due primarily to the re-prioritisation of grant funded activity in response to Adults Services pressures, relating particularly to an increased performance in delayed transfers of care (DTC), bringing with it an increased need for the delivery of complex packages of care for older people.	<table border="0"> <tr> <td style="text-align: right; padding-right: 10px;">-4.935</td> <td style="text-align: right;">(-43%)</td> </tr> </table>	-4.935	(-43%)
-4.935	(-43%)		

In addition, throughout the year vacancy savings have been higher than budgeted for, and efficiencies have been made within Adults transport services.

- For full and previously reported details see the P&C Finance & Performance Report. *(Please note that the information from the P&C report will be available at the links below following the publication of the [Children & Young People’s Committee](https://tinyurl.com/yb7rv4or) (<https://tinyurl.com/yb7rv4or>) and [Adults Committee](https://tinyurl.com/ybb2q3ow) (<https://tinyurl.com/ybb2q3ow>) agendas.)*

3.2.3 **Public Health:** a -£0.336m (-1.5% against gross expenditure) underspend is being reported at year-end. The County Council core budget allocated to the Public Health Directorate to supplement the national ring-fenced grant in 2017/18 was £386k, therefore the first call on any underspend up to that level is into the County Council's general reserve. The full £336k underspend has therefore been transferred to the County Council's general reserve. There are no exceptions to report this month; for full and previously reported details see the [PH Finance & Performance Report \(https://tinyurl.com/ycxc94l9\)](https://tinyurl.com/ycxc94l9).

3.2.4 **Corporate Services:** +£0.175m (+3.7%) pressure is being reported at year end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report \(https://tinyurl.com/ybxq2cjt\)](https://tinyurl.com/ybxq2cjt).

3.2.5 **LGSS Managed:** +£0.023m (+0.2%) pressure is being reported at year end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report \(https://tinyurl.com/ybxq2cjt\)](https://tinyurl.com/ybxq2cjt).

3.2.6 **CS Financing:** a -£1.981m (-8.2%) underspend is being reported at year end. There are no exceptions to report; for full and previously reported details go to the [CS & LGSS Finance & Performance Report \(https://tinyurl.com/ybxq2cjt\)](https://tinyurl.com/ybxq2cjt).

3.2.7 **Commercial & Investment:** a +£0.535m (-%) pressure is being reported at year end.

	£m	%
<ul style="list-style-type: none"> Housing Investment - This Land companies- a pressure of +£1.0m is being reported at year end, which is an increase of £272k on the pressure previously reported in July (when this budget was within CS Financing). This reflects the slower than originally planned progress in transfer of land and loan finance to the company. The Business Plan has realigned future expectations to revised This Land forecasts and the Committee has brought forward a portfolio sale during March and April 2018. 	+1.022	(-72%)
<ul style="list-style-type: none"> Strategic Assets- a pressure of £90k is being reported at year end, which is an improvement of £259k on the pressure previously reported in July. This resulted from two factors: underspending on staffing budgets due staff costs being recharged against capital schemes; and a £113k underspend on the capital receipts expenses budget, due a £73k rent rebate from a surplus property, and rental income from other properties awaiting sale. 	+0.09	(+11%)
<ul style="list-style-type: none"> Other Commercial Activity- an underspend of -£284k is being reported at year end. This reflects an expected overachievement on the ESPO dividend compared to the budgeted expectation. 	-0.284	(+142%)
<ul style="list-style-type: none"> Corporate Offices: an underspend of -£798k is being reported at year end, which is an increase of -£348k on the underspend previously reported in July. The majority of this increase (£250k) was due to a reassessment of potential Business Rates liabilities 	-0.798	(-14%)

on properties where there are delays in presentation of bills. The majority of this increase (£250k) follows a reassessment of historic business rates liabilities. The main item relates to a building in the south of the county where it has been assessed that only a single year's NNDR liability needs to be provided for.

- For full and previously reported details see the [C&I Finance & Performance Report \(https://tinyurl.com/ycbdvabb\)](https://tinyurl.com/ycbdvabb).
(Please note that the C&I report will be available at the link above following the publication of the C&I Committee agenda.)

3.2.8 **LGSS Operational:** +£0.115m (+1.2%) pressure is being reported at year end. There are no exceptions to report; for full and previously reported details see the [CS & LGSS Finance & Performance Report \(https://tinyurl.com/ybxq2cjt\)](https://tinyurl.com/ybxq2cjt).

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

4. SAVINGS TRACKER

4.1 The "Savings Tracker" report – a tool for summarising delivery of savings. Within the tracker the forecast is shown against the original saving approved as part of the 2017-18 Business Planning process. For 2017/18, the Council has delivered £27.1m of savings against its original plan.

It is also important to note the relationship with the reported position within this report. As pressures arose in-year, further mitigation and/or additional savings were required to deliver a balanced position.

4.2 A summary of Business Plan savings by RAG rating is shown below:

GREEN			AMBER			RED				
Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Number of Savings	Total Original Savings	Total Variance	Total Original	Total Variance
	£000	£000		£000	£000		£000	£000	£000	£000
75	-17,865	-653	2	-745	110	36	-14,754	6,856	-33,364	6,313

The stretched targets for existing savings and additional savings identified within the funnel supported delivery of a further £600k in addition to the amounts shown above. For several proposals, due to delays or difficulties in recruiting, the delivery of savings in some cases may re-phase into 2018/19.

5 KEY ACTIVITY DATA

5.1 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).

6. PERFORMANCE AND RISK

- 6.1 The front page of this report groups performance indicators that are monitored by service committees by outcome area, and summarises each area by comparing indicators to target using a Red-Amber-Green (RAG) system.
- 6.2 This section contains the end of year (March 2018) position for each performance indicator where it is possible. This is the same as the information in the Finance and Performance reports being discussed at service committees in May. Where performance indicators are annual, or there is a long lag time between the period covered and the data becoming available, the most recent data has been used. The commentary in this report draws from the Finance and Performance reports, and if further detail is required, these reports are available on the Council's website.
- 6.3 Indicators are selected by service committees that reflect their key priorities for delivery over the year. Indicators covering the work of the People & Communities' directorate were reviewed in Q4 of 2017/18 and a slightly different set is included in the Adults and Children's service committee reports in May 2018. However this report uses the previous set in order to provide a clear explanation of the end of year position of the indicators that have been monitored throughout the year. The first report of 2018/19 will adopt the new indicators.
- 6.4 The commentary puts performance indicators into perspective within Council services or population-level information about the county. Full performance results for each indicator are available [here](https://tinyurl.com/ybvpfqs5) (<https://tinyurl.com/ybvpfqs5>). The latest Corporate Risk Register can be found [here](https://tinyurl.com/yb2eps52) (<https://tinyurl.com/yb2eps52>).
- 6.5 **Older people live well independently**

The Council's reablement service, which is specific support to help people to regain independence following a hospital stay or other crisis, continues to be effective. Reablement supported approximately 2,500 people during the year, at least 2/3 of which were over 80 and virtually all over 65. At the end of the year 58% of people who had received reablement needed no further care following the support. There has also been a low number of people admitted to residential or nursing care. Over the year, approximately 400 people were admitted to residential or nursing care arranged by the Council, a rate of 343 per 100,000 adults in the county, which is below our previous year's rate, and statistical and regional neighbour averages.

The health and social care system in Cambridgeshire continues to be challenged by a high number of patients unable to be discharged from hospital. The Council is continuing to invest considerable amounts of staff and management time into improving processes, identifying clear performance targets and clarifying roles & responsibilities. We continue to work in collaboration with health colleagues to ensure correct and timely discharges from hospital. Delays in arranging residential, nursing and domiciliary care for patients being discharged from Addenbrooke's remain the key drivers of ASC bed-day delays.

6.6 **People with disabilities live well independently**

Self-directed support is a key element of care assessment and planning, which promotes choice and control by the user. Nearly everyone (98% of approximately 7,500 people) who received long term services from the Council in the past year did so using self-directed support. In February, 13% of people in contact with secondary mental health services were in paid employment (approximately 40 of 320 people), which is good performance. However, the proportion of people with learning disabilities in paid employment was lower than target – 3.6% compared to a target of 6% (approximately 60 of 1,600 people). Internal performance monitoring suggests that nearly 50% of reviews of people's care and support plans took place on or before their due date, which was close to the target for the year.

6.7 **Adults and children are kept safe**

Performance in re-referrals to children's social care is below the ceiling target and is significantly below statistical neighbours and the England average. This suggests that outcomes of social care cases at closure are good, and work has been effective, as children are not referred back to the service soon after case closure.

The number of children who have a Child Protection Plan or are Looked After remains high. The introduction of an Escalation Policy for all children subject to a Child Protection Plan was introduced in June. Child Protection Conference Chairs raise alerts to ensure there is clear planning for children subject to a Child Protection Plan. This has seen a decrease in the numbers of children subject to a Child Protection Plan over the year (from nearly 600 in April 2017 to 477 at the end of March 2018).

In March the number of Looked After Children held at 697. There are workstreams in the LAC Strategy which aim to reduce the rate of growth in the LAC population, or reduce the cost of new placements. Actions being taken to support good care planning, safeguarding and appropriate and timely interventions include:

- A weekly Threshold to Resources Panel (TARP), chaired by the Assistant Director for Children's Services to review children on the edge of care, specifically looking to prevent escalation by providing timely and effective interventions.
- A monthly Permanency Monitoring Group (PMG) considers all children who are looked after, paying attention to their care plan, ensuring reunification is considered and if this is not possible a timely plan is made for permanence via Special Guardianship Order, Adoption or Long Term Fostering.
- TARP links with the monthly High Cost Placements meeting, which as of January 2018 started to be chaired by the Assistant Director for Children's Services. The panel ensures that required placements meet the child or young person's needs and are cost effective and joint funded with partners where appropriate.

Adult safeguarding performance was good – in 73% of adult safeguarding enquiries the person was asked what outcome they wanted to achieve (up from 43% in the previous year), and in 95% of cases the outcomes were at least partially achieved (up from 73% the previous year). In total approximately 1,400 adult safeguarding enquiries (s42) were undertaken during the year.

6.8 **People live in a safe environment**

The number of people killed or seriously injured on Cambridgeshire's roads is currently higher than the target, data to the end of October 2017 suggests a rolling total of 374 people killed or seriously injured, and 1,606 slightly injured in the previous 12 months. Highways and Community Infrastructure Committee considered a report on road safety in March 2018, and resolved to adopt a new delivery model for road safety, approve a new methodology for assessing hotspots, negotiate in partnership with Peterborough City Council with the Police on future costs associated with the safety camera programme, and approve a capital programme for safety schemes. Committee also requested an action plan update to be brought back to Committee in October 2018.

At the end of March 2018 nearly all street lights were working (99.7% working), although using approximately 7% more energy than target.

Indicators relating to Local Highways Improvements are mostly Red. The Local Highways Improvement initiative invites community groups to submit an application for funding of up to £10,000, subject to them providing at least 10% of the total cost of the scheme. The schemes are community driven, giving local people a real influence over bringing forward highway improvements in their community that would not normally be prioritised by the Council. A total of 104 Local Highway Improvements have been successfully completed this year (over 70% of the total number). Of those schemes that were not completed in 2017/18, approximately £40k of the under spend relates to officers waiting for confirmation from District & Town Councils to feedback and agree the scheme details. A further £15k will not proceed following public consultations. Delays with the contractors scheduled to carry out the work have generated an under spend of £60k circa and therefore these schemes will be delivered in 2018/19. There has been a further £30k of under spend generated where schemes have been reassessed and the schemes delivered are smaller & cheaper than first budgeted.

6.9 **The Cambridgeshire economy prospers to the benefit of all residents**

More than 19 out of 20 premises in Cambridgeshire now have access to at least superfast broadband (96.1%), with half of the premises in intervention areas making use of the new utility. Economic activity rates in the county are higher than nationally, although employment is slightly lower than our target (79.2% compared to 80.9% target). Unemployment rates were around 4% in March 2016, and have fallen since then to around 2% in December 2017. The gap in unemployment benefit claimant rate between the more deprived and other areas in the county is 6ppts for the most recent period available, which is at target.

The latest provisional figures from the Business Register and Employment Survey (BRES) show that 12,600 additional jobs were created between September 2015 and September 2016 compared with an increase of 6,300 for the same period in the previous year. This means that the 2016/17 target of +3,500 additional jobs has been achieved. This information was published in 2017 for the 2016 period by the Office for National Statistics (ONS); 2017 data is expected to be published in Autumn 2018.

Provisional results indicate that maintenance should be considered on 2.8%, rounded to a reportable 3%, of the County's principal road network. This indicates a slight deterioration from the previous year where the figure was 2.3%, rounded to a reportable 2%. Provisional results indicate that maintenance should be considered on 6% of the County's non-principal road network. This is considered a steady state condition and is the same as the figure for 2016/17 and for 2015/16 and better than the Council's target of 8%.

The surveys that are used to derive the performance indicators for 'A', 'B' and 'C' roads are SCANNER surveys. These are undertaken during the summer months. These are the best months in which to obtain accurate, meaningful results. Rain, snow, standing water, salt and other effects of winter weather would interfere with the SCANNER equipment. In recent years, we have requested that our SCANNER surveys be undertaken May/June/July, so that we have results in good time to inform the development of programmes of maintenance work. The surveys that inform this end of year result were therefore undertaken during summer 2017, prior to the recent poor weather in 2018.

Provisional figures suggest the condition of the unclassified road network has seen significant improvement from 33% to 22%. However, unlike last year, when the worst roads were surveyed to assist in prioritising works, a random sample has been undertaken, and this will reflect more accurately the condition of the unclassified network.

At 4.52 minutes per mile (i.e. approx. 4m 30s), the latest figure for the average morning peak journey time per mile on key routes into urban areas in Cambridgeshire is better than the previous year's figure of 4.87 minutes. The target for 2017/18 is to reduce this to 4 minutes per mile.

There were over 18.7 million bus passenger journeys originating in Cambridgeshire in 2016/17 (the latest period for which data is available). This represents an increase of almost 2% from 2015/16; this growth can probably be attributed to the continued increase in passenger journeys on the guided busway.

6.10 Places that work with children help them to achieve their full potential

Indicators measuring the proportion of pupils attending good or outstanding schools are nearly all at target. Performance has been approximately stable throughout the year except for secondary schools, as there has been an increase of approximately 5ppts in the proportion of pupils at secondary age attending a good or outstanding school. This represents approximately 1,440 more pupils attending a good or outstanding school than at the beginning of the year. Across the county and across ages, about 17 out of 20 (86%) children attend a good or outstanding school.

Cambridgeshire has a low rate of 16-18 year olds who are not in education, employment or training (NEET), at 3.2% at the end of March 2018. This is down to ensuring we are supporting the young people that need the support to move into EET or to stay engaged. Nearly all (95.3%) of children in year 12 are in learning. However, the NEET rate increases amongst children with special educational needs to 7.6%. Children in Cambridgeshire in disadvantaged groups do not do as well as elsewhere, as shown in the gap in the numbers of children with free school meals attaining national standards at the end of primary school (KS2) compared to the national proportion, and the lower proportion of children attaining the

standard passes in English and Maths at GCSE with free school meals than nationally (a gap of approximately 5ppts). The Accelerating Achievement Strategy is aimed at these groups of children and young people who are vulnerable to underachievement so that all children and young people achieve their potential. All services for children and families will work together with schools and parents to do all they can to eradicate the achievement gap between vulnerable groups of children and young people and their peers.

Early intervention is vital to improving educational outcomes, and the proportion of income deprived 2 year olds receiving free childcare has increased by 13 percentage points since the summer term, so that now more than 4 out of 5 children who are eligible receive this support.

Further details about educational performance in Cambridgeshire in 2016/17 academic year is available in reports to Children and Young people's Committee in September 2017 (all key stages) and March 2018 (KS4 and KS5).

6.11 People lead a healthy lifestyle and stay healthy for longer

A key element of delivering this outcome is getting people active. The Council's target is for Fenland and East Cambridgeshire to increase participation in sport or active recreation to the 2013/14 county average over 5 years. Applying this principle to Sport England's revised baseline data gives a 5-year target to increase the participation rate in Fenland and East Cambridgeshire (combined) to 26.2%. The 2013/14 figure was 21.3% and the 2014/15 figure improved to 21.9%. The 2015/16 figure has continued the improving trend at 22.7%.

Excluding Cambridge, latest data (October 2016) shows that 4 out of 5 people (81%) living in the rest of the county walk or cycle more than once a month. This figure is slightly lower for Fenland, where 74% of people walk or cycle at least once a month, although the gap between these has reduced over the last 3 years.

There has been a total of 1,625,917 visitors to libraries or community hubs during the year to date (April to December 2017). If the average trend continues, the end of year figure will see approx. 2.2m visitors, near the end of year target. Hard work by staff to promote the Summer Reading Challenge resulted in 25% more children starting the Challenge compared to 2016/17, the number of children's activities over the period rose by 17% and the number of children attending these activities increased by 46%.

National Child Measurement Programme performance, which measures the height and weight of children in reception and year 6, remains good with both indicators green. Measurements for the 2017/18 programme are taken during the academic year, so final figures are not yet available. Rates of unhealthy weight in both reception and year 6 children for academic year 2016/17, were significantly better than the national average.

The Health Visiting Service is contracted to provide a series of mandated checks, to promote the health and wellbeing of all new babies and their mothers. Health Visiting and School Nursing data is reported on quarterly and the data provided reflects the Quarter 4 period for 2017/18 (Jan-March). The new data for Quarter 4 shows 1 green, 3 amber and 2 red indicators for health visiting. Performance for new birth visits is green, and for 6-8 weeks visits is amber, but Cambridgeshire does exceed the national average for this visit. The performance indicator for Health Visiting mandated check at 2- 2 ½ years is red but

includes data from checks that are not wanted resulting in a high did not attend rate. The indicator for ante-natal visits is also red, and an action plan is being put in place to improve notifications from local maternity units to the Health Visiting Service. Breastfeeding rates fluctuate but are higher than the national average.

Open access sexual health services are vital to ensure good access to contraception and low rates of sexually transmitted infection in the county. In 2017/18 there were over 30,000 attendances to our commissioned integrated contraception and sexual health service, and performance remained good with all indicators green and a stable trajectory.

The percentage of adults smoking in Cambridgeshire is estimated to be similar to the English average (approx. 15-16% or around 1 in 7 adults), except in Fenland where it is 22% (just over 1 in 5 adults). One in two long term smokers will die earlier as a result of smoking, and smoking related illness is a significant cost to the NHS. February data show the CAMQUIT smoking cessation service had helped 1,563 smokers quit (as measured at 4 weeks) during 2017/18, with end of year data not yet available. This is slightly worse than performance at the same time last year and has moved to Red in this month's report. Vacant posts in the service have now been filled so improvement is anticipated.

NHS Health Checks assess the risk factors for heart disease, diabetes and dementia for people aged 40-74, who are invited once every five years. The data presented for NHS Health Checks shows the number of checks at GP surgeries and of outreach health checks carried out remains the same as last month, with both indicators at red but with an upward trajectory. Overall, 17,409 health checks were carried out in 2017/18. The number of outreach health checks carried out in Fenland, where heart disease rates are higher than the rest of the county, has been an area of focus and has increased from 37 in 2016/17 to 410 in 2017/18. This improvement reflects new approaches that includes pop up clinics, community and workplace based events. A delivery plan has now been implemented for the rest of the county, based on lessons learned in Fenland.

There are now 16 Integrated Lifestyle/Behaviour Change Service indicators reported on (Personal Health Trainer service, healthy eating, weight loss groups, falls prevention). The overall performance is good and shows 11 green, 2 amber and 3 red indicators. For the Red indicator on Personal Health Trainers, data suggested the number of plans produced has dropped. This reflects issues with the triage system which have now been rectified. The drop in performance of tier 2 weight loss services is being managed contractually with the provider, and through investigating why some clients have dropped out and not completed the course.

7. SCHOOLS

7.1 Funding for schools is received from the Department for Education (DfE) via the Dedicated Schools Grant (DSG). As well as funding individual school budgets, the DSG also funds a range of central support services for schools.

7.2 Total schools balances as at 31st March 2018 are as follows:

	31st March 2017 £m (original published balances)	31st March 2017 £m (amended for in-year academy conversions)	31st March 2018 £m	Change £m
Nursery Schools	0.6	0.6	0.8	+0.2
Primary Schools	11.7	10.2	10.5	+0.3
Special Schools	0.6	0.3	0.5	+0.2
Pupil Referral Units (PRUs)	0.0	0.0	0.0	0.0
Sub Total	12.9	11.1	11.8	+0.7
Other Balances (incl. Pools and Contingency Funds, Community Focussed Extended Schools and Sports Centres)	1.1	1.1	0.4	-0.7
TOTAL	14.0	12.2	12.2	0.0

It must be noted that further to the DSG, schools budgets include funding from the Education and Skills Funding Agency (ESFA) for Post 16 funding, in year funding for items such as pupils with statements and additional grant such as the Pupil Premium. Schools that converted to Academy status prior to 31 March are no longer reported by the Local Authority and therefore are not included within the figures.

The change in individual school balances can be attributed to several reasons:

- Some schools will have delayed or cancelled spending decisions due to the uncertainty around future years' funding amounts.
- Some schools have chosen to apply balances in 2017/18 to maintain current staffing levels and class structures.
- Pressures on capital funding have led some schools to reconsider and reprioritise revenue resources to allow for the possibility of capitalisation in future years.

7.3 Analysis will be undertaken to look at the individual changes in balances and appropriate challenge given to those schools in a deficit position and those with excessive balances. Further analysis will be carried out throughout the year to ensure that schools are spending in accordance with their submitted budgets and recovery plans.

7.4 If a school is classed as not meeting the minimum floor targets for attainment, any balance in excess of 8% (primary/special/nursery) is considered excessive and will be subject to local authority learning directorate officers determining how some of the excess could be best used to raise attainment levels.

7.5 The balances can be further analysed in the tables below:

Sector	Schools with Reported Deficit Balances as at 31st March 2018
Nursery	0
Primary	2
Secondary	0
Special	0
Total Schools	2

Both Primary school revenue deficits are below £30k as at 31st March 2018.

Value of surplus revenue balances held by schools at 31st March 2018:

Surplus	Nursery	Primary	Pupil Referral Units	Special	Total
£0k - £10k	1	6	0	0	7
£10k - £20k	0	2	0	0	2
£20k - £60k	0	63	1	0	64
£60k - £100k	3	28	0	1	32
£100k - £150k	1	21	0	2	24
£150k - £200k	2	7	0	0	9
£200k - £300k	0	7	0	1	8
£300k - £400k	0	0	0	0	0
£400k+	0	1	0	0	1

Please note: the figures in 7.2 and 7.5 are based on the year end returns from schools. However, following further validation of the Consistent Financial Reporting (CFR) returns the final information on Schools balances published by the Department for Education may differ slightly.

8. GENERAL RESERVE BALANCES

8.1 Balances on the general reserve as at 31st March 2018 are £13.4m as set out below:

General Reserve Balance	2017/18 Final Outturn £m
Balance as at 31st March 2017	15.808
Changes Arising:-	
Planned Business Plan adjustments	0.093
Service reserve balances transferred To General Reserve following review	1.453
People & Communities	-6.953
Debt Charges	1.981
Surplus Corporate Grants	1.579
Commercial & Investment	-0.535
Public Health	0.335
Corporate Services	-0.175
LGSS Operational	-0.115
Place & Economy	-0.053
LGSS Managed	-0.025
Balance as at 31st March 2018	13.393

8.2 As a minimum it is proposed that the General Reserve should be no less than 3% of gross non-school expenditure of the Council. At year end, the General Reserve was 2.4% of budgeted 2018-19 gross non-school expenditure. This deficit has been addressed as part of Business Planning, whereby £3.3m are added to reserves on 1 April 2018, restoring them to above the 3% level.

9. REVIEW OF OTHER RESERVES

9.1 The Council reviews the level of its overall reserves at outturn each year, in addition to assessing the adequacy of reserves as part of the BP process. Reserves have long provided vital flexibility in the Council's financial management and no changes are proposed in the operation of these reserves going forward. Details of the Council's earmarked reserves are set out in [Appendix 2](#).

10. TREASURY MANAGEMENT ACTIVITY

- 10.1 This section summarises the expenditure and income for debt financing, which is held as a central budget within Corporate Services, and complies with the reporting requirements in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.

	Budget £'000	Actual £'000	Variation £'000
Interest payable	16,071	14,948	-1,123
Interest receivable	-1,597	-2,391	-794
Technical & other	-1,724	222	1,946
MRP – loan repayments	11,477	9,467	-2,010
	24,227	22,246	-1,981

- 10.2 Net payments were less than budgeted because fewer long term loans were raised during the year than had been budgeted. Temporary, short term loans at low rates of interest were raised instead to meet liquidity needs. In addition the Council exercised an option to repay a £4m loan from Siemens in March which was refinanced with short term borrowing at a significantly lower rate of interest. Minimum Revenue Provision (MRP) was less than budgeted as a consequence of profiling and alternate funding of capital expenditure.

- 10.3 The change in the authority's loan debt over the year was as follows:

	1st April 2017 £'000	Loans Raised £'000	Loans Repaid £'000	31st March 2018 £'000
Long-Term Debt	347,020	19,840	4,000	362,860
Temporary Debt	92,000	43,000	-	135,000
	439,020	62,840	4,000	497,860
Less Investments	40,454			26,424
Net Debt	398,566			471,436

- 10.4 Long-term debt consists of loans for periods exceeding one year (at either fixed or variable rates of interest) and the average rate of interest paid on this long-term debt was 4.10%. The average rate paid on short term debt was 0.75%.

- 10.5 Each year the authority must approve limits known as Prudential Capital Indicators for the level of its external financing costs and the maximum limits on total debt. The outcome for 2017/18 compares with approved limits as follows:

	Approved £'000	Actual £'000
Financing Costs		
% of Net Revenue Expenditure	10.5%	5.86%
Authorised Limit for Debt	929,300 ³	497,860
Operational Boundary for Debt	899,300 ³	497,860
Interest Rates Exposure (as % of total net debt)¹		
Fixed Rate	150%	76.97%
Variable Rate	65%	23.03%
Debt Maturity (as % of total debt)²		
Under 1 year	0 – 80%	34%
1 – 2 years	0 – 50%	1%
2 – 5 years	0 – 50%	10%
5 – 10 years	0 – 50%	14%
Over 10 years	0 – 100%	42%

Notes:

1. The Interest Rate Exposure is calculated as a percentage of net debt.
2. The guidance for this indicator required that LOBO loans are shown as maturing at the next possible call date rather than at final maturity.
3. The Operational Boundary and Authorised Borrowing Limit were restated and approved by Council as part of the TMSS 2018 at the February 2018 Council meeting.

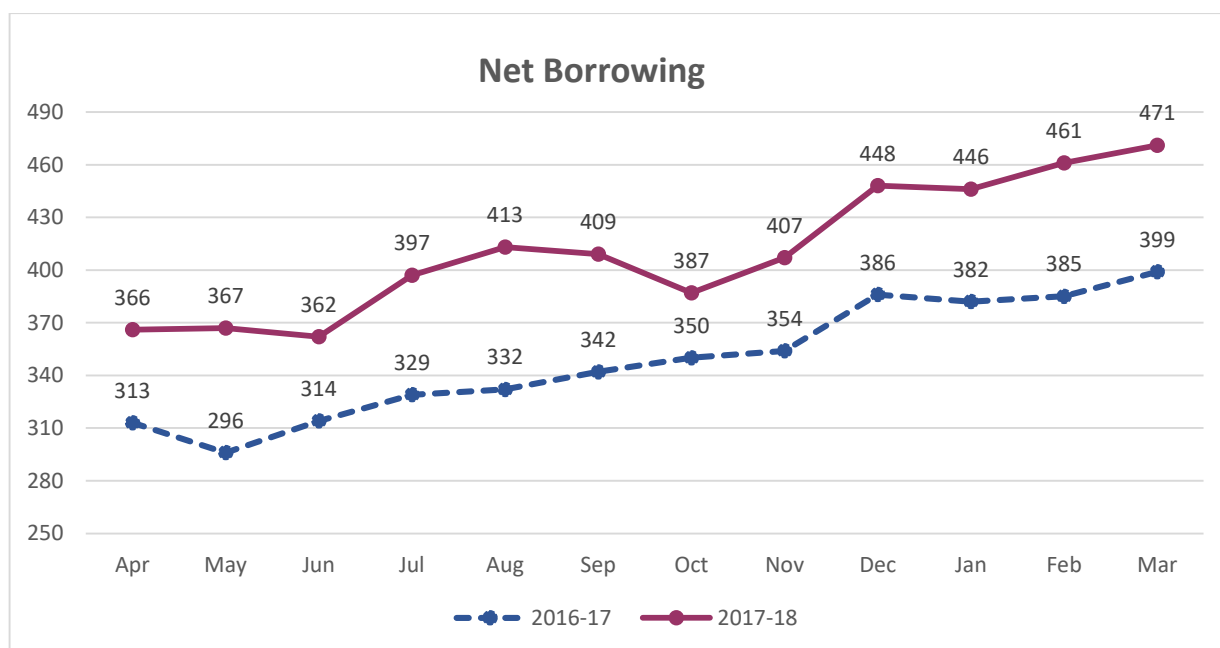
- 10.6 Financing costs are below the approved limit as a result of the underspend for debt charges, and all debt levels are within the approved limits.
- 10.7 The cost of borrowing depends on the life of the asset and also the interest rates at a point in time. The longer the loan term, the higher the interest rate.

As an example, the grid below shows the different costs for different asset lives based on borrowing £1m at 4th April 2018 PWLB interest rates. Year 1 costs are highest and gradually decrease each year thereafter. This is because as the principal loan is repaid, the amount of interest charged each year decreases.

Asset life in years	Indicative cost		
	Year 1 cost £000	Final Year cost £000	Total cost £000
5	217	203	1,058
10	119	102	1,113
35	54	29	1,470
40	51	26	1,540

11. BALANCE SHEET

- 11.1 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 March 2018 were £26.42m (excluding 3rd party loans) and gross borrowing was £497.86m. Of this gross borrowing, it is estimated that £56.801m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



- 11.2 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](https://tinyurl.com/y7yaz7pj) (<https://tinyurl.com/y7yaz7pj>).
- 11.3 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in [appendix 2](#).
- 11.4 Proposed Loan to VIVA Arts & Community Group (Soham Mill)

The County Council has been approached by a local charity (Viva) with a business case and request for loan financing to enable development of Spencer Mill, Soham.

The capital loan requested from the County Council is for £150k, repayable over 25 years with interest charged at 4% above base rate.

Legislation and the Council's Treasury Management Strategy permit the Authority to make loans to third parties for the purpose of capital expenditure. The CCC strategy sets out that this will usually be done to support local economic development and may be funded by external borrowing.

Viva propose redevelopment of the Mill as a social and cultural hub for Soham, as well as the charity's headquarters. The Chief Finance Officer has reviewed the information supplied by Viva, and advises that the charity reports a sound financial position and robust plans to repay the loan to schedule. The project is recommended as enabling economic development within Soham, as well as producing a financial return on the loan for the County Council.

General Purposes Committee are invited to approve a loan to Viva for £150k, and associated amendments to the capital programme and treasury monitoring.

DRAFT

12. DEBT MANAGEMENT

12.1 An overview of debt management and prompt payment outcomes is shown below:

Measure		Year End Target	Actual as at the end of March
Level of debt outstanding (owed to the council) 91-360 days, £m	Adult Social Care	£1.6m	£2.4m
	Sundry	£0.4m	£1.9m
Level of debt outstanding (owed to the council) 361 days +, £m	Adult Social Care	£1.9m	£2.6m
	Sundry	£0.1m	£0.2m

12.2 Summary Final Position:

Overall debt outstanding has decreased since February. Overdue debt (total less current) has decreased by £1m from £17m to £16m.

91-360 days debt balances have increased by £896k since February. The target of £1.9m was not achieved, with the final balance being £4.2m.

Over 361 days debt has decreased by £35k overall since February, with a final balance of £2.8m against a target of £2.0m.

12.3 Adults Social Care

Adult Social Care (ASC) and Older People– 91-360 days' debt has decreased by £87k since February. Final balances are £2.4m against a target of £1.6m. 91-360 days' debt has decreased by £38k since February. Final balances are £2.6m against a target of £1.9m.

12.4 Sundry

Overall sundry 91-360 days' debt has increased by £983k since February. This consists of increases of £1.1m in Corporate Services and £56k Children and Families debt, partially offset by a decrease of £156k in Place & Economy debt. The increase in Corporate Services debt was mainly due to a Finance and Procurement invoice moving into the over 90 days category. This has resulted in the final sundry 91-360 days' debt balance being £1.9m against a target of £0.4m.

Over 361 days' sundry debt has increased by £3k since February. Final sundry balances in the over 361 days' debt category are £0.2m against a target of £0.1m. These balances consist of £98k Corporate Services debt, £77k Place & Economy debt and £43k Children and Families debt.

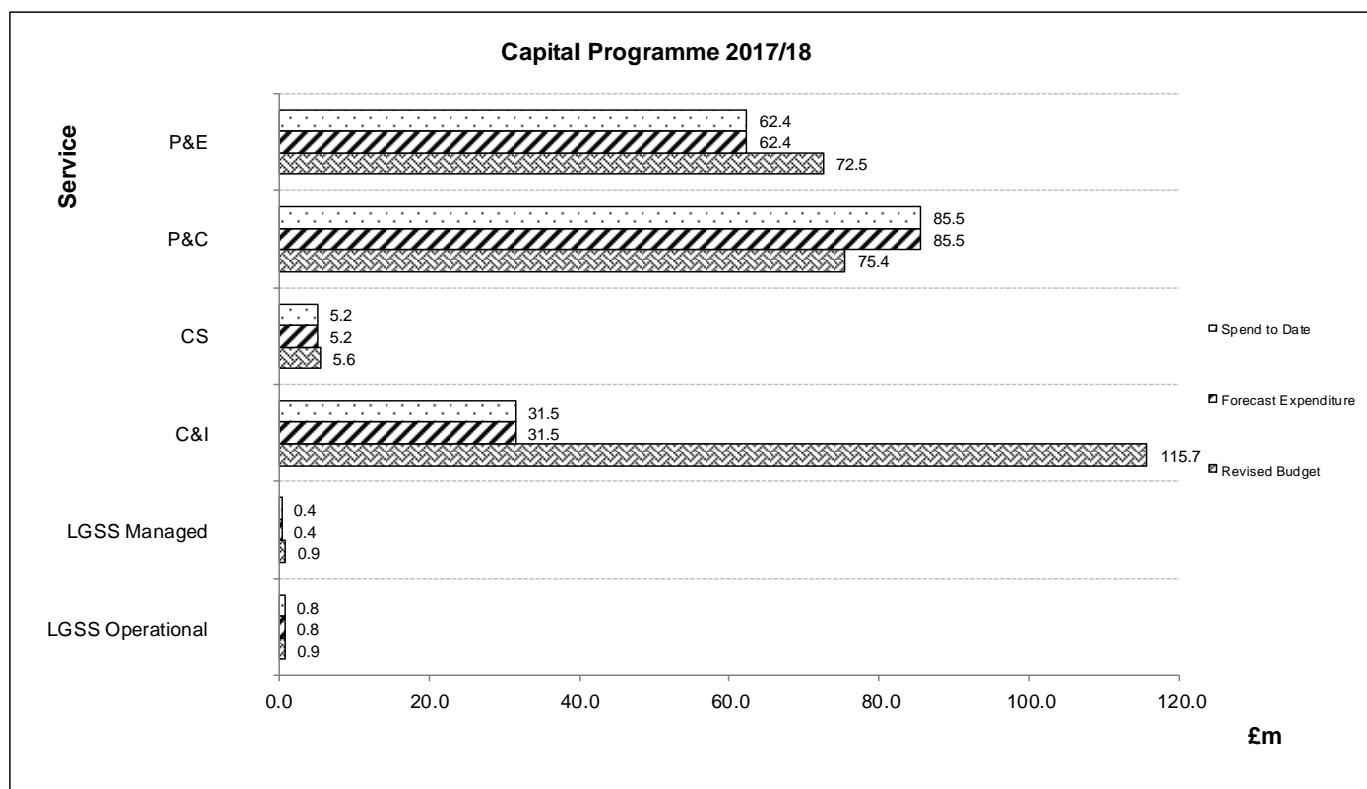
13. CAPITAL PROGRAMME

13.1 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 (Feb) £000	Actual Variance - Outturn 2017/18 £000	Actual Variance - Outturn 2017/18 %	Total Scheme Revised Budget (Outturn 1718) £000	Total Scheme Forecast Variance (Outturn 1718) £000
67,331	P&E	72,511	-10,743	-10,157	-14.0%	435,038	-
77,408	P&C	75,442	9,241	10,022	13.3%	576,016	14,326
5,489	CS	5,612	197	-407	-7.3%	11,743	626
160	LGSS Managed	949	-375	-511	-53.9%	9,853	-495
115,408	C&I	115,651	-47,883	-84,102	-72.7%	237,752	-656
100	LGSS Operational	898	-10	-92	-10.3%	2,005	-
-	Outturn adjustment	-	-	-	-	-	-
265,896	Total Spending	271,063	-49,573	-85,248	-31.4%	1,272,407	13,801

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 13.2.
2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2017/18 of £11.1m and is reporting an underspend of -£2.7m at year-end.
3. The 'Total Scheme Forecast Variance' reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years.



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

13.2 In light of the significant slippage experienced in recent years due to deliverability issues with the programme, and the impact this has on the revenue financing of the related debt for the programme, the Capital Programme Board recommended that a 'Capital Programme Variations' line be included for each Service which effectively reduced the programme budget for 2017/18. This was allocated service-wide rather than against individual schemes as it is not possible to identify in advance which particular schemes will be affected by land-purchase issues, environmental factors etc. which create the slippage.

A summary of the use of capital programme variations budgets by services is shown below.

2017/18					
Service	Capital Programme Variations Budget £000	Actual Variance - Outturn 2017/18 £000	Capital Programme Variations Budget Used £000	Capital Programme Variations Budget Used %	Actual Variance Against Revised Budget - Outturn 2017/18 £000
P&E	-15,514	-25,671	15,514	100.00%	-10,157
P&C	-10,305	-283	283	2.75%	10,022
CS	-279	-686	279	100.00%	-407
LGSS Managed	-643	-1,154	643	100.00%	-511
C&I Non-Housing	-720	-1,532	720	100.00%	-812
LGSS Operational	-20	-112	20	100.00%	-92
Outturn adjustment	-	-	10,022	-	-
Subtotal	-27,481	-29,439	27,481	100.00%	-1,958
C&I Housing	0	0	0	0.00%	-83,290
Total Spending	-27,481	-29,439	27,481	100.00%	-85,248

- 13.3 As at year-end, People & Communities has utilised -£0.3m of the -£10.3m capital programme variations budget originally allocated to P&C. Taken together with the re-phasing on Place and Economy, Corporate Services, LGSS Managed, Commercial and Investment and LGSS Operational schemes which have exceeded the capital programme variations budget allocated to them, this fully utilises the total -£27.5m capital variations budget and exceeds the total by -£2.0m. Therefore, overall expenditure on the 2017/18 capital programme is underspent by -£2.0m compared to the position originally anticipated when the capital variations budget was set.
- 13.4 The C&I Housing scheme budget does not have a capital programme variations budget associated with it; it is therefore shown as a separate line in the above capital programme variations table. Incorporating the in-year underspend of -£83.3m on Housing schemes, this gives an overall forecast underspend position of -£85.2m.
- 13.5 A more detailed analysis of current year key exceptions by programme for individual schemes of £0.25m or greater are identified below.
- 13.5.1 **Place & Economy:** a -£10.2m (-14%) in-year underspend is being reported at year end after the capital programme variations budget has been utilised in full.

£m %

- Connecting Cambridgeshire-** a -£3.8m underspend is being reported for year-end, which is an increase of -£0.4m on the underspend previously in October. Expenditure in this year has been lower than estimated in relation to the BT contract. To confirm, delivery is on track but expenditure has been re-phased, and therefore the funding will be required next financial year.

-3.8 (-90%)

- **Cycling Schemes-** a -£2.8m underspend is being reported for year-end, which is a decrease of £0.3m on the underspend previously reported in February. This is mainly due to a pressure on the following scheme:

 - Cycling City Ambition Grant: a +£0.3m pressure is being reported at year-end. This grant has been awarded for 5 years and the expenditure is ahead of profile; there is no impact on the total scheme forecast.

-2.8 (-54%)

- **Delivering the Transport Strategy Aims-** a -£2.5m underspend is being reported across Delivering the Transport Strategy Aims schemes for year-end, which is an increase of -£0.5m on the underspend previously reported in February. There are a number of schemes which for various reasons such as staff resource for both CCC & Skanska, change of Highways Services Contract (including delays in receipt of target costs) and inclement weather have been delayed.

-2.5 (-55%)

- **Operating the Network-** a -£2.4m underspend is being reported for year-end, which is an increase of -£0.5m on the underspend previously reported in February. This increase is due to underspends on the following schemes:

 - Carriageway & Footway Maintenance incl Cycle Paths: An underspend of -£1.4m is being reported for year-end, which is an increase of -£0.5m on the underspend previously reported in February. This increase is mainly due to severe delays with the work on the B1090 - Abbots Ripton, Station Road due to a technical agreement, land transfer and finance contribution with Network Rail.

-2.4 (-15%)

- **Guided Busway-** a -£1.2m underspend is being reported for year-end, which is an increase of -£0.5m on the underspend previously reported in February. The overall underspend this financial year is due to part one compensation payments in relation to the busway being lower than anticipated.

-1.2 (-97%)

- **National Productivity Fund-** a -£0.7m underspend is being reported for year-end. This grant has been awarded for two years and the majority of the work will be carried out in 2018/19.

-0.7 (-24%)

- Safer Roads Fund-** a -£0.4m underspend is being reported for year-end, as a result of no expenditure this financial year. The initial target price quotation received in early February was £800k over budget, partly due to the requirement to deliver a significant proportion of the scheme by the end of the year, but also due to the scope of the scheme and limited number of supply chain prices received by Skanska. To ensure a minimum acceptable level of value for money could be demonstrated, the decision was taken to re-scope the scheme, extend the programme and resubmit requests for quotations from Skanska's wider supply chain. This has clearly altered the spend profile for this scheme. The Department for Transport (DfT) have agreed that the delivery of this scheme can now be rescheduled for the early part of 2018/19 to allow sufficient time to ensure the scope of the scheme meets the required outcome.

-0.4 (-100%)
- Waste Infrastructure-** a -£0.3m underspend is being reported at year-end. Due to the complexity of issues to identify suitable alternative sites and ongoing discussions with key stakeholders, this project has not progressed as quickly as anticipated.

-0.3 (-79%)
- Ely Crossing-** a -£0.03m in- year underspend is being reported at year-end, which is a decrease of £3.8m on the underspend position previously reported in February. This increase in expenditure is primarily due to the addition of an accrual for land costs.

During construction a number of significant challenges had arisen which resulted in increases to the scope and quantity of work that the contractor had to undertake, contributing to a cost increase resulting in significant cost escalation and an extension to the programme. See also section 12.10 regarding a request to GPC for additional funding for completion of the scheme.

-0.03 (-0.1%)

For full and previously reported details see the P&E Finance & Performance Report. *(Please note that the information from the P&E report will be available at the links below following the publication of the [Economy and Environment Committee \(https://tinyurl.com/ybr6ee8j\)](https://tinyurl.com/ybr6ee8j) and [Highways and Community Infrastructure Committee \(https://tinyurl.com/y724pzsf\)](https://tinyurl.com/y724pzsf) agendas.)*

13.5.2 People & Communities: +£10.0m (+13%) accelerated spend is being reported at year-end after utilising -£0.3m of the -£10.3m capital programme variations budget allocated to P&C.

	£m	%
<ul style="list-style-type: none"> Schools Managed Capital: +£1.3m pressure is being reported at year end. Devolved Formula Capital (DFC) is a three year rolling balance and includes £780k carried forward from 2016/17. The 2017/18 position relates to schools funded capital of £1,981k which has matching funding to offset the impact. Devolved Formula Capital then has a carry forward into 2018/19 of £717k. 	+1.3	(+72%)
<ul style="list-style-type: none"> Capitalisation of Interest Costs: -£0.3m underspend is being reported at year-end. The capitalisation of interest calculation was carried out with analysis completed at an individual scheme level once the overall 2017/18 capital expenditure was complete, and monthly interest rates for the financial year were known. Following the final expenditure and interest figures the calculated value for P&C came in at £275k lower than the original estimated budget. 	-0.3	(-18%)
<ul style="list-style-type: none"> Children Support Services: -£0.4m underspend is being reported at year end. Previously the forecast included expenditure on the Education Capital Team, which as part of year end procedures has been allocated against applicable projects in year, whose outturns have been updated accordingly. 	-0.4	(-99%)
<ul style="list-style-type: none"> Basic Need – Early Years: -£0.6m underspend is being reported at year end, which is a movement of -£0.3m on the position last reported in June. This is due to £304k re-phasing on the early years project at Peckover, Wisbech. 	-0.6	(-38%)
<ul style="list-style-type: none"> Basic Need – Primary – an in-year underspend of -£1.3m is being reported at year end, which is a decrease of £0.5m on the underspend previously reported in February. <p>This decrease is mainly due to additional accelerated spend of £338k on the Fulbourn Primary School scheme as works are progressing ahead of the original contractor programme, additional accelerated spend of £167k on the Wyton Primary scheme as the project is progressing better than initially forecast, and reduced re-phasing of £175k on the Histon Additional Places scheme. This is partially offset by changes in the following schemes:</p>	-1.3	(-3%)

- Hatton Park Primary is reporting an additional £235k re-phasing due to fixtures, fittings and ICT budgets not being spent in full during the financial year.
- **P&C Capital Variation** – as agreed by the Capital Programme Board, any underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn. As at year end, £0.3m of the £10.3m Capital Variation budget has been utilised. This will be offset with additional borrowing of £10.0m. This is a decrease of £0.8m on the use of variations budget last reported in February.

	+10.0	(+97%)
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For full and previously reported details see the P&C Finance & Performance Report. *(Please note that the information from the P&C report will be available at the links below following the publication of the [Children & Young People's Committee](https://tinyurl.com/yb7rv4or) (<https://tinyurl.com/yb7rv4or>) and [Adults Committee](https://tinyurl.com/ybb2q3ow) (<https://tinyurl.com/ybb2q3ow>) agendas.)*

13.5.3 Corporate Services: a -£0.4m (-7%) in-year underspend is being reported at year end after the capital programme variations budget has been utilised in full.

- | | £m | % |
|---|------|--------|
| ● Mosaic – an in-year underspend of -£1.0m is being reported at year end, which is an increase of £0.6m on the underspend previously reported in September. The actual costs for the Mosaic scheme were lower than budgeted for 2017/18 due to the go live date being pushed back into 2018/19. This has moved a significant amount of the cost into 2018/19, but has not impacted on the overall scheme budget. | -1.0 | (-41%) |

For full and previously reported details see [CS & LGSS Finance & Performance Report](https://tinyurl.com/ybxq2cjt) (<https://tinyurl.com/ybxq2cjt>).

13.5.4 LGSS Managed: a -£0.5m (-54%) in-year underspend is being reported at year end after the capital programme variations budget has been utilised in full. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/ybxq2cjt) (<https://tinyurl.com/ybxq2cjt>).

13.5.5 Commercial & Investment: an -£84.1m (-73%) in-year underspend is being reported at year end after capital programme variations budget has been utilised in full.

- | | £m | % |
|--|-------|--------|
| ● Housing Schemes – an in-year underspend of -£83.3m is being reported at year end. As has previously been reported in separate papers to the C&I committee, the Housing Schemes did not progress as quickly as originally anticipated in the initial draft model that was created for the 2017-18 Business Planning process. The company's financial model was refined and updated | -83.3 | (-74%) |

over the last few months, alongside the progression of work on seeking planning permission, declaring assets surplus and moving towards a position of being able to dispose of the properties before the end of the financial year. The increased underspend is due to re-phasing of work into future years.

- **Shire Hall Campus** – an underspend of -£0.3m is being reported at year end. This is as a result of reduced levels of spending on maintenance at Shire Hall. This has also reduced the total scheme forecast accordingly. -0.3 (-48%)

For full and previously reported details see the [C&I Finance & Performance Report \(https://tinyurl.com/ycbdvabb\)](https://tinyurl.com/ycbdvabb). *(Please note that the C&I report will be available at the link above following the publication of the C&I Committee agenda.)*

- 13.5.6 **LGSS Operational:** a -£0.092m (-10%) in-year underspend is being reported at year end after the capital programme variations budget has been utilised in full. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report \(https://tinyurl.com/ybxq2cjt\)](https://tinyurl.com/ybxq2cjt).
- 13.6 This month there are no total scheme key exceptions to report. (Total scheme key exceptions are £0.25m or greater by programme for individual schemes.)

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding ¹ £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	5.2	34.2	35.9	1.7
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	1.0	-0.7
Specific Grants	23.1	0.5	-7.6	-0.1	16.0	21.6	5.6
S106 Contributions & Community Infrastructure Levy	22.0	1.6	-4.4	0.8	20.0	14.2	-5.8
Capital Receipts	83.9	-	-	-	83.9	4.2	-79.7
Other Contributions	15.1	0.4	-4.6	2.7	13.5	12.2	-1.3
Revenue Contributions	-	-	-	-	-	-	-
Prudential Borrowing	63.5	9.7	-10.4	1.7	64.6	59.4	-5.2
TOTAL	265.9	13.5	-18.7	10.3	271.1	185.8	-85.2

¹ Reflects the difference between the anticipated 2016/17 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2017/18 Business Plan, and the actual 2016/17 year end position.

13.8 Key funding changes (of greater than £0.25m) are identified below:

Funding	Service	Amount (£m)	Reason for Change
Additional / Reduction in Funding (Specific Grants)	All	+10.6	<p>Funds received for the Greater Cambridge Partnership (£11.8m) that have not been needed in 2017/18 in cash flow terms have been used to postpone borrowing to fund schemes across the capital programme in order to reduce the MRP payable for 2018/19. When these funds are needed again then the Council will borrow to repay them.</p> <p>Funds received for the Growth Deal (£0.5m) and Growing Places fund (£0.6m) that have already been used in place of borrowing are required to fund expenditure in 2017/18; additional prudential borrowing is therefore required to repay the use of these funds. This is offset by the use of the Greater Cambridge Partnership funding as described above.</p> <p>GPC is asked to approve the use in cash flow terms of £11,793k Greater Cambridge Partnership funding for schemes across the capital programme to postpone prudential borrowing, additional prudential borrowing required to offset the use of £533k Growth Deal and £663k Growing Places funding, and the resulting reduction of £10,596k in the prudential borrowing requirement.</p>
Additional / Reduction in Funding (Other Contributions)	All	+5.0	<p>Funds received for Horizons (£5.0m) that have not been needed in 2017/18 in cash flow terms have been used to postpone borrowing to fund schemes across the capital programme in order to reduce the MRP payable for 2018/19. When these funds are needed again then the Council will borrow to repay them.</p> <p>GPC is asked to approve the use in cash flow terms of £4,983k Growing Places funding for schemes across the capital programme to postpone prudential borrowing, and the resultant reduction in the prudential borrowing requirement.</p>

- 13.9 For previously reported key funding changes see the respective Service Finance & Performance Report (appendix 6):

P&E Finance & Performance Report
P&C Finance & Performance Report
CS & LGSS Finance & Performance Report
C&I Finance & Performance Report

- 13.10 Economy and Environment Committee considered a report on 12th April 2018 detailing the changes to the cost of the programme for delivering the Ely Southern Bypass and to consider the requirement for additional funding. During construction a number of significant challenges had arisen which resulted in increases to the scope and quantity of work that the contractor had to undertake, contributing to the cost increase resulting in significant cost escalation and an extension to the programme. As construction had progressed, a number of issues arose principally related to the combination of the complexity of the design of the structures necessary to mitigate the environmental impact and secure planning consent, ground conditions, third party requirements, site constraints, and the requirement for the quickest possible delivery. At the Committee it was resolved unanimously to note the increase in scheme costs and request General Purposes Committee (GPC) to allocate the additional funding required of £13m to complete the scheme. The annual cost of the additional prudential borrowing required to fund the increased costs will start at £686k pa, decreasing each year thereafter over 40 years. The report to Economy & Environment Committee is available at [here](https://tinyurl.com/y722qrzh) (<https://tinyurl.com/y722qrzh>).

General Purposes Committee is asked to approve additional prudential borrowing of £13m in future years for the completion of the Ely Southern Bypass scheme.

14. FUNDING CHANGES

- 14.1 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 Strategic Management Team (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 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 was accounted for in 2017/18, was £1,377k. This has not been budgeted for and is shown within the outturn position of the 'Funding Items' section of this report. This has been included in the Surplus Corporate Grants transferred to the General Reserve at year end, see section 8.1.

14.2 Funding changes 2018-19: Adult Social Care Support Grant

In mid-February 2018, following the Full Council budget meeting, the *Secretary of State for Housing, Communities and Local Government* announced a further grant entitled the “Adult Social Care Support Grant” for all authorities with Social Care responsibilities. For Cambridgeshire the allocation is **£1.453m**.

Despite its name the grant is not ring-fenced although the Secretary of State has indicated the expectation that Councils use the funds to build on progress in supporting sustainable local care markets.

To comply with the Scheme of Financial Management regarding unringfenced grants, General Purposes Committee is therefore invited to **agree allocation of the additional £1.453m funding to the People & Communities directorate**, to be deployed as follows:

Item	Amount	Remarks
Additional funding to support national target for reducing delayed transfers of care	£570k	Investment into Reablement service to provide additional capacity, and in response to pressures facing the NHS
Meet unidentified savings target within Adults Services (A/R.6.177)	£252k	Full Council agreed a “further savings requirement from Adults Services” contingent on consultation with clients contributing to care costs. In 2018-19 this target will now be funded by grant instead.
Investments in social work and commissioning (workforce)	£295k	Additional capacity and initiatives which manage demand and sustain investment. This includes support to safeguarding and care homes, and meeting some salary related pressures for staff on NHS employment terms.
Emerging pressures and sustaining care markets	£336k	Enabling the Council to draw on additional funds during periods of peak demand on the social care system; appropriate social care contribution to GP-led interim bed (step-down) capacity.
Subtotal	£1,453k	Total allocation to People & Communities (Adults)

The grant has been announced for one year only, and the above items will be reviewed as part of business planning for 2019-2024 to consider the longer term funding position of these pressures where appropriate.

15. EXTERNAL AND CONTEXTUAL ISSUES

- 15.1 As predicted, the financial challenges facing the Council have increased during 2017/18 CCC has continued to face substantial increases in demand for its services, both as a result of population growth and changing demographics, particularly in relation to the ageing population and those with complex care needs. The number of Looked After Children in complex and costly placements has also been increasing, placing significant pressure on the Children’s Social Care budget. These pressures, coupled with a 9.2% reduction in Government funding led to a savings requirement of £31.8m in 2017/18 and £103.1m over the next five years.
- 15.2 Indicative of the scale of the challenge the Council has faced this year, it has failed to achieve a “break-even” outturn for the second year in succession and ended the year needing to draw down £3.8m from its non-earmarked reserves. Details of the pressures that have led to this position can be found in previous [Finance & Performance Reports](#).

15.3 The financial outlook for 2018/19 remains extremely constrained, as despite the government delaying its aim to return public finances to balance until 2020, the Council is still faced with a further 3.5% reduction in Government funding alongside continuing increases in the demand for its services, resulting in a savings requirement of £82m over the next five years. However, following the 2016/17 change in the way the Council bears the cost of borrowing through its Minimum Revenue Position policy, it has been able to establish a £20m Transformation Fund which has been utilised during 2017/18 and will be further utilised during 2018/19. The Transformation Programme is integrated into the Business Planning process with a programme of investments and savings reflecting the transformational changes planned for 2018/19 and beyond. This continues to make resources available for Services to invest in strategies and to overhaul their services in a way that will deliver long-term savings. During the first part of 2018, a revised strategy for Council tax was agreed for the medium term, as part of an approach which builds the organisation's financial resilience in response to the considerable risks and pressures outlined.

15.4 The Council will focus on transforming rather than cutting services in this approach and will continue to seek to shape proposals so that the most vulnerable are the least affected. For further information see the Council's [Medium Term Financial Strategy](#).

16. ALIGNMENT WITH CORPORATE PRIORITIES

16.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

16.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

16.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

17. SIGNIFICANT IMPLICATIONS

17.1 Resource Implications

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

17.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

17.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

17.4 Equality and Diversity Implications

There are no significant implications within this category.

17.5 Engagement and Communication Implications

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

17.6 Localism and Local Member Involvement

There are no significant implications within this category.

17.7 Public Health Implications

There are no significant implications within this category.

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

Source Documents	Location
P&E Finance & Performance Report (Outturn 17/18) P&C Finance & Performance Report (Outturn 17/18) PH Finance & Performance Report (Outturn 17/18) CS and LGSS Cambridge Office Finance & Performance Report (Outturn 17/18) C&I Finance & Performance Report (Outturn 17/18) Performance Management Report & Corporate Scorecard (Outturn 17/18) Capital Monitoring Report (Outturn 17/18) Report on Debt Outstanding (March 18) Savings Tracker 2017-18	1 st Floor, Octagon, Shire Hall, Cambridge

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

	P&C	Public Health	P&E	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	8,416	13,626	2,702	7,746	24,377
Post BP adjustments	-292		-18		408		44	-142	
Apprenticeship Levy	311	8	61		-426		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				-58		
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	-1,335							1,335	
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	
P&E 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						

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

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	276						-276		
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	
Budget transfer per CCR					-43			43	
Transfer Strengthening Communities budget	35	17			-53				
Transfer insurance budgets	419	1,615				-2,033			
Physical Disabilities redundancy savings to CS	-31				31				
Transfer Strengthening Communities budget	-27	-5			32				
Reduce flood budget ETE, approved by GPC		-20							20
Transfer insurance budgets	63	61				-146	22		
Transfer Strengthening Communities budget		-33			33				
Transfer Building maintenance match funding		3					-3		
Current budget	239,567	386	42,062	24,227	4,721	11,611	25	9,516	22,721
Rounding	0	0	0	0	0	0	0	0	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2017	2017-18		Notes
		Movements in 2017-18	Balance at 31 March 2018	
	£000s	£000s	£000s	
General Reserves				
- County Fund Balance	15,808	-2,415	13,392	Service reserve balances transferred to General Fund after review
- Services				
1 P&C	540	-540	0	
2 P&E	2,229	-2,229	0	
3 CS	-64	64	0	
4 LGSS Operational	609	-609	0	
subtotal	19,122	-5,729	13,392	
Earmarked				
- Specific Reserves				
5 Insurance	3,269	-94	3,175	
subtotal	3,269	-94	3,175	
- Equipment Reserves				
6 P&C	133	-69	64	
7 P&E	218	-188	30	
8 CS	57	-27	30	
9 C&I	726	-46	680	
subtotal	1,134	-330	804	
Other Earmarked Funds				
10 P&C	1,223	-709	514	Includes liquidated damages in respect of the Guided Busway - current balance £1.5m.
11 PH	2,960	-393	2,567	
12 P&E	5,989	-607	5,382	
13 CS	2,656	-28	2,628	
14 LGSS Managed	146	-83	63	
15 C&I	442	110	552	Savings realised through change in MRP policy
16 Transformation Fund	19,525	2,352	21,877	
17 Innovation Fund	1,000	-156	844	
subtotal	33,941	487	34,427	
SUB TOTAL	57,465	-5,666	51,799	
Capital Reserves				
- Services				
18 P&C	1,827	-1,049	778	Section 106 and Community Infrastructure Levy balances.
19 P&E	7,274	2,926	10,200	
20 LGSS Managed	72	-72	0	
21 C&I	0	0	0	
22 Corporate	29,782	13,779	43,561	
subtotal	38,955	15,584	54,539	
GRAND TOTAL	96,420	9,918	106,338	

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		Notes
		Movements in 2017-18	Balance at 31 March 2018	
	£000s	£000s	£000s	
- Short Term Provisions				
1 P&E	669	-614	55	
2 P&C	200	0	200	
3 CS	64	-64	0	
4 LGSS Managed	3,056	404	3,460	
5 C&I	24	-24	0	
subtotal	4,013	-298	3,715	
- Long Term Provisions				
6 LGSS Managed	3,613	0	3,613	
subtotal	3,613	0	3,613	
GRAND TOTAL	7,626	-298	7,328	

APPENDIX 3 – RECOMMENDATIONS FROM PREVIOUS REPORTS

The February Integrated Resources and Performance Report included a number of recommendations to General Purposes Committee (GPC) that have not yet received approval, as the last Integrated Resources and Performance Report to be presented at a meeting of GPC was the January report, on 27th March 2018.

GPC is asked to approve the recommendations in the February report, which were circulated to the Committee by email.

February Integrated Resources and Performance Report

One recommendation concerning capital funding found in section 6.8:

Key funding changes (of greater than £0.25m or requiring approval):

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding – Department for Transport (DfT) Grant	P&E	-£1.1	<p>The Challenge Fund programme of schemes has been re-phased with the majority of works being scheduled for completion in 2018/19. As such - £1.1m of the Challenge Fund DfT Grant will not be required until 2018/19. This change in spend profile has been notified to the DfT and no concerns have been raised.</p> <p>General Purposes Committee is asked to note this in-year reduction in funding.</p>
Addition/Reduction in Funding – Department for Transport (DfT) Grant	P&E	-£0.8	<p>The Safer Roads Fund scheme for safety improvements on the A1303 is being re-phased and it is anticipated that this will be completed in 2018/19. As such -£0.8m of the Safer Roads Fund DfT Grant will not be required until 2018/19. The altered spend profile for this scheme will shortly be notified to the DfT.</p> <p>General Purposes Committee is asked to note this in-year reduction in funding.</p>
Addition/Reduction in Funding – Prudential Borrowing	P&E	-£2.25	<p>Due to the re-phasing of Challenge Fund work into 2018/19 as described above, the additional prudential borrowing of £2.25m approved by GPC in July 2017 to supplement the DfT Grant will no longer be required during this financial year.</p> <p>General Purposes Committee is asked to note this in-year reduction in the prudential borrowing requirement.</p>

One recommendation concerning the approval of additional prudential borrowing, found in section 6.9:

In addition to the above funding budget changes for 2017/18, additional funding of £132k is requested in 2017/18 to fund the in-year pressure on the Capitalisation of Corporate Redundancies budget. (This is in addition to the £359k requested in the January report). Transformation costs can only be classified as capital under the government directive on flexible use of capital receipts, which permits capital receipts to be used to fund transformation work, therefore they must be funded by capital receipts rather than any other source of capital funding. This necessitates a corresponding reduction in capital receipts funding in the Commercial & Investment capital programme, offset by an increase of £132k in the C&I borrowing requirement. The main service which is facing additional redundancies costs, following a restructure, had previously accumulated a departmental revenue reserve. This revenue reserve was previously incorporated into the general fund reserve, following Council policy, and it is therefore considered most appropriate to make use of the capital receipts flexibility for this transformation activity instead.

General Purposes Committee is asked to approve additional prudential borrowing of £132,000 in 2017/18 to offset the increased use of capital receipts for additional capitalisation of redundancies. (Please note that this recommendation is carried forward from the February report which was circulated via email; this has reduced from the previous £138k additional funding reported in February.)

AUDIT AND ACCOUNTS COMMITTEE FORWARD AGENDA PLAN

Note: A further special meeting is likely to need to be arranged in late June / early July regarding the independent review of Community Transport

MEETING DATE REPORT DEADLINES AND REPORT TITLES	Frequency of report	Corporate/Service Director /external officer responsible	Report author
Committee Date 2.00 P.M. Tuesday 29th MAY 2018			
Deadline for reports to be with Democratic Services : Mid-day Tuesday 15th May 2018			
Appointment of Chairman Vice Chairman	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,
Transformation Fund Update (Note: Moved from March meeting as General Purposes Committee (GPC) is considering it same day in March. As it is a report primarily for GPC it has been agreed with the Section 151 Officer and the Leader that they should receive it first and agree any necessary changes before it goes to another Committee primarily receiving it for information).	update	Head of Transformation	Amanda Askham
Anti-Fraud Poster – Previous request for an Annual Review <i>Note: Moved from March meeting. This was something that the Chairman was previously closely involved with and is to be dealt with outside of the meeting.</i>	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson Chief Internal Auditor / Mairead Kelly in consultation with the Chairman
Annual Review of Whistleblowing Policy <i>Note: moved from March meeting as nothing of substance to report as while Whistleblowing posters have been produced and put up at Council offices Internal Audit are still awaiting for both Transformation and Communications teams to co-ordinate the rest of the publicity around the new Policy.</i>	annual	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor / Mairead Kelly

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
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
COMMITTEE DATE: 2.00 P.M. Tuesday 12th June 2018 Deadline for reports to be with Democratic Services : Mid-day Thursday 31st May 2018			
Draft Statement of Accounts: 2017-18	Annual	Chief Finance Officer / Strategic Finance Manager / Group Accountant	Jon Lee / Martin Savage
Short Update on the outcomes from the report 'Transforming Outcomes for Children's Care' scheduled to be considered by Children and Young People Committee in May.	One off	Service Director Children and Safeguarding	Lou Williams
COMMITTEE DATE 2.00 P.M. MONDAY 30TH JULY 2018 (Room moved to Room 128) Deadline for reports to be with Democratic Services:			

Mid-day 17th July 2018			
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
Accounts reports			
<ul style="list-style-type: none"> ISA 260 Report and Letter of Representation and 		External Audit BDO LLP	Lisa Clampin, and Barry Pryke
<ul style="list-style-type: none"> 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	Jon Lee / Martin Savage
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	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>		Auditor	
Integrated Resources and Performance Report including Corporate Risk Updates		Chief Finance Officer	Tom Kelly
COMMITTEE DATE 2.00 P.M. THURSDAY 20th SEPTEMBER 2018			
Deadline for reports to be with Democratic Services: Mid-day Thursday 6TH September			
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
Outstanding Debt – Debt Monitoring Report – To receive the same report that was going forward to the General Purposes Committee This has moved from May Committee to be in line with the GP Committee report	One off update to check progress	Chief Finance Officer	T Kelly / Chris Law
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 /	Tom Kelly / Rebecca

		Head of Business Intelligence	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
COMMITTEE DATE 2.00 P.M. THURSDAY 22nd NOVEMBER 2018			
Deadline for reports to be with Democratic Services: Mid-day Friday 9th November			
Progress Update on Music Service Recruitment – This might be by way of an email to the Committee	One off	Head of Music Service	Matthew Gunn
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
Safer Recruitment in Schools Update	Quarterly	Senior Education Adviser	Chris Meddle
Cambridgeshire Council Workforce Strategy – Update	Quarterly	Head of HR	Martin Cox / Lynsey Fulcher
Internal Audit Progress Report (Including Progress of	Each meeting	LGSS Chief Internal	Duncan Wilkinson

<p>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))</p> <p><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></p>		Auditor	LGSS Head of Internal Audit
COMMITTEE DATE 2.00 P.M. THURSDAY 24th JANUARY 2019			
Deadline for reports to be with Democratic Services: Mid-day Friday 11TH January			
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
<p>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))</p> <p><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></p>	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Head of Internal Audit

COMMITTEE DATE 2.00 P.M. THURSDAY 28TH MARCH 2019			
Deadline for reports to be with Democratic Services: Mid-day Friday 15th March			
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

Update 18th May 2018