

Grant Applications

Kit Owen (FH&E)

Mr Chairman, operating the Dial-A-Ride service to the most isolated and disadvantaged of our community, which is why FH&E exist, make substantial losses each year, which is verified in the report. The majority of the issues raised are historic, which we have dealt with. The Board has created a Finances and General Purposes Committee (F&GP) to represent FH&E with delegated powers to act on behalf of the full Board and operate above the day to day management. A number of the issues we have sought legal advice and acted upon the advice. However, as with a number of issues such as State Aid, there is not a clear legal definition and different barristers have given different advice. Nothing has been done for personal gain. This is not to say, Chairman, that mistakes were not made, but where mistakes were made, we've accepted them and made changes to ensure will not occur again. The F&GP will undertake internal investigations in respect of staffing implications from the report findings on measures to be taken. This will be conducted by an independent HR resource, not in house. If you will permit Jo Philpott to speak on the grant applications, Chairman, I would be grateful.

Jo Philpott (FH&E)

Chairman, funding applications were and are followed up with phone calls enforced by our status which is clearly printed on the letterheads used. Personal visits provide full details and full explanations. There was no intention to mislead anyone. We are proud of what we do and what we've achieved. These errors are years old, they are not new, we've explained this, they will not occur again. Tight procedures are in place, they were not criminal, or for any personal gain. The Board recognises the need for change and has set about that change. In response to the incorrect use of Registered Charity status and misleading content on funding applications, as investigated by the Police, no prosecution took place. The focus was on whether I knew or believed it to be a false instrument, I was interviewed by the Police, as was the member of staff, they spoke to many donors, none of which wanted to pursue this any further. They investigated any overlap between business and my personal finances, again nothing found. I feel all we are guilty of is using our acumen and tireless effort to provide the people of our communities, accessible affordable and safe transport. Is the Committee aware our barrister confirmed we did have case for slander and libellous action from the pursuit of a few taxi drivers? Our barrister confirmed the Press coverage was biased. The benefits to our funders are significant. Better value for money, lower funding admin cost, enhanced local capacity and greater reliability. This in return for financial stability. Funders gain from FH&E that we will concentrate on service delivery as well as innovation. The very passengers for who our Community based transport exists and provide a lifeline, they are the main beneficiaries.

Carole Mansell

I'm Carole Mansell, I'm Finance Director of C&G Coach Services, we've been working for the Council for 33 years, and we have an excellent relationship on school bus operations. I'm concerned that on p181 of the report, the LGSS Lawyer advised the Council regarding the non tendering of some HACT contracts, that the contractors who would challenge are already contracted to Cambridgeshire County Council and "unlikely

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to risk their relationship”. I trust that by speaking today I will not be risking my company’s relationship with the County Council?

As stated on page 58 of the report “Any income earned outside of the charity’s charitable purposes, deemed non-primary purpose trading, should be disclosed as “Trading Activities”. Charities are permitted to undertake non-primary purpose activities, though any income earned over £50,000 is taxable”.

Obviously, the operation of commercial school contracts is not FACT’s primary purpose trading activity, despite being the biggest sector of their income, representing 36% according to figures on page 64, and as such should be subject to Corporation Tax, paid by all other competing operators. Can the Council confirm then, that Corporation Tax has been paid on this part of the FACT operation and its subsidiaries operation? And if not, why not? Also this should apply to their group private hire operations – for which FACT often provide 2 or 3 minibuses at a considerably lower cost than one of our coaches to local Schools and groups that are not members of FACT.

Regarding the Grant of £54,465 paid to FACT under Section 106 grant procedures for the now cocooned Chatteris Tesco store, why did the Council recommend FACT to the developers? Many such contracts across the country are supplied by coach operators, such as us, but the Council’s recommendation excluded the possibility of this contract coming out for competitive tender and they should not have got involved in this. There is, however, a mention that this grant, paid for not operating a Tesco bus service, will be used for a local youth bus services on a Saturday night to Ely, organised with the Chatteris Town Council. I am horrified, however, to find out that this service is a commercial bus service, and the young people are being charged to ride, as FACT said it would not be sustainable in the long term without fares. FACT are already trying to pull out of this service, only commenced a few weeks ago, because of staff difficulties for weekend working and low ridership. In addition, they will, no doubt receive fuel duty rebate as well as derive an income so I hardly think this £55,000 is being repaid to the local community. I sincerely hope that Tesco remember this payment when their new store opens shortly, but at the very least they are made to contribute this money back in to Chatteris community, without any commercial gain to themselves in the future. As a commercial operator we could actually operate that service for five years without charging a single penny if we were paid £55,000 today. Thank you.

John Elworthy

(microphone not on) ... and identified as being fairly relevant this morning based on the feedback I’ve received from the members of the public who have informed my stories, and one question I would begin with which is not actually on that question that has been pre-tabled. Would the Committee agree that a sub-committee of FACT, which itself is clearly challenged by this report, will be the right people to implement changes, would it not be akin, as a fully qualified accountant said to me yesterday, to having Robert Maxwell investigate what happened to the Mirror Group Pension Fund – those with longer memories will remember that one,

Does the Audit Committee understand that the three councils specifically referred to in the report where approaches were made by FACT for funding (we’re talking about Wisbech Town Council, March Town Council and Manea Parish Council) represent only the tip of a very large iceberg in terms of Councils that were approached over a number of year, and the frequency of visits by the FACT manager Jo Philpott to solicit funds ostensibly for a Dial-A -Ride scheme?

Huntingdonshire, East Cambridgeshire and Fenland are littered with parish councils where they have got minutes which will have been reported that the FACT manager, Jo Philpott turned up to ask for money. The membership figures that were quoted, the unproven need evidenced in the three examples highlighted by PKF where work experience or temporary staff took the blame for the errors - who took the blame for all the other errors? Would the Audit Committee agree that FACT must have had a massive turnover of work experience or temporary staff for these 'errors' to have been repeated so often and across such a long period of time, and that this might be indicative of exceptionally poor management and poor stewardship by the FACT Board of Management stuffed as it is with a lot of ex-Councillors or current Councillors, including the leader, at one stage, of this Council, who must have been aware of these fraudulent figures being presented to Parish Councils across Fenland, across East Cambridgeshire, and across Huntingdonshire? Would the Audit Committee agree, however, that responsibility ought not to be ducked and that it is the FACT manager who used these figures, now admitted by herself to be false – they're 'historic' says Cllr Owen, they're not historic because they inform this debate today, but they have challenged them for years, and they have denied them for years, and until PKF were on the case, they have now been proven to be absolutely correct, and that we have been lied to constantly over many, many years, and these taxi drivers deserve some better answers than have been given so far.

Dave Humphrey

I'm Dave Humphrey, as everybody I think knows. This is our opening statement. We would like to thank former Councillors Lay and Clapp for raising our concerns to the Chief Executive, and then Gillian Beasley for commissioning the investigation. We would like to thank PKF and Duncan for all their hard work and the Cambs Times for giving our campaign a voice over the last six years. After publication of the PKF report, there appeared to be a paradox forming relating to how both sides of the fence seemed pleased. Unfortunately it all became clear when we read the action plan. It appears those who ignored evidence of serious malpractice and possible criminal offences for years, and still in denial as we speak are to take charge of their own internal investigations. As John said, this is like Robert Maxwell being invited to investigate his own company's pension fraud, and that is what we believe the misappropriation of public and private funds to be. Will the Committee agree to allow the offenders, officers and FH&E Board alike, to hold themselves to account, will undermine the public trust in the Cambridgeshire County Council? As the Committee considers this case we request they ask themselves, if it was for the renewal of a private hire operator's licence, at what point would they deem the applicant as not being 'fit and proper'?

Grant funding: Firstly, we would like to make the committee aware we hold approximately 25 individual funding applications, all containing embellished information which was always been in support of the applications. Secondly, we would now like to address the statements made relating to false information and junior staff. We have supplied statements made by the FACT manager to the local press, these statements have been found to be false and misleading and clearly cannot be assigned to a temporary member of staff. In relation to allegations of documents being forged, we have supplied samples of what Key Forensics Ltd referred to as the "*specimens of Joanne Philpott*". As can be seen, within these documents are the handwritten declarations to both FACT being a registered charity and having 5,000 members.

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These handwritten statements, along with many others, were accompanied by the full signature of Mrs Philpott, again no 'PP' was shown.

In 2014 we attempted to alert the County Council to our concerns; we have supplied responses FACT sent all members, again signed by the manager. In the section called "FACT fleet of vehicles", which exclusively refers to FACT's CTS, the author first declares non-existent increase to then state, and I quote *"it has been necessary to substantially increase our fleet of vehicles. Without this increase it would not be possible to adequately serve our customers"*. Unquote. In 214 FACT had 38 Vehicles PKF declare they only need 11 for CTS. Due to allegations including possible fraud, we find it unlikely the task of refuting such serious accusations would have been allocated to a work experience member of staff. We have supplied a screenshot of FACT's 2011 Executive report which also makes massively embellished claims and the email from Mrs Philpott confirming a request for £4,000 per annum to fulfil a non-existent demand for Manea village. In this email she declares, and I quote *"...the passengers have been steadily increasing and we need to meet this demand"*. FACT's figures prove passenger demand for Manea was less than one passenger per 16 seat bus.

Again we would ask the Committee to consider, if such relentless falsifications were found to exist in a private hire operator's licence application, would you deem them to be "a fit and proper person" and issue the license?

The Board has refused to deal with these issues for six years, and even now are attempting to play down the seriousness of the offenses or their consequences. We would like to know what the Committee intends to do to protect our companies, our livelihoods and the public purse from the culture of deception, manipulation, corruption and unlawfulness by which we feel the report confirms.

Allen Slater

I will quote Section 62 of the Industrial and Provident Society Act 1965

"Every offence committed by a registered society under this Act shall be deemed to have been also committed by every officer of that society..."

Now I will read just a few of the main headlines surrounding this case

1. Numerous false declarations, misleading statistics made to secure hundreds of thousands of pounds of funding;
2. Hundreds of thousands of public and charitable money misused;
3. Officers' signatures used in funding applications against their permission, possibly pasted and copied onto documents;
4. Broke State Aid laws to receive up to £300,000 unlawfully;
5. Massively understated State Aid in a failed attempt to unlawfully extract another £150,000 from the public;
6. Entered questionnaires with massively embellished figures and further false declarations, which compromised the Council's decision relating to the use of the bus pass concession system;
7. False instruments used to assist in funding applications;
8. Failed to pay back £60,000 or £70,000 of the public's money given as loans;
9. Operating unlicensed, and still doing so;

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10. Operating in breach of Section 19's regulations;
11. Broke endless laws, regulations and funding agreements, etc, etc, and yet no suspensions, no consequences.

In 2012, when we all started this, two taxi drivers had their families' livelihoods snatched away, they deemed to be not fit and proper for three months for simply having 6 points on their driver's licenses, this case was taken to court and the decision immediately overturned. This under the Chair of FH&E Vice Chairman Cllr Kit Owen.

We have added to this statement and now quote the Traffic Act 1985 Subsection 20a, and I quote: *"in addition to any conditions attached to such a permit by virtue of section 19/7b of this Act, the Traffic Commissioner or any other body granting such a permit, may attach to it such conditions as he or that body considers appropriate."* If the Councils refuse to hold these responsible to account, their ability to govern the transporting of society's vulnerable will be left with no credibility when dealing with lesser offences in to the future. This will put the vulnerable at risk. Therefore, will the Council use its powers, given to it by The Traffic Act, with regard to the issue of FH&E current permits, to demand the immediate resignation of the FH&E management on the grounds that they are not fit and proper.

Nicky

We feel it important to highlight concerns with what has been found in the Chief Executive's summary where relating to forged documents it states:

2.6.1 *"In respect of the letters the police advise that: 'letters provided in support of this funding application may technically have been false instruments'; - 'the author was a junior member of staff'"*

This appears to be in direct conflict to the findings of Home Office approved Key Forensics who in their conclusion declared:

7.1 *I have found significant similarities between the questioned handwriting on the questioned letter, item 1, and the specimens of Joanne Philpott on items 2 to 4. In my opinion the similarities provided strong evidence that Joanne Philpott wrote out the questioned letter."*

This forensic company is held in high regard and are known to the PKF investigators from their careers within the police force.

We feel this whole section is of paramount importance as to demonstrating the level of trustworthiness regarding individuals in receipt of hundreds of thousands of pounds of the public's finances. Not to mention the possible offence of attempting to pervert the outcome of this and/or a police investigations.

If the FH&E manager has once again demanded the specimen handwriting examples used were also written out by a "junior members" of staff, will the Committee agree examples of the FH&E manager's known handwriting should be collected and assessed by Key Forensics Ltd, to determine if such claims are true?

Bob Steer

My name's is Bob Steer, I'm from Gem Cabs, March Cambridgeshire.

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Is there going to be an inquiry in to the questionnaire and the bus pass concessionary system?

The police findings as to their investigations relating to the possible use of fraud to pervert the council's decisions of concessionary funding, was reported in the Chief Executive's summary, and I quote

"In respect of the surveys the police advise that actions do not highlight criminality and specifically evidence is inconclusive that the CTA was told that it could not complete these six forms on behalf of its members."

However, it appears to ignore the fact that the information provided was wholly false. To give two clear examples;

- firstly, the claims as to the number ESACT members who apparently have daughters or sons who worked for the Ely Standard far exceeds the number of staff actually employed by the paper;
- but of more significance, the number of FH&E members who had reported to have used the service more than three times a week generated numbers five times higher than the revenue reported in the annual accounts would confirm.

There were many other issues within these questionnaires to demonstrate a consistent and organised level of dishonesty was used to influence elected members to make a decision that would support this funding into the future.

As the questionnaires themselves confirm the level of dishonesty used to pervert the decision, we find it disturbing that FH&E have been allowed for almost two years to continue to benefit from further public funding, gained through deception. Would the Committee therefore agree for an immediate inquiry into these questionnaires and the bus pass concessionary system?

David Patrick

My report is about the Police investigations. The tables on p120 and p121 are clearly described as showing how assets were funded, i.e. a commercial fleet.

In the appendices we have shown examples of the statements being made to attract funding from the public. We are confident that this will also apply to funds taken from charitable organisations. Our investigator, Woodrow Investigations Ltd, who was previously employed by the Cambridgeshire Constabulary as an economic crime investigator and currently contracted by the City of London Police stated *"use of falsifications to obtain funding over several years: this constant approach to submitting grant applications use of falsifications to suggestive of an intent rather than due to being administrative error."* This we believe is the truth. Relating to fraud investigations, he even quoted the Home Office who state *"Forces find it difficult to dedicate resources"*.

With recent headlines of the Police unable to attend burglaries, it is understandable Police don't have the appetite to investigate what to the outside world appears to be a complex fraud case. This could be argued further that fact it is assumed that no individual has benefitted from any possible offences.

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We attach an email to the original investigating officer relating to reports from a garage that the FH&E manager was paying for her husband's private vehicle repairs with FACT cheques. Months after the Police investigation closed, I returned to the garage personally, who confirmed they had had a call from the Police but they never came back to pick up the evidence. Other witnesses who are connected to the family have made similar claims on social media. Just because the Police believes there is insufficient evidence to merit a prosecution, does not mean that fraud and/or theft has not been committed. Even with the investigation into a couple of isolated areas of what we regard as huge and complex crime, the Chief Executive's summary report, conclusion that false information was submitted with an intent to support requests for public funding. We therefore find it highly disconcerting how senior councillors who hold a fiscal duty to protect public funds are using the lack of charges to dismiss, what on the balance of probability serious crimes are likely to have been committed, but the Police are unable to fully investigate it. Only with the removal of the entire FACT Board and management will the truth of how this organisation is being run truly have a chance of being revealed.

Annual Returns and Published Accounts

Carole Mansell

Our main concern is the unfair competition on school contracts which has clearly been demonstrated by the financial advantages given to FACT by way of considerable grants over many years. We would like assurance that all future vehicles supplied by FACT for tendered school contracts will not be grant subsidised, and that the existing vehicles, which have been purchased with public money, will not be used on such contracts in the future.

Furthermore, some contracts have not been retendered in a timely manner, as happened with some HACT contracts. Although we accept the need for emergency cover and that Councils *"can award a short-term contract without going to tender, they must then go out to tender as soon as possible"*. Can we have assurances that this will not be repeated as under adopted EU legislation public procurement should be non-discriminatory, open and competitive and all suppliers should be treated equally. As operators we need to be convinced that this is the case.

Additionally, FACT have been in receipt of the Bus Service Operator's Grant basically allowing them to claim 50% of fuel costs and more. This grant applies to registered bus services only and not school contracts, and other operators cannot claim this, so again this is unfair. Although PKF carried out a 'walkthrough of the vehicle stats' we would like assurance that school contract and group hire mileages were segregated as ineligible. Due to the many omissions in evidence supplied from FACT, and their banking and accountancy practices, we would like the Council to ensure that no fuel duty rebate is or has ever been claimed for their contracted school services, excluding eligible SEN contracts. Furthermore, we do not accept FACT's claim that all the school-based claims were eligible due to geographical remoteness, as this would clearly mean all Fenland transport operators were eligible, which is not the case. We trust, in the interest of fair competition, that the Council will follow this up and we will be contacting our local Operator's Association, the Traffic Commissioner and the DfT.

Mark Holland

Are the Committee going to actually say that that the FH&E Board should all resign? Basically, since 2012 we repeatedly attempted to alert the FACT committee to the issues confirmed today, the examples demonstrated on how we can confirm the evidence of possible fraud, forgery, and false accounting, were ignored.

Attempts to notify the Board, officers were also met with dismissal, denial, along with the local paper and local Facebook, legal threats. The letter attached (to the document circulated at the meeting) shows the FACT Chairman demanding we publically lied and declared we raised our concerns in “error”, or face legal actions.

They continuously supported their manager’s behaviour allowing her to publically attack us as “vexatious taxi drivers” operating an unwarranted vendetta, for simply trying to defend our families’ livelihoods and business, unlawfully, as now confirmed.

This board has allowed a once genuine charitable concern to be turned into an unfeeling commercial animal. The PKF report appears to confirm how FH&E has used its vulnerable members to hold officers to ransom, to issue contracts unlawfully, like some commercial ambition all these are hidden behind the crocodile smile. And yet rather than be held accountable, the same individuals are governing the investigation. So what went wrong? It’s like asking a sex offender to babysit.

We know regulations on public purse that has been used for their financial own commercial ambition, while the Board who has for years has attempted to ignore, discriminate and intimidate anyone who objects now get to choose a subcommittee, possibly consisting of the same individuals, who will investigate themselves, to then recommend to the council what actions should be taken. This is the equivalent of our judicial system allowing the offenders and their mates to set up a committee to investigate what when wrong and then recommend to the court what action should be taken. The public are then asked by the Council to accept how it is to proceed with assurance and confidence.

Quite frankly the Council should be embarrassed by such a proposal; this makes a complete mockery of democracy. This Board has no excuse and cannot claim ignorance. Will the Committee to support the call for the immediate resignation of the entire FH&E board?

Donna Allsopp

In early 2014 Mr Hughes investigated a 13 page dossier where it appears he ignored evidence and dismissed the same offences confirmed today, and I quote *“we have found no cause for concern over improper practice”*. The dossier can be supplied. The Chief Executive called in the Police over the duplicate questionnaires, however these same duplicates were presented to Mr Hughes by Council officers months earlier. This was around the same time Mr Hughes personally received the Woodcote Report, his covering letter made the signed declaration *“A relentless use of falsifications to obtain funding over several years. This consistent approach to submitting grant applications is suggestive of intent rather than being due to administrative error”*. Yet it appears Mr Hughes chose to do nothing. And despite DfT guidance on Permit 19 holders clearly stating *“you must hold a CPC”* this is the same officer who repeatedly ignored the

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request for him to acknowledge this guidance, to then on 18th August 2016, report to all Members, and again I quote *“the guidance on this matter from the DfT is far from clear”*.

Numerous other evidence examples from Mr Hughes can be supplied relating to this case relating to false, misleading and biased statements, which has given advantage to FACT’s position. Would the Committee not agree that such evidence makes his future involvement in this matter inappropriate, and even warrants investigation?”

Dave Humphrey

Again we request the removal of the FACT board of management, only this will reveal the truth. Within that question I would quickly like to make the Committee aware that within the Traffic Act you are still issuing Permit 19s, and as the issuer of Permit 19s, you can put on them any conditions you see appropriate. So you do I believe have a certain remit to dictate what happens within that organisation.

We would just like to make the committee aware of a couple of examples relating to this section. Concerning the changing of figures (Section 5) PKF report the FH&E manager claims such adjustments “were made to correct posting errors”

We were advised by an accountant to look for any knock on effects these changes may have, and with the FH&E manager changing the 2012 Dial-A-Ride figures this simply pushes the issue back to 2011

Based the number of paying passengers in 2012 only increase by 21% and yet income increase by 63%? June 2012 FACT had a fare increase of £1 on some journeys, which can be demonstrated by their invoices, but this only accounts for an increase of £7,600, taking this into account still leaves a financial increase of 53% with only a 21% increase in paying customers. Further concerns are generated when looking at comparisons between the figures of 2010 and 2011.

Furthermore, page 58 relates the unexplained 236% increase of DAC fares, then, when we raised concerns, the FACT manager reduced this figure the following year. This massive increase in DAC services has never been verified.

We feel this is a serious matter, the bus pass concession system is only allowed for Dial-A-Ride services, however, we feel this section supports the claim that FACT were allowing DAC passengers to use their bus passes.

Despite FACT claiming all these changes were to address errors, we believe the evidence supports original figure was correct and was changed to address how FACT claimed more bus pass concession payments than the Dial-A-Ride income could accommodate. Please See section 8.28.

We even have a recorded interview of a son of a member of FACT, confirming his mother is now paying for fares she once received free. This recording can be produced on request.

Kit Owen

Chairman, thank you, this is by necessity quite brief, because of the subject. F&GP can confirm that its external auditors did not follow the new Statement of Recommended Practice (SORP) in 2015 accounts. Subsequently the new SORPs have been applied

going forward since 2015. Perhaps it is worth noting that this had no effect on any of the filed figures, they remain the same in total.

Funding

Jo Philpott

Chairman, our income comes from various revenue streams in order to deliver the DAR, as is acknowledged in the report by PKF, the Grant is not sufficient to deliver this service. It might be worth noting that this is also stated in the Grant SLA. Any surpluses generated from contract work is reinvested into the provision of our valued Dial-A-Ride service. The award of the PSV Operators Licence from Traffic Commissioner required the sub division of commercial and non commercial activities. The F&GP has agreed to maintain separate bank accounts for commercial and non commercial transport activities. We bid for tendered work – our prices not cheap, overhead need to be supported. As an example, in 2017, FACT tendered for 89 contracts and only won 14. Does this not prove that we do not have an unfair competitive advantage? We understand that our approach is considered as a threat to others. If a vehicle has been funded for DAR, it is used for DAR. We deliver other work to support the funding of vehicles, so we can provide the best Dial-A-Ride in Cambridgeshire. Let's not forget, we were asked to take over the Nene and Ouse Community Transport, because of the serious financial position it found itself in. The same is said of Ely & Soham Dial-A-Ride. Dial-A-Ride makes a loss, it needs support, this is recognised across the country, we are not alone here. It is why we have been proactive in our approach – we have to do other work. We are not unique - CT organisations up and down the country use this approach to survive.

Carole Mansell

On page 105 of the report, as no Grant Funding Agreements in respect of CTF Capital Grants were put into place between Cambridgeshire County Council and HACT, no conditions as to State Aid have been set, however, as the grant given to HACT was from the same source as the grants given to FACT, and, that they are similar organisations, one would expect that the Grant funding given to HACT would also amount to State Aid and that this aid was being provided under the Commission Regulation on a de minimis threshold

On page 107 of the report, it concludes *“The grant funding for HACT and FACT exceeds the State Aid de minimis limits and are subject to clawback (for amounts above those limits), based on Mr Goudie’s latest advice.”* The State Aid received is vastly over these limits and should be clawed back. Why is there not an automatic procedure in place to ensure that public monies, wrongly claimed, are able to be clawed back? I trust the Council will not be ‘sweeping this under the table’ and the advice they seek will be swift and some immediate action thereafter will be taken. FACT spokesman, Cllr Owen, in a local newspaper report was reported as seeming to sweep it under the table as everything he termed as ‘historic’, and it is not good enough that from now on they will be regulated in their claims – the money needs to be repaid even, sadly, if it results in the demise of a this CTO. I’m sure with all the generous grants there will be other operators just waiting to take advantage.

Mel Barnes

Before I ask my question to PKF, I would like to quickly raise a point that we feel needs to be pointed out.

The headline in the Fenland Citizen May 29th 2013 was “Budget cuts hit FACT service” – quoting the article “pensioners have been left angry and upset after a community transport group announced it is to end its Saturday service, FACT made the shock announcement last week without warning to customer, who were upset by the decision, which FACT Manager Jo Philpott blamed on “a cut in budget” the cut amounted to £12,000, yet in the year before they added 12 vehicles to their commercial fleet, and since cutting the popular Saturday service in 2013, they have spent another £700,000 on their commercial vehicle expansion. To refer once again to the paper, quoting a wheelchair bound user “The Saturday bus is always full, but I often travel in the week when I am the only passenger. Surely it would make more sense to cut one of those, rather than to cut the popular Saturday service. To be honest I was in tears when I heard the news”. In the paper the FH&E Manager claimed “There is a lot of hidden costs in running the Saturday service”. Some of the people here have been in this industry 50 years. What hidden cost is she talking about? Would the Committee not agree demonstrates ruthless and unfeeling culture this organisation is being run under, funding being denied those it is supposed to be aid, and instead spent instead on its commercial expansion, how is this not fraud?

Could I ask PKF has there been cross subsidisation of public and private funds to support FACT’s commercial undertaking?

Jenny Parker

The Council has recently offered the annual Dial-A-Ride grants out for tender, PKF also confirmed they also declare that FHE Community Transport Services operate at a loss and the difference supported through profits generated through Council contracts.

Using HACT as an example, the Council financed the start-up fleet and supplied a profitable contract for each bus. Those profits, along with the apparent misuse of further funding have allowed HACT to expand its fleet to an average of 17 vehicles to generate further profits. The council then issues a Permit 19 for each bus; these permits are not only designed exclusively for “non-commercial” undertakings, but also demand no profits to be made. Therefore the council has assisted HACT to avoid the expensive licensing the Council demands from us!

Therefore, may we ask the Committee, if the Council expect private operators to bid for the Dial-A-Ride grants on a level playing field will they be supplying a fleet of buses to potential bidders, such as myself, along with uncontested profitable contracts needed to subsidize the CTS in line with what has been afforded to HACT and FACT?

Dave Patrick

The FACT 2008 accounts confirm at the time they had 18 vehicles, the PKF report confirms they only require eight vehicles to fulfil the Dial a Ride service and by the end of 2016 this fleet had been expanded to 46. On pages 120 and 121 there are tables identifying this commercial fleet has cost in excess of £1M, and secondly, funded

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through grants given to assist FACT in fulfilling their original remit “to relieve poverty, sickness and disability”.

Do the students of Wisbech Grammar school fall into this category for huge sums of public and private money to be spent on financing their transport? Or from the beginning of this campaign, when our money was being to purchase a luxury bus to subsidise “corporate event”, again in clear breach of Permit 19 regulations. In addition, and pointed out elsewhere, the EU Commission declares:

*“Their revenues (including grants and contract income) **can be legally used only to cover their costs**. If CTOs breached the “not-for-profit” requirement, the driving permits under which they operate would be invalidated”*

PKF reports an undertaking “*which makes, or seeks to make, a profit would not normally qualify, **regardless of how it uses any profits or income surplus***”

This also implies the misused funds have been obtained unlawfully to begin with.

For the council to allow this fleet to assist in their contractual responsibility, whilst conveniently looking the other way to these offenses, is for the Council to have the same unlawful and highly immoral blood on its hands as those who committed the offence.

Will the Committee confirm they will now be recovering all misused public funding both above and below state aid thresholds, to then be used for more essential purposes, rather than fulfil someone’s commercial ambitions. How many pot holes would £500,000 fill for example?

Dave Humphrey

Would the Committee agree all previous funders should be contacted in an open and transparent fashion, and supplied the full report, allowing them to make an informed decision whether their money has been used appropriately?

PKF has offered a couple of examples to show false information had been used relating to membership numbers. These have misled councils as to the number of its residence that would have befitted from the funding.

In addition all the funding applications we received via FOI request was requesting funding for community based services, not to expand a commercial fleet.

Also, many had many issues, for example in relation to the FDC £17,000 grant made in 2012 we would also like to highlight a few points from PKF, the Woodcote report and FOI 2619

- only 8 buses are required to serve FACT’s Dial A ride obligations
- At the time of application they already had 22 vehicles
- the FACT manager attempted to apply for the full £35,000 they were attempting to raise instead of the agreed £17,000
- instead of the agreed one bus to support the central route, they decided to buy two
- Entered a false instrument to support the application
- Entered a document the Cambridgeshire County Council transport manager stated he felt his signature had possibly been cut and pasted

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- Claimed to have made 70,000 Dial-A-Ride passenger journeys. PKF confirm less than 20,000 made
- Claimed over 5,000 were disabled (FOI request 2744 demonstrates half this amount)
- Received £10,000 the previous year for another central route bus.
- In the same year FACT expanded their fleet by 12 bringing it to 33, 22 above their community transport needs
- The PKF report identifies the commercial fleet was funded through grant funding.

If the above, and much more, was known at the point of application would this grant have been approved? It's clear much of this application is generic and used to obtain money from the private sector.

These bodies' charitable funds, both private and public, are not inexhaustible. Therefore, if as it appears FH&E have procured funds through applications filled with misrepresentations to then be misused, genuinely needy applicants will have been turned down for FACT to expand its commercial fleet.

Donna Allsopp

As reported by PKF, the Council has sought to obtain advice relating to breaches of State Aid law from two separate barristers. The opinion of counsel in both instances confirms State Aid rules had been breached.

We are concerned to read how the Councils action plan is to seek further counsel from the DfT over this matter.

- firstly, the council could be seen to repeatedly seek alternative advice until they receive the opinion they would prefer;
- secondly, the Committee need to be aware the DfT is currently under an infraction notice for their refusal to enforce the laws relating to these CTOs, possibly strengthening the above argument.
- thirdly, the Council appears to have rejected the idea of seeking what we would regard as the impartial advice of the EU Commission, again this could be seen as the council attempting to avoid an unwanted outcome.

Therefore, rather than take the advice of a governmental department (DfT) are under an infraction notice for refusing to apply the law, we request that Committee recommend for the council to seek the impartial guidance of the EU Commission?

Expansion and Demand and Formation and Expansion of HACT

John Elworthy

Does the Audit Committee feel it right or just that PKF's findings point out that FACT has a substantial and lucrative contract for fleet hire to the fee paying Wisbech Grammar School, that requires the use of five mini buses for morning work and four for afternoon work, to take pupils to and from the school (its' not because less go home, but apparently some picked up by parents for after school activities)? Would the Audit Committee agree that the only way these buses could have been funded would have been through public sector grants and from the long list of charitable donations that have only been touched upon by PKF, but are available to those who scrutinise these

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things – therefore both avenues of funding they must surely find abhorrent under these circumstances? Can the audit committee make a specific recommendation for a course of action to bring this anomalous use of public funding to an immediate and proper conclusion.

And ever being a ‘helpful hack’, would the Audit Committee consider recommending to full Council rather than playing around any longer with the issues and given in mind that they are unable to intervene in the management of FACT for the reasons Chief Executive has stated, would they consider actually taking the more appropriate measure of suspending contracts with FH&E, very good reasons why this should happen, and therefore in the interim appointing an external Legal and Local Government expert to bring this about, there is a very good reason why external sources are necessary, because internal change would require those deeply involved and mentioned in the PKF report to be part of a reform programme and it is evident from the inquiries I’ve made and written about over six years, that the largely discredited board of FACT are simply unable to do it? Would the Committee agree that the errors and failures to act over six years are chiefly the responsibility of FACT Board Members, who could be named individually, but I will refrain from doing so. Many of those now involved in this organisation have not only ridiculed any suggestion over those six years of wrongdoing, but actively pursued twice through legal channels those of us who have raised these issues and have been proved to be correct all along.

Dave Humphrey

Can PKF confirm what the total amount of state aid each organisation had received in the relevant three fiscal years leading up to and following the applications?

When applying to the DfT minibus fund, in both applications for FACT and HACT the FACT manager made the declaration her organisations had not received over £160,000 over any three fiscal years either side of the time they received the vehicle.

When asked to give details of “all aid of any description” for FACT the FH&E appears to have only declared the Cambridgeshire County Council’s annual Dial-A-Ride grant, which, for the relevant three years this appears to total £117,354, consequently well below the conditions of the grant funding.

For the HACT application the FH&E made only two entries for the years 2013/14 and 2014/15, both of these entries consisted of the equal sum of £62,095. This gave a total of £124,190 which again kept the State Aid funding below the condition of funding.

Can PKF confirm what the total amount of state aid each organisation had received in the relevant three fiscal years leading up to and following the applications?

Jan Robinson

As has been repeatedly demonstrated, these organisations commercial fleets have been funded through cross-subsidisation of public and private funding given with the intention to transport the elderly and disabled.

FH&E have now set up three commercial companies

- Ely & Soham Act Trading ACT Trading Limited
- Fenland ACT Trading Limited

- Huntingdonshire ACT Trading Limited

By what process are these assets to now be transferred to these commercial limited companies and used exclusively for profitable commercial contracts?

Donna Allsopp

When taking into account the council funding vehicles, any cross-subsidisation of grants, the failure to properly tender contracts and/or Dial a ride services or breaches of State Aid funding, would PKF give a view as to whether the effects would have been large enough to give an unfair advantage to FH&E over unsubsidised local firms, and whether that advantage may have possibly been significant, especially when considering small firms?

Kit Owen

As mentioned earlier by Jo, let's not forget we were asked to take over the original Nene and Ouse Community Transport because of the serious financial position it found itself in. The same can be said of Ely & Soham DAR. We continually face demand related challenges on revenue and service provision. We tend to transport the members of our community who are in need. We operate in a rural community – no one day is ever the same as the next. Our charitable objectives provide a wide range of transport services which in turn provide social cohesion and value through our community facing role. Many CTOs just offer the core essential service, namely the DAR, we offer much more, and I would like to point out that many, many references have been made to Wisbech Grammar School, Wisbech Grammar School is no different to Neale Wade, and many other schools, none of which have been mentioned, not quite sure what one should read in to that?

Our growth has been steady and supported the losses from Dial-A-Ride. Again, without this business approach, we would have failed like the others have. Our growth of vehicles has been generated from other work. We use the full cost recovery method when bidding for contracts. Perhaps the Committee realises some of the work we do cannot or does not want to be done by other operators, this often requires the training on specialist equipment as well as the care and assistance to deal with specific needs. Staff take on a great responsibility that drives our staff. It is philanthropy that drives our staff, not money driven care. We are faced with operational challenges. Each Dial-A-Ride journey planned to meet the needs of the passenger. For example, on average four seats have to be removed from the vehicle to accommodate one wheelchair or scooter, or often the enormous shopping bags, which they also use as aids. In order to manage the costs to manage the cost of such Dial-A-Ride provision, it must be intermingled with commitment to contractual services. This approach allows for maximum optimisation of both vehicle and driver, while considering environmental impact. Our commercial aim is to feed 100% back to the charities.

Fleet expansion has not been funded by the Dial-A-Ride grant. We are a well-run organisation investing in people and vehicles with the Board support. Grant money did not enable the organisation to put in unfair competitive rates to win contracts. With regard to HACT, the start-up was delivered as per expectations, but we were asked to do this. If we had not taken on HACT, the people in Huntingdonshire would not have had a door to door, safe, affordable and accessible transport service.

Licensing and Permits 19/22 and Service Level Agreements

Steve Shannon (FH&E)

As evidenced in the report, FH&E processes and procedures to support driver eligibility and associated training are effective and will continue to be operated in line with relevant legal requirements. We have implemented without hesitation all statutory changes required by the DfT and any subsequent contractual conditions required by Cambridgeshire County Council. All drivers and passenger assistants are trained and reassessed with CTA's MIDAS (Minibus Drivers Awareness Scheme), we have four certified MIDAS trainers, these trainers undergo regular reassessment in order to retain their certification. Until March 29th this year, when we were awarded the PSV operators licences, we operated as a not for profit organisation, we used Section 19 and Section 22 permits and were therefore exempt from the need of a PSV Operators licence when providing transport for a charge. All drivers that operated our 9-16 seat vehicles either had a full D licence, which is a bus/coach licence, or a D1 licence which is a minibus licence, with or without restriction. In respect to the DfT not for profit passenger transport guide, in the past, the Department and the DVSA took the view that all holders of Section 19 or 22 Permits were exempt from the regulations, because they would either be engaged in road passenger transport services exclusively for non-commercial purpose or have had a main occupation other than that. For this purpose it was believed that the term 'non-commercial' equated to not for profit. Just for completeness, any statutory outcome from the recent DfT public consultation into the future usage of Section 19 and 22 Permits will be impact assessed by FH&E, and where necessary changes were made.

The next point relates to the grant and Service Level contracts, I'd just like to make a statement on that. The report confirms the analysis of both grant and contract SLA have been adhered to. However we acknowledge the need for separate bank accounts and a disaster recovery plan, which are now up and running. The F&GP will as part of an ongoing audit requirement make available a clear audit trail for cross subsidisation. We can confirm that any approved local authority funder will be granted access to this review and verify this information.

Dave Humphrey

Rather than approach the DfT, will the Committee agree to seek the impartial advice of the EU commission, refuse to accept any further tenders, and if proven, recover ALL historical public funding which has been issued in breach of Permit 19 regulations?

Please understand, this is not about "state aid", this is not about whether FH&E if they can operate under permit 19/22. This issue is regarding how, operating under whilst operating under these permits, they have done so in clear breach of the principle condition of those permits i.e.

"A vehicle being used under a permit must not be used with a view to profit nor incidentally to an activity which is itself carried on for profit"

In a previous case the EU Commission rules 'Their revenues (including grants and contract income) can be legally used only to cover their costs. If a CTO breached the

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"not-for-profit" requirement, the driver permits under which they operate would be invalidated."

PKF reports an undertaking "*which makes, or seeks to make, a profit would not normally qualify, regardless of how it uses any profits or income surplus*" They also confirm FACT only need eleven vehicles to operate this community based work and HACT only need 5. You will also have seen that from 2011 to 2016 FACT expanded its fleet from 21 vehicles to 46, and HACT underwent a similar expansion.

This clearly confirms the commercial nature of the FH&E fleet expansion is commercial and on pages 120 & 121 has been funded by grants (also classed as revenues by the EU Commission); This expansion is worth over £1.4 million. How can the generation of over £1.4M in surplus income to fund a huge commercial fleet, now passed over to a new limited company, be regarded as "legally covering the costs" of a small community transport organisation? Unless FH&E are to claim they accidentally generated £1.4M in excess revenue, we have to regard this as a deliberate, and therefore criminal act of avoiding higher (*audio indistinct*) licences. We also believe that not only are FH&E fully aware of this, but they have deliberately attempted to hide this in the current national confusion over these licenses.

Mel Horne

With 70 drivers built up over 50 years, our fleet is worth less than £400,000. Can someone please explain to me how this not for profit organisation has managed to spend a million pounds on a commercial fleet expansion over four years, on a cost recovery basis. This is 2+2=4 stuff.

I would like to quote the DfT guidance for Permit 19 users "a vehicle being used under a Permit must not be used with a view to profit nor incidentally to an activity that itself is carried out for profit".

FH&E claim they operate on a cost recovery system, we have been running our business for fifty years. We know these contracts. We know where FACT operate from. Some of these contracts are hugely profitable.

Dave Patrick

Can the committee answer how is the public supposed to hold confidence for the FACT board into the future whilst one of its board members, sat as vice chairman of the licensing committee on the 25th June to refuse a private hire licence, to a potential competitor, for not being "fit and proper" whilst his organisation operates in clear breach of the licensing regulations he enforces on his competition? Why does he still allow unlicensed vehicles within Fenland to continue to serve commercial contracts?

In section one of the Council's action plan it suggests the FH&E Board should set up a sub-committee (F&GP). The public are then asked by the Council to accept how "The F&GP will provide assurance and confidence" into the future.

However, we believe with the people running and governing this organisation has, and will continue to operate under a culture of dishonesty and unlawfulness.

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Below (*in document circulated at meeting*) you will find a picture of an unmarked FACT bus in Sainsbury's car park in March. As can be seen in the window are signs stating how you can use your bus pass on these vehicles, and another with one of FACT's contract numbers referring to a contract being undertaken for the Cambridgeshire County Council to the Neal Wade School in March.

Permit 19s can only be used for "exclusively non-commercial" undertaking, this is why FH&E had to obtain commercial O-licenses on all buses with more than eight seats and used to fulfil the Council contracts. However, this eight seater bus is still operating on a Permit 19. Please understand due to this bus having only eight seats does not change the permit conditions, it can still only be used for "exclusively non-commercial" purposes, but it's still being used to run contracts. This vehicle should be licensed as a Hackney Carriage or private hire vehicle, as should its driver.

And below (*as above*) is one of their small HACT cars which we can say is undertaking commercial contracts, how do we know this? Because, this is the mother-in-law of a taxi driver and all she does is a commercial contract. Under the Cambridgeshire County Council action plan it will simply be business as usual. I doubt if all the offences committed by taxi industry over the last ten years would add up to those committed by these organisations.

Conflicts of Interest and Complaint Handling and FOI Requests

Steve Shannon (FACT)

Mr Chairman, yesterday evening I emailed Duncan to say we have nothing to say on this issue.

Dave Humphrey

Will the Committee agree the conduct of all government officials sitting on the Board should be independently investigated?

There's been cross subsidisation of grants, a breach of state law of £300,000, unpaid public loans, contracts handed over without being put out to tender, and let's not forget an entire fleet purchased by the Council. To quote PKF, they have already confirmed that cross-subsidisations did take place. And yet, last week's press release from FH&E declares "Grant money did not enable the organization to put in unfair competitive rates to win contracts." And this, the Action Plan suggests should fill the public with "assurance and confidence" into the future. The FH&E press statement categorically proves to us it will be run under the same level of dishonest denial. And unbelievably, its author sits on the overview and scrutiny. Doesn't public officials' code require them to operate with honesty, objectivity and without bias?

It was this same level of disingenuous denial that brought us here today, has allowed the abuse of public funds to reach such eye watering levels, and cost the public hundreds of thousands more in investigations and officers time. Cllr Owen continues with "*The majority of the issues are historic which we have dealt with*" so were those against Jimmy Savile, this does not exonerate the committee of guilt. They weren't historic in 2013 when Cllr Owen suggested publically that we were inventing them, or

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throughout the years he and his colleges have been ignoring, insulting and threatening us. And these “issues” as he calls them, have only been dealt with as a consequence of six years campaigning for justice! he offense of “Misconduct in Public Office” is categorised as *“the office holder acts (or fails to act)”... “to such a degree as to amount to an abuse of the public's trust”*. Maybe, as Mr Owen declares *“Nothing has been done for personal gain”*, however this does not exonerate him or his colleagues of their fiscal duty to protect public funding from abuse. Or indeed, for allowing their managements offenses to escalate to the level were hundreds of thousands of pound have been misappropriated through their failure to act to the evidence repeatedly rubbed in their faces. At best Councillors on this board have acted in breach of the Council’s code of conduct, at worst, they have acted with a wilful negligence and therefore complicit to all offenses confirmed in the PKF report and those undoubtedly still hidden.

Thomson Local Advertising

Dave Patrick

Not really a question it’s an observation. We looked through and we also contacted Google and the fact of it is at the end of the day, when Google were asked about the advertising using the words “taxi/March”, “mini-cab/March”, “private hire/March”, “taxi/March, Cambs” the Google advisor advised that advertiser would need to incorporate those key words and related key words in his/her list within ad words. So obviously with Google, what they were basically saying was that they would have had to advertise. Not only were they advertising, which was quite blatantly clear, that to me was the biggest insult, with that minibus with the words “FACT - luxury travel” all over it. And I was on the horse round on one occasion when it drove mostly round so we could all see what was on it. Blatantly put in our faces.

Steve Shannon (FACT)

We have provided a Google technical explanation as to the reason why taxi related expressions appeared without our knowledge. This was verified in the report as a “reasonable possibility”. And just for the record we have never advertised with the Thomson Local.

Dave Patrick

Please find attached emails from Fenland District Council dated 24/02/2014, Dan Horne, Head of Housing and Community Estates, over the last 12 months there have been numerous discussion with FACT over advertising on websites.

This confirms we have not only been campaigning for this unethical advertising to be removed for a year, but also numerous discussions have taken place with FACT, if, as was claimed by the FH&E manager that an external developer had been used. When the initial allegation was made, a simple phone call asking to remove the offending tags would have solved the problem, along with a (*audio indistinct*) to accommodate this work. We feel this was a direct abuse of a privileged position to attack our livelihood.

Final questions

Steven Shannon (FH&E)

The Committee has heard responses to the PKF report, a number of actions have already been completed. Where mistakes were made, we have acknowledged that, processes put in place to ensure they will not happen again. A number of issues raised today from the floor have not in fact been correct. F&GP will be writing to the Chairman and the CEO (Gillian Beasley and Cllr Shellens) to put the record straight. The creation of an F&GP will take an overarching scrutiny role in overseeing the management. Nothing was done for personal gain, the three members of staff on the board were brought on to ensure real hands-on experience is brought to the Board. All HR implications will be dealt with by an independent HR specialist.

The business model used is the same as other Community Transport organisations around the country. We are pleased to note and welcome that Cambridgeshire County Council will be taking a very much more active role in monitoring the way we do business, which in turn will give our funders confidence and remove the suspicion that has been generated. We hope that the overarching reason for the existence of CT has been made clear, not that anyone needed reminding of that today.

The Trustees have the community at their heart, and are determined to provide an extremely necessary service, and to expand that service where appropriate, as is evidenced with our latest Social Club addition. A number of our Members are concerned that they will lose this service. We have tried to put their minds at rest. Hopefully the report and the deliberations will also alleviate their fears.

John Elworthy

What does the Audit Committee feel should be done to create a more level playing field for Fenland and EC and Hunts taxi and coach firms who have suffered as a consequence of FACT's funding arrangements for the last six years, actually it's more. Would the members of the Audit Committee agree with me that it's completely wrong that FACT should be allowed to operate without proper sanction, and would the Audit Committee agree with me that a formula must be found to compensate taxi firms and coach firms for the unfair, illegal cross-subsidisation, that has created this wilful anomaly?

Would the Audit Committee also recommend actions that will ensure the current Board of FH&E is removed, and that talks are held with Fenland Council and Cambridgeshire County Council to replace any existing Councillor who serves on the Board, and replace with a fresh set of Councillors? It is unclear from the published accounts of FACT who is Chairman, but the acting Chairman appears to be a Councillor from Fenland, and does therefore the Audit Committee feel it proper that he should stand down now pending a decision by Fenland Council, to look at their own representation on the board. As FACT is likely to be subject to HMRC investigation – the PKF report alludes substantially to charity thresholds being breached - and these will have major ramifications for the management of FACT as they grapple with them - will the Audit Committee agree that now is the time to end its association with this organisation, and

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begin talks to end all commercial work with this organisation and put all existing contracts out to emergency tender, a formula the Council is familiar with?

Does the Audit Committee have a response to MP Steve Barclay who said that he shares the taxi drivers' (this is a quote) concerns, and also points out that Cambridgeshire County Council ignored the taxi drivers' concerns? Mr Barclay says "I raised them myself having met the taxi drivers and was given clear assurances by Cambridgeshire County Council which were clearly false". That was from last week from Mr Barclay. Will the Committee agree that this is a serious and vitally important response that requires another investigation? Does the Audit Committee further agree with the Leader of the County Council that every single issue raised regarding the County is being addressed, nothing ignored, nothing dumped, as was made apparent a few moments ago, there are some outstanding issues not considered by PKF and they weren't invited to necessarily look at those? This was a Tweet actually made by Cllr Count on Thursday, but does the Audit Committee believe it has the capacity to address every single issue in one meeting. Do Members of the Committee feel more expert legal advice might be required in to what I feel sure is in your hearts and in your heads, that is at least suspend this work with FACT, whose leadership and management has shown blatant disregard of financial accounting principles, of honesty, integrity and transparent detail, dealings with Members, Council officials and the public. It is as Cllr Boden rightly points out very accident and error prone.

One final comment and that is the Business Plan that would have been enacted by this County Council over the discretionary concession of a 50% reduction in the cost of journeys made on Dial-A-Ride scheme for bus pass holders, without going into the long detail of this, Michael Soper your own Research Manager here at the County Council proved it to be a fraudulent response and enacted by members of the FACT organisation in the way that they dealt with the survey responses. Also finally would the Member for the County Council who serves on either ESACT or HACT have a look at the Charity Commission rules and regulations, that as far as I am aware, and I've taken advice too on this, and the Committee may want to take advice, that no paid employee of that organisation may serve on the Executive Board, and I understand that Mr Shannon who variously describes himself as both a driver at FACT and also the Transport Manager, is shown in documents I saw yesterday as a Trustee of those two charities.

Mike Mason

I am Mike Mason, a member of the public, resident of Cottenham, and a former Member. The first item I wish to raise is the PKF report itself, and not that the question about the report, it's not about its content or anything, it is about the allocation of costs and costings to this Council. So the question actually seeks clarification of how the cost of this investigation and the PKF report is to be applied to the Council's accounts. When I went to a previous meeting with the Internal Auditor, and I met the PKF gentleman in front here, I did in fact raise with them the question of were they being paid on a regular basis, and they assured me they were. But when looking on Cambridgeshire County Council's transparency code payment data I could find no entry in respect of a supplier named PKF.

Duncan did say to me that the reason for this was that the invoices for PKF were in fact shown on Milton Keynes' website, Milton Keynes of course being a partner in LGSS.

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So really and truthfully I wanted some clarification about this, because that is a screenshot of the Milton Keynes' website. The total of payments made on their website is £46,434. Now there must be an explanation of this and I feel sure this can be given, I do want an assurance that as this report has been commissioned by this Authority, by Gillian Beasley, that all expenditure in connection with this report, must be shown on this Council's accounting systems, and this you will appreciate Chairman, as Chairman of this Committee, this must be your responsibility as well, to ensure that this is to be properly accounted for. Just one final point, I did note earlier that there was a correction, Duncan did say that there was a correction to the total amount paid, I probably misheard him, but I would ask him perhaps to restate that, so we know where we are up to, up to now, and I do want the assurance that this will be corrected and will be charged to Cambridgeshire in future.

Final comments

Dave Humphrey

I would like the Committee to take into consideration the statement that wasn't made by Keith in relation to the use of taxi cards. I think it's very relevant that the bus pass concession system is not only biased towards FACT against us, but also our customers. There's a lot of our customers who don't want to get in to a mini bus, they want to use a taxi. And it seems the system at the moment, seems if you're suited to getting on a mini bus, you get a free journey, if you're suited to get in a taxi, you pay for it yourself. I think a more even playing field needs to be put forward.

(Speaker's name not given)

In the past and present, FH&E and the trustees are still in denial. As a member of the public, I've listened to what people have said here today, and I've listened to what people have said before this meeting today, and it seems to me that this situation won't change – checks and everything, you can't turn dishonest people in to honest people. And I think I would like to point out that the public won't have any faith that FACT will continue in an honest way, after continuing in a dishonest way, which they still deny, so obviously they don't think they've done anything wrong. I think that the various Councils involved have a relationship with FACT which is totally untenable in my opinion.

John Elworthy

A couple of things, and I am not an accountant but I did advertise over the weekend via my usual social media channels, to find two, and I found two accountants who have taken the weekend looking at the FACT accounts, looking at the discrepancies, looking at the errors, looking at the poor accounting practices, looking at the cross subsidisation issues, and the rest of it, and these were some of the issues not touched upon by PKF simply because it wasn't in the brief and I'm talking about the lack of audit, the massive question marks over the auditing of FH&E over the last few years, I've circulated some of the findings to some of the Committee which is a bit presumptuous of me but it was one way of getting it to them and I'm going to send them more, because further reports are coming through. All of that aside, one of the things that has always struck me as absolutely obscene about this, as a journalist, as a newspaper editor, as a

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campaigner, is how people have I think been wilfully misused, I will use a perfect example – in one of the founders of FACT, Patsy Bruin, who is well known in Fenland, and who died a couple of years ago, well in to her eighties but until almost the point of her death she was shown on the annual accounts of FACT as the treasurer... look at the accounts, this lady was the Treasurer, who signed off all these mismanaged, manipulated, deceitful accounts for years... the truth is she didn't, but she was shown as the treasurer. Where was the scrutiny from Councillors, the chairman of the governance committee at FDC who sits on the board, the Chairman of the Licensing Committee, the one that laughed in my face at lunchtime because he feels like he's quote got away with it. Sorry, we've been campaigning on this on behalf of the people of Fenland. We have a better representation of what they think than what that man does.

(Speaker's name not given)

I would just like to say it was in my opinion never our intention to have FACT closed down. We always said there was a purpose for FACT in serving members of this community, which on most occasions they have failed to do. This lady sitting next to me explaining what had happened with her mother when they said that despite living in Fenland, she lived too far away. If this Council allows FACT to continue to operate its commercial fleet, with those vehicles purchased through cross funding, through illegal profiteering, then in my opinion at the end of the day, we will have achieved nothing. They only need eleven vehicles to satisfy those needs. Any other vehicles in use, for the use of profit, should be taken away from them and given to other sources that need them to provide stuff for the community.

(Speaker's name not given)

First of all I'd like to thank Dave Humphrey for everyone here, for everything he's done. I'd just want to question CCC - how many buses has Cambridge city got, i.e., DAR buses, how many Dial-A-Ride buses has Cambridge city got? I think it's eleven, eleven for a big city. 48 buses for March. Tell me the reason for that, if it isn't for commercial gain and profit? There is no other reason. As a taxi driver in March, when they started up my earnings went down to £200 a week I'm losing because they're working illegally in March. We've also got in March now a road closure, a bypass, and that's another £100 a week. How can we survive when you're letting them run away like a juggernaut? It just won't happen anymore, it's got to stop, you've got to do something about it.

(Speaker's name not given)

I totally agree with the last speaker, FACT have publically funded vehicles with a local contract life of up to 15 years. We don't. We have capital repayment costs to consider as it's the lowest prices that are tendered and are taken for the school bus contracts, they have to reflect the lowest operating costs. So obviously they're going to have the lowest operating costs. We cannot possibly compete with that. It's not a level playing field. I feel that FACT should be withdraw from any future commercial school bus contracts, and stick to the CTO operation.

Mike Mason

Chairman, the public will perceive this meeting as certainly being an opening up of all of the facts surrounding this. And I want to thank you and the Committee and the Council for putting this meeting on, and making sure that everything comes out in the open. I will however say this: The public will have little confidence in any remedy which involves existing organisations such as the CTAs putting their own house in order, with existing board members and staff remaining or being redeployed. The recommendation that implementation of any reforms which will be reported back to the Council and Committees in due course without any real defining time limitations is in my view wholly appropriate. The Council has a very poor track record of putting its own house in order. The Committee must bear in mind the previous failures of the Strategic management team to properly respond to an LGSS internal report and I refer to the Cambridge Library Enterprise Centre, some Members will remember what we went through, no more than you Chairman, about that situation, that still remains unresolved, a lot of the recommendations were lost, I heard you say at a meeting last year that you didn't know where that action had got to. Well it's been going on now for a long time. The public need to be absolutely confident in what is proposed in terms of the actions, that these actions will be taken, and will in fact happen quickly, not just reported to Committees in due course, because if we're going to have another two years of reporting back on this, we will not have achieved anything.

Jo Philpott

We've listened to incorrect facts, this is unfair. We are sorry for old mistakes, errors – we have accepted the errors. This has always been about contracts – that is clear. We care about the DAR, it is why we do it. We have done the other work to fund these losses. We have made that clear. Will the Committee please consider and care about our passengers, just like we do. We welcome fresh blood on the board. And for the record, I have not forged Gavin Moulton's signature on anything.

Dave

Can I recommend the Committee to an article written by the Coach and Bus Buyer magazine a couple of weeks ago, when they were interviewing a community transport organisation in Kings Lynn. They stipulated the fact that how they had always operated by the law. This organisation has always separated its community transport section, and had a proper company as a trading arm. Been doing this properly for years. They referred to certain organisations who had bent the rules under licences as being 'rogue' – this hasn't just bent the rules – it is far beyond that, and that is another CTO making that statement. I advise you to read it.