

AUDIT AND ACCOUNTS COMMITTEE



Friday, 28 July 2023

Democratic and Members' Services
Emma Duncan
Service Director: Legal and Governance

14:00

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

Red Kite Room
New Shire Hall, Alconbury Weald, Huntingdon, PE28 4YE

AGENDA

Open to Public and Press

1. **Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>
2. **Public minutes of the Audit and Accounts Committee held 26th May 2023 and Action Log** **3 - 18**
3. **Petitions and Public Questions**
4. **Co-option of an Independent Non-Voting Member of the Audit and Accounts Committee** **19 - 22**
5. **Draft Cambridgeshire County Council Statement of Accounts 2022-23** **23 - 204**
6. **Annual Risk Management Report** **205 - 270**
7. **Internal Audit Progress Report** **271 - 326**

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The Audit and Accounts Committee comprises the following members:

Councillor Graham Wilson (Chair) Councillor Nick Gay (Vice-Chair) Councillor Chris Boden Councillor Mac McGuire Councillor Geoffrey Seeff Councillor Alan Sharp Councillor Alison Whelan

Clerk Name:	Dawn Cave
Clerk Telephone:	01223 699178
Clerk Email:	dawn.cave@cambridgeshire.gov.uk

Audit and Accounts Committee: Minutes

Date: 26th May 2023

Time: 2.00pm – 4.10pm

Place: New Shire Hall, Alconbury Weald

Present: Councillors C Boden, N Gay (Vice-Chair), M McGuire, G Seeff, A Sharp, A Whelan and G Wilson (Chair)

Officers: Dawn Cave, Mairead Claydon, Emma Duncan, Michael Hudson and Stephen Moir; Stephen Howarth, Tom Kelly, Julian Patmore, Daniel Sage, Sam Smith and Ben Stevenson (relevant agenda items only)

114. Notification of appointment of Chair and Vice Chair

The Committee noted that the Annual Council meeting held on 16th May agreed to appoint Councillor Wilson as the Chair and Councillor Gay as the Vice Chair for the Municipal Year 2023-24.

115. Apologies for Absence and Declarations of Interest

There were no apologies for absence.

The Chair extended a special welcome to Councillor Seeff, attending his first meeting.

There were no declarations of interest.

116. Petitions and Public Questions

There were no petitions or public questions.

117. Public Minutes of the Committee meeting held 9th February 2023

It was resolved unanimously to approve the public minutes of the Committee meeting held 9th February 2023.

118. Committee Action Log

The updated Action Log was noted.

At the February meeting, the Committee's Terms of Reference had been reviewed. The modified Terms of Reference had been agreed subsequently by the Constitution & Ethics Committee and full Council.

With regard to BDO, officers aware that submission had gone to PSAA, and the outcome was expected by 09/06/23.

119. Report on the authority's process, application and use of powers within the Regulation of Investigatory Powers Act (RIPA)

The Committee considered the annual update on the use of the Regulation of Investigatory Powers Act 2000 (RIPA). The report set out activities and changes to policies and procedures, as well as explaining when covert surveillance might be undertaken. It was noted that judicial approval had to be sought before using any of the RIPA powers. No RIPA powers had been used in the previous twelve months.

Given the recent organisational changes at the County Council, the Policy had been reviewed to ensure that the content was appropriate and relevant. The Policy had been updated to reflect changes to technology, including drones. Although the Council does not have or use drones, these were an option going forward. Additionally, the last Inspection had taken place in 2021, and it was important to keep the Policy up to date. Inspections focused on policy, training and procedures.

Arising from the report:

- noting that this service and policy was shared jointly with Peterborough City Council, an erroneous reference to Peterborough City Council was noted, which required amendment. **Action required;**
- it was confirmed that no covert surveillance, Covert Human Intelligence Sources (CHIS) or intercepting data communications had been used in the last twelve months. It was also clarified that data could not be intercepted, but subscriber details could be requested. It was confirmed that RIPA did not apply to communications from own staff, which may be reviewed;
- in response to a Member question, it was confirmed that not using RIPA powers was not unusual for local authorities. There were very clear conditions which RIPA powers could be used. The Service Director: Legal and Governance and the Chief Executive confirmed that use of the powers was becoming rarer.

The Chair commented that the examples and flowcharts in the report were particularly helpful.

It was resolved unanimously to continue to receive information on the use of RIPA and receives an updated policy annually based on the changes in the Code of Practice, processes or inspections.

120. Draft Annual Governance Statement 2022-23

The Head of Audit and Risk Management presented the draft Annual Governance Statement (AGS) for 2022-23. The final version of the AGS would ultimately be signed off by the Chief Executive and the Leader of the Council. The AGS was a statutory document, and that final version would eventually form part of the Annual Statement of Accounts.

The AGS summarised the extent to which the Council was complying with its Code of Corporate Governance, i.e. the processes and procedures in place to enable the Council to carry out its functions effectively, including details of any significant actions required to improve the governance arrangements in the year ahead. The Committee's views were sought as to whether the document was consistent with its perspective on the internal control of the Council, and on the definition of significant governance and control issues.

Members noted the following points:

- information regarding the Objections to External Audit and outstanding VFM opinions;
- key governance developments during the year, including the restructure of corporate services, Shared Services and restructuring, Safety Valve funding, and Waste Disposal;
- significant governance issues relating to the Guided Busway;
- the establishment of a new statutory officers group to direct work through the governance statement action plan.

Arising from the report:

- the Chair noted that the AGS stated that overall a "moderate" assurance was provided by Internal Audit. There was a discussion on the definition of "moderate" in this context, and it was noted that such an assurance was acceptable;
- a Member expressed concern regarding the statement that the Internal Audit team "...had only just sufficient resources to enable it to provide adequate coverage of the authority's control environment". She asked if there were sufficient resources going forward, specifically individuals with the right skills, qualifications and experience. Officers advised that resourcing was a priority and continued to be a challenge, and this was a national issue. Every member of the team had an appropriate accountancy or Institute of Internal Auditors qualifications, and apprentices were regularly engaged through the Graduate Training Scheme. The resourcing challenges were regularly monitored by the Statutory Officers Group, and the measures being taken were outlined. The Chief Executive advised that Head of Audit & Risk Management had free access to all Statutory Officers, and he detailed options that were being explored to strengthen the team, including IT specialists and seconding individuals from external audit roles. Members were reminded that the External Review of

Compliance with Public Sector Internal Audit Standards (PSIAS), presented to the November Committee meeting, had highlighted the effectiveness of the Internal Audit team;

- a Member raised the issue of projected outturn variances in the regular integrated finance monitoring reports. He commented that these variances should be anticipated and reported more quickly, so as to not delay possible remedial action, and asked if this proposal could be reviewed going forward. The Executive Director of Finance and Resources agreed to review this proposal as part of a wider review of financial reporting. The Head of Audit & Risk Management highlighted that the Audit Plan included time for financial monitoring and budget forecasting;
- noting that 62% of agreed audit actions due for implementation in 2022-23 had been completed, a Member observed that percentage seemed relatively low. It was confirmed that the subsequent agenda item gave the detail of audit actions overdue for implementation. It was acknowledged that the implementation of actions could be improved upon. Some actions were more complex and time intensive than others, and may require longer timescales, and officers explained how some actions had to be delayed due to larger system issues, and gave examples. However, those actions classed as Essential or High were followed up very rapidly if not implemented within the agreed timescales;
- another Member observed that delays may result from other organisations that the Council co-funded or contracted with. He asked if it was the responsibility of the procurement team to ensure that the relevant checks were made to those contracts at the assessment stage, or whether it was Internal Audit's responsibility to review that process? Officers advised that risk management policies and procedures were being updated, and an updated Risk Strategy would be brought to the next Committee meeting. The procurement and contract management toolkit set out specific approaches to contract management depending on the value of the contract. The remit of both Procurement and Internal Audit in relation to the monitoring of those contracts was outlined.

The Chair thanked officers for their hard work, which was reflected in the Annual Governance Statement and the 'moderate' assurance given. He was also reassured by senior officers' comments on resourcing the internal audit team, especially in relation to specialist areas.

It was resolved unanimously to consider if the draft Annual Governance Statement at Appendix A is consistent with its own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 2.3.

121. Internal Audit Annual Report 2022-23

The Committee considered the Annual Internal Audit Report, which formed part of the evidence supporting the Annual Governance Statement.

Members were reminded that the Public Sector Internal Audit Standards (PSIAS) required that an Annual Report was produced. Based on the work undertaken by the Internal Audit team during 2022-23, the Head of Audit & Risk Management had given a “moderate” assurance over the system of internal control in place. The report provided an overview of all work undertaken by the Internal Audit team in the period.

The following points were highlighted:

- under Key Financial Systems opinions, three opinions were still awaited from West Northamptonshire Council (WNC) internal audit team;
- there had been a slight reduction in the income processing compliance opinion, to “moderate”. This was because the scope of the review had been expanded, and the reduction related to that expansion of the audit rather than worsening of control;
- a Risk Management Annual Report would be considered by both Strategy & Resources and Audit & Accounts Committees in July.

Arising from the report:

- a Member observed that there had been significant procurement issues in the past, e.g. the gritting contract, and this was still an area of concern for the External Auditor. He sought reassurance that this was being addressed. Officers highlighted the work undertaken in relation to procurement, contracts and commissioning. This included audits of some large scale contracts, and also a procurement compliance review which sampled procurement at different level across the Council, resulting in a ‘moderate’ opinion. Following a risk assurance review of the contracts risk on the Corporate Risk Register, a number of actions had been identified and the majority been implemented, and this would be explored in further detail in the Risk Management Annual Report. This continued to be an area of focus by the Internal Audit team, especially high value procurement and contracts. It was also noted that the specific issues highlighted in the BDO VFM report had previously been identified by Internal Audit. However, the BDO report had focussed on a number of individual contracts, whereas the Internal Audit team was continuing to review these issues across the Council, especially how contracts were being managed to ensure VFM. There had been significant changes since BDO’s VFM opinion, which had related to related to the 2017-18 financial year, including changes to the procurement policies, procedures and standards. Whilst procurement was not perfect and continued to be an area of potential risk, officers were confident there had been significant improvements;

- with regard to the reported issues with payroll control accounts, a Member observed that it appeared that current work had been given priority, so no new problems were occurring. However, the historic items (pre-March 2022) appeared to be resolved very slowly, which was unsatisfactory. The Member also queried the teachers pensions control account, noting that there were “substantial” sums involved, but not specified. The Member also queried the statement in the report that *“Finance colleagues confirmed in May 2022 that this issue (backlog of historic items) had been considered by External Audit, and they were content that the unreconciled items did not represent a risk of material misstatement of the Council’s accounts”*, which seemed to be a very weak assurance, given materiality levels were around £20M. Officers advised that the full Payroll audit was not available yet, so the information in the report served as an indicator of the level of risk, given that the Cambridgeshire Internal Audit team were not involved in this audit. The confirmation that the findings were not material was intended to give the Committee some reassurance. Balances and numbers of items had reduced, and the audit report on payroll should be received from the WNC Internal Audit team shortly, in time for the next Committee meeting;
- a Member requested that in Annex B, the Summary of Outstanding Recommendations, the more serious items and most overdue items should be listed at the top of the report in future. The Chair suggested that it may be how the report was set out that was at fault, and officers agreed to check and resolve this issue for future reports. **Action required;**
- noting that a new Direct Payments Fraud and Misuse Policy had been drafted, a Member asked if this had been ratified and implemented? Officers advised that the new Policy had been formally proposed as a draft to the Service, and the Service had agreed to adopt and implement that Policy. There was an audit action to follow up on this in 2023-24;
- a Member observed that the customer feedback and survey responses were very positive, especially the strong support for the comment *“draft audit report gave findings in sufficient detail and there was a chance to discuss findings and recommended actions appropriately.”*;
- a Member asked if officers had any idea of the scale of the Council Tax fraud issue, and the impact on the Council’s finances. Officers advised that the business case had indicated that the likely impact would be hundreds of thousands of pounds, divided between the various partners, and they were happy to provide further information on this issue. **Action required.**

It was resolved unanimously to review and comment on the Annual Internal Audit Report.

122. Financial Reporting and Related Matters Update

Members considered a report setting out progress with the Statement of Accounts for the year ending 31st March 2022, and matters relating to the production of accounts for 2022-23, which was linked to the following item on the external audit report.

Members noted that the External Audits for Years preceding 2022-23, i.e. the audits for the years from 2018-22, had been reviewed by the External Auditor and the statement of actions issues, with no further actions proposed, and those objections had been dealt with by the auditor. The appeal period had elapsed and the Council understands that the objector has not appealed to the court.

In relation to the External Audit for 2022-23, the deadline in the national regulations was for the Council's accounts to be published by 31st May. Members were reminded that for the last few years this deadline had been extended to 31st July. The County Council would not meet that 31st May deadline, for the reasons set out in the report, and the Council had made strong representations in response to the government consultation on this issue, highlighting the capacity constraints, and in particular the lack of External Audit resources available nationally. The report outlined the measures that the Executive Director of Finance and Resources would be taking to ensure that the 2023/24 accounts were submitted by the 31st May 2024 deadline.

Officers briefly outlined the amendments proposed to the accounting policies used for the Statement of Accounts 2022/23, based on the annual update to the CIPFA Code of Practice for local authority accounting, and extraordinary changes to that Code. The main change related to how national infrastructure assets were dealt with.

Noting the extension of usable life from 40 to 50 years for Property, Plant & Equipment, a Member asked if as a result of this extension, whether depreciation was being undertaken retrospectively, i.e. recalculated on the basis of the original value, or on the basis of the current depreciated value. It was noted that this may be an example of where practice may have drifted from policy, but it was confirmed that the opening balance for depreciation would be restated. Noting that some infrastructure items had already been extended from 40 to 50 years, and that the rest would now be done, the Member asked if this would impact on the Council's accounts. Officers agreed to provide a detailed response on this issue, but reassured the Committee that there would be no net impact on the Income & Expenditure Account, but there would be a restatement on the Balance Sheet. Officers would be able to provide the Committee with the impact on the Balance Sheet in the coming weeks, as External Audit would be reviewing this information shortly. Action required.

It was clarified that the public inspection period would be in August/early September if the accounts were finalised by 31st July 2023. Whilst dependent on the volume of information requested, no issues were anticipated with these timelines, as this had been the case in the last few years.

With regard to the consultation period, the Service Director: Legal and Governance highlighted that the 31st May deadline would not be met, and whilst the Council would publish the appropriate notice, there was a requirement that the consultation would be in the first three weeks of June, which would also not be met. The Council was therefore in breach of its statutory duties in this regard. This breach had been considered by both the Statutory Officers Group and the County Monitoring Officer Group, and it had been concluded that whilst this would be kept under review, it was not necessary to issue a Section 5 notice for this breach.

By way of background, it was clarified that the County Council's Statutory Officers Group had recently been established, and involved the Council's three key statutory officers, i.e. the Head of Paid Service, the Monitoring Officer and Section 151 Officer. This Group held formal meetings monthly, and those meetings were minuted. This Group was part of the Council's enhanced governance and was recognised as good practice. The Chair suggested that a footnote could be added to the Annual Governance Statement, outlining the establishment of the Statutory Officers Group, and its function.

It was resolved unanimously to:

1. note the report;
2. agree the recommended changes to the Council's accounting policies for the 2022-23 Statement of Accounts, highlighted in section 2.20.

123. Procurement and Commercial Annual Report

Members considered the Procurement and Commercial Annual Report.

The Committee noted the many actions that had been undertaken in response to the Value For Money conclusions for 2017-18 by the previous external auditor, BDO, which had been critical in relation to the Council's procurement arrangements. The weaknesses highlighted in that audit had been reiterated by the current auditor, EY. Members were reminded that in 2021 the County Council had exited the Local Government Shared Service (LGSS) arrangements, and an enhanced procurement team had been established within the Council, led by Clare Ellis. Officers paid tribute to Clare and her team for their achievements to date.

Given the backdrop of the critical BDO report, and owing to much procurement activity being deferred during the pandemic period, the Procurement team had been kept very busy. The report highlighted key areas of activity, how compliance was improving, the reduced number of waivers being issued and changes to procurement legislation. It was noted that there would be further changes resulting from decoupling from the arrangements with Peterborough City Council.

A Member raised the issue of the use of procurement waivers. He hoped and expected that there would be a continued significant reduction in avoidable procurement waivers, including contract extensions. The Chief Executive advised that he robustly reviewed monthly high value waivers, and this process would be transferring to the new Executive Director of Finance and Resources. The last round he reviewed had resulted in a number of challenges going back to the Services concerned. Whilst there had been some positive behavioural changes, there was still scope for improvement and the required cultural change needed to be thoroughly embedded. The Member thanked the Chief Executive for going above and beyond what was expected on this matter, and agreed with his comments on behavioural change, which was often difficult to achieve.

A Member noted that only 52% of relevant officers (budget and contract managers) had undertaken the procurement training. He asked if those individuals who had put in late contract waivers had been targeted as a priority for this training. Officers confirmed that the BDO recommendation was that the training was mandatory. The requirement to complete this training was being escalated with individual service directors, and the Committee raising this issue was a further opportunity to reinforce the importance of this issue. Another Member noted that a Reserve meeting for the Highways & Transport Committee had recently gone ahead due to an urgent procurement item requiring a decision. The procurement issue had been the only substantive item on the agenda. The Chief Executive welcomed Members' helpful comments and observed that until behavioural change had been realised, there may be some additional work for Members, as in the example given. Ultimately, the intention was for the forward procurement and contract pipeline to be managed appropriately, and this was an issue for all managers across the Council.

The Chair noted the reference to the changes in the Procurement Act, but that these were not summarised in the report. It was confirmed that the Procurement Act had not been passed into legislation yet, but it would involve major changes, impacting on commissioning and contract management. It was agreed that there was a briefing on this for Members in Autumn. **Action Required (MH)**. It was also agreed that a short briefing on Procurement Act would be circulate to Committee. **Action required (ED)**. It was noted that the Head of Procurement and Commercial had recently given a presentation to the Corporate Leadership Team on the risks and issues arising from the new legislation, including the implications for shared services.

It was resolved unanimously to note the Procurement and Commercial Annual Report, attached at Appendix 1 to the report.

124. Council's use of Consultancy and Agency staff

The Committee considered a report on the Council's use of consultants and agency workers and interims in Quarters 2, 3 and 4 (July 2022 through to March 2023).

Members noted that there had not been any significant increase in the use of consultants, interims or agency workers in this period. The electronic approval form had gone live in Quarter 3, which provided additional scrutiny to the process, ensuring that consultants were being used in the right way. Given there was a slight time lag between commissioners filling in the approval form and the Council eventually being invoiced, more information on the impact of this approval form should be available when the next update was considered by the Committee. Interim spend was mainly in Place and Sustainability, where this expenditure was being covered by grants and vacancies.

In response to a Member question, it was noted that Opus was a joint venture regional operation particularly focused on agency workers. Opus procured staff on behalf of the Council when additional resource was required.

A Member asked how consultants were appointed, i.e. whether consultants were appointed on a one-off basis and whether information on consultants was kept up to date, e.g. relating to qualifications and professional indemnity insurance. Officers advised that the Council goes through tender process to ensure Best Value was achieved, and often used Frameworks, as these were an effective method of procurement. Members noted how the different Frameworks and dynamic purchasing systems worked in practice, the areas covered, and how they were “called off”. There were Frameworks in a number of disciplines, and the Council was also a Member of ESPO, a grouping of six Eastern Shires authorities, which also ran a number Frameworks.

A Member raised the issue of agency workers, specifically the issues within the Highways team. He explained that he been highlighting this issue for some time, and whilst acknowledging there were national issues with Highways recruitment, he felt strongly that some form of benchmarking was required to indicate how the Council could attract more Highways staff. Officers advised that there was existing benchmarking available through LGA in different specialisms where there were shortfalls. It was agreed that this would be picked up by the Service Director: Highways and Transport. Action required.

It was resolved unanimously to note the information in the report and the action being taken.

125. Audit and Accounts Committee Draft training plan

Members considered a proposed training programme to support Members’ awareness and understanding in carrying out their functions.

It was noted that the Chartered Institute of Public Finance and Accountancy (CIPFA) had issued an updated position statement on local authority and Police Audit Committees, which recommended that Audit Committees review and assess themselves annually, or seek an external review. This review would also help inform

a planned programme of regular training to address gaps and maintain standards. The proposed format subject matters and scheduling were noted.

It was confirmed that Members would be encouraged rather than required to attend training events.

It was resolved unanimously to:

1. note the report;
2. consider both the format and content of the draft training plan attached at Appendix 1, noting any changes in that or timings.

126. Audit and Accounts Committee Agenda Plan

It was resolved unanimously to note the Agenda Plan.

127. Exclusion of Press & Public

It was resolved unanimously to exclude the public and press from consideration of the following item on the grounds that the report contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, and that it would not be in the public interest for this information to be disclosed information relating to the financial or business affairs of any particular person (including the authority holding that information).

128. Cyber Security Position Statement

Members considered a report on the cyber security position across the Council.

It was resolved unanimously to note the content of the report.

Audit and Accounts Committee Minutes - Action Log

This is the updated action log at 20th July 2023 and captures the actions arising from the most recent Audit and Accounts Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 29 th September 2022					
Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
85.	Ernst and Young Audit Plan for Cambridgeshire Pension Fund 2021-22	Fiona Coates/ Ben Barlow	Query around IAS 26 disclosure (actuarial present value of retirement benefits) – update to be provided to November Committee.	Since the September meeting the Fund has received a new IAS 26 report based on the results of the most recent funding valuation using the Fund's membership as at 31 March 2022. The Fund has updated its IAS 26 disclosure and included an adjusting post balance sheet event.	Completed
Minutes of 24 th November 2022					
98.	Financial Reporting and External Audit Update	Stephen Moir	Regarding BDO's continued underperformance, agreed that the Chief Executive would formally engage with BDO's official complaints procedure, and also with the regulator, ICAEW, if no satisfactory response was received	It is out latest understanding the BDO have submitted their opinion to the PSAA, and we anticipate receiving a formal outcome from this process during July 2023. A further update will be provided at the next meeting of the Committee, via the Executive Director of Finance and Resources.	In progress

Minutes of 9th February 2023

Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
109.	Financial Reporting and External Audit Update	Stephen Howarth/ Ellie Tod	A Member requested that when the final accounts were reported to the Committee, a list was also provided of unadjusted differences that had emerged from the audit, including an explanation on the decision not to adjust them.	The audit of 2021-22's accounts is not yet fully concluded, and so a full update on audit differences will be provided once it is finalised	In progress
110.	Debt Management Update	Alison Balcombe	A Member noted that in the past, he had expressed concerns about how communications with individuals and carers were managed. He suggested it would be helpful for officers to contact all Councillors and ask them if they had constituents who had reported difficulties in communications regarding Adult Social Care debt in the last 12 months.		
111.	Internal Audit Progress Report	Mairead Claydon	A Member asked if Annex B (outstanding management recommendations) could be listed in priority order with highest risk first in future reports.		

Minutes of 26th May 2023

Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
119.	Report on the authority's process, application and use of powers within the RIPA	Ben Stevenson	An erroneous reference to Peterborough City Council was noted, which required amendment	RIPA policy has been checked and some amendments made.	Completed
121.	Internal Audit Annual Report 2022-23	Mairead Claydon	A Member requested that in Annex B, the Summary of Outstanding Recommendations, the more serious items and most overdue items should be listed at the top of the report in future.		
121.	Internal Audit Annual Report 2022-23	Michael Hudson/Tom Kelly/ Stephen Howarth?	A Member asked if officers had any idea of the scale of the Council Tax fraud issue, and the impact on the Council's finances. Officers agreed to provide further information.	A six-month pilot phase is currently underway for the Council Tax Fraud Initiative (CTFI) project. This should help determine an annual savings target to be delivered if the project continued into the medium term. As such, there is no saving reported in the council's Business Plan 2023-28. The pilot is due to end in Q3 2023, and the results will help inform the 2024-29 Business Plan. The previous set of savings figures, drafted in 2021 and reported in the associated business case, are now out of date due to changes in the project's scope. Furthermore, initial estimates relating to the FraudHub subscription, and SPD Premium were forecast to be higher than latest invoices suggest.	

Minute no	Item title	Responsible officer(s)	Action	Comments	Action status
122.	Financial Reporting and Related Matters Update	Michael Hudson/Tom Kelly/ Stephen Howarth?	Officers agreed to provide the Committee with the impact on the Balance Sheet in the coming weeks, as External Audit would be reviewing this information shortly. (<i>*relates to the extension of usable life for Property, Plant & Equipment</i>)		
123.	Procurement and Commercial Annual Report	Michael Hudson	Member briefing on the implications of the Procurement Act in the Autumn.		
123.	Procurement and Commercial Annual Report	Emma Duncan	Short briefing on Procurement Act to be sent to Committee.	There will be a briefing ahead of the Autumn Committee.	In progress
124.	Council's use of Consultancy and Agency staff	Sue Procter	A Member requested that benchmarked data on our highways staffing issues and vacancies compared to other authorities	Staffing data and benchmarking information was provided to the Highways and Transport Committee at its meetings in January and again in March 2023 as a part of the Highways and Transport Resource Planning report from the Service Director: Highways and Transport.	Closed

Co-option of an Independent Non-Voting Member of the Audit & Accounts Committee

To: Audit & Accounts Committee

Meeting Date: 28th July 2023

From: Mairead Claydon, Head of Internal Audit and Risk Management

Electoral division(s): All

Key decision: No

Forward Plan ref: Not applicable

Outcome: At the meeting of the Audit & Accounts Committee on 22nd July 2022, it was resolved that the Committee would seek to appoint two co-opted independent (apolitical), non-voting Members. This was to be conducted via an open, advertised recruitment process, with a final recommendation to the Committee being made by a panel comprising the Chair, Vice-Chair and an Opposition Member, advised by chief officers.

Recommendation: Audit & Accounts Committee is requested to accept the recommendation of the interviewing panel and approve the co-option of Mohammed Hussain as an independent non-voting Member of the Audit & Accounts Committee.

Officer contact:

Name: Mairead Claydon

Post: Head of Internal Audit & Risk Management

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Tel: 01223 715542

Member contacts:

Names: Councillors Wilson and Gay

Post: Chair/Vice-Chair

Email: graham.wilson@cambridgeshire.gov.uk;
nick.gay@cambridgeshire.gov.uk

Tel: 01480 412747

1. Background

- 1.1 Part 3B of the Council's Constitution permits the Audit & Accounts Committee to appoint up to three people as non-voting co-opted members of the Committee. The Committee is to determine whether the appointments are for a specified period or for specific meetings or items. The co-opted person must have particular knowledge or expertise of the functions of the Committee and cannot be a member of any political party.
- 1.2 The CIPFA *Position Statement on Audit Committees in Local Authorities and Police* represents professional advice to Councils on the role and functioning of effective audit committees. Although this is not statutory guidance with legislative force, it is helpful for the County Council to consider the statement and have regard to the advice. CIPFA state that effective Audit Committees are characterised by, amongst other things, a membership which is representative of the Council politically but which acts with balance, objectivity, independence of mind and with effective training and expertise. CIPFA recommend committees include an independent (or apolitical) member.
- 1.3 At the meeting of the Audit & Accounts Committee on 22nd July 2022, it was resolved that the Committee would seek to appoint two co-opted independent (apolitical), non-voting Members. This was to be conducted via an open, advertised recruitment process, with a final recommendation to the Committee being made by a panel comprising the Chair, Vice-Chair and an Opposition Member, advised by chief officers. Subsequently, at the meeting of Full Council on 13th December 2022, it was agreed to accept the recommendation of the Independent Review Panel on Member's Allowances to pay an annual allowance of £1,500 to independent co-opted members of the Audit & Accounts Committee.

2. Outcome of the recruitment process

- 2.1 The role of independent co-opted member of the Audit & Accounts Committee was advertised from 25th May 2023 – 25th June 2023. A total of eight applications were received, and following shortlisting four candidates were invited to interview on 12th July 2023 at New Shire Hall.
- 2.2 Following the interviews, the panel consisting of Cllr Wilson, Cllr Gay and Cllr Boden agreed to recommend the appointment of Mohammed Hussain to the position of independent co-opted member of the Audit & Accounts Committee.
- 2.3 The panel also proposed that a further recruitment process should be run in 2024/25 to seek the appointment of a second independent Member to the Committee.

3. Alignment with ambitions

- 3.1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes
- 3.2 Travel across the county is safer and more environmentally sustainable
- 3.3 Health inequalities are reduced

- 3.4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs
- 3.5 Helping people out of poverty and income inequality
- 3.6 Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised
- 3.7 Children and young people have opportunities to thrive

5. Significant Implications

5.1 Resource Implications

There are no significant implications within this category. The independent co-opted Member will be entitled to an annual allowance of £1,500 plus travel costs. Budgetary provision for this cost has been set aside.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category. The recommendation to appoint the independent co-opted Member follows an open recruitment process, with the opportunity advertised nationally.

5.3 Statutory, Legal and Risk Implications

As part of the response to Sir Tony Redmond's independent national review of the arrangements for local audit, on 31 May 2022, the Department for Levelling Up, Housing & Communities (DLUHC) announced that it will legislate to make audit committees compulsory for all Councils and it will also require that at least one independent member be appointed to each audit committee. Although this reform is subject to the proviso "when parliamentary time allows", and there have been ministerial changes since 31 May 2022, the appointment of an independent co-opted Member to the Committee ensures that should such legislation be enacted, the Council would be compliant, and supports the Council's compliance with the best practice guidance set out in the CIPFA *Position Statement on Audit Committees in Local Authorities and Police*.

5.4 Equality and Diversity Implications

There are no significant implications within this category

5.5 Engagement and Communications Implications

There are no significant implications within this category

5.6 Localism and Local Member Involvement

There are no significant implications within this category

5.7 Public Health Implications

There are no significant implications in this category

5.8 Environment and Climate Change Implications on Priority Areas

There are no significant implications in this category

Have the resource implications been cleared by Finance?
Not applicable

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Not applicable

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal Services?
Not applicable

Have the equality and diversity implications been cleared by your EqIA Super User?
Not applicable

Have any engagement and communication implications been cleared by Communications?
Not applicable

Have any localism and Local Member involvement issues been cleared by your Service Contact? Not applicable

Have any Public Health implications been cleared by Public Health?
Not applicable

6. Source documents

6.1 Minutes of the Audit & Accounts Committee

Draft Cambridgeshire County Council Statement of Accounts 2022-23

To: Audit and Accounts Committee

Meeting Date: 28 July 2023

From: Executive Director of Finance & Resources

Electoral division(s): All

Key decision: No

Forward Plan ref: Not applicable

Outcome: The Committee, on behalf of all Members, as the body charged with governance of the Council, reviews the Council's unaudited financial statements for the year ending 31 March 2023. This provides a comprehensive analysis of the Council's income, expenditure, assets and liabilities, in the statutory required form and is submitted for public inspection.

Recommendation: To note and comment on the draft of the Council's Statement of Accounts 2022-23

Officer contacts:

Name: Stephen Howarth
Post: Head of Finance
Email: Stephen.howarth@cambridgeshire.gov.uk

Member contacts:

Names: Councillors Graham Wilson and Nick Gay
Post: Chair/Vice-Chair
Email: graham.wilson@cambridgeshire.gov.uk
nick.gay@cambridgeshire.gov.uk
Tel: 01223 699831

1. Background

- 1.1 The annual Statement of Accounts is the financial representation of all activities that the Council has been directly or indirectly involved with, over the course of the 2022-23 financial year. The publication of the Statement of Accounts is an essential feature of public accountability and stewardship, as it provides an annual report on how the Council has used the public funds for which it is responsible.
- 1.2 The full Statement of Accounts includes:
 - the accounts related solely to the Council;
 - group accounts consolidating the accounts of the Council with those of the Council's wholly owned Housing Company, This Land Ltd;
 - the accounts of the Cambridgeshire Pension Fund; and
 - the Annual Governance Statement (previously considered by this committee on 26 May 2023)
- 1.3 Accounts are prepared under the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2022-23, which is based on International Financial Reporting Standards (IFRS) adapted for public sector use.
- 1.4 The signing, approval and publication of the accounts is set out in Section 9 of the Accounts and Audit Regulations 2015. The accounts will require further certification and approval by this committee at the conclusion of the audit; any material changes arising from the audit will be reported back to future meetings of the Audit Committee, prior to approval. The independent auditor's report (ISA 260 report) will also be provided for this committee to consider.
- 1.5 The timelines in the Accounts and Audit Regulations 2015 required the publication of these draft accounts by 31 May 2023, the end of May being the ongoing deadline for publication following several years of extended timescales. We set out to the previous meeting of this committee why it was not feasible to meet that date and also gave public notice to that effect. Nationally, a large number of Councils were in a similar position that the May deadline was not feasible. We intend to target publication in line with regulations for 2023-24's accounts. The regulations require publication of final, audited accounts by 30 September 2023. Again, we set out at the previous meeting that this was not possible due to ongoing delays with previous year audits and the resource constraints in the local audit sector. The audit for these draft accounts is unlikely to take place until the 2024 calendar year.

2. Main Issues

- 2.1 This section of the report outlines some of the key matters for the Audit Committee's attention.

Audit & Accounts Committee review

- 2.2 The final, audited set of accounts ultimately need to be signed by the Chair of this Committee. This draft provides members with the first opportunity to review the accounts in detail, and is the draft that is published by the Council. Committee will have a further

opportunity to review the accounts, including any changes or adjustments, following the end of the public inspection period and/or following significant progress through the audit, depending on the scale of any adjustments.

Public inspection and objections

- 2.2 The Accounts and Audit Regulations 2015, as amended, determine that the accounts and other related documents have to be made available for public inspection for 30 working days.
- 2.3 During this period local electors may also raise questions to the Council's external auditor, Ernst and Young LLP (EY), on the 2022-23 Statement of Accounts as part of the public inspection process. They may also make objections to the accounts on any items for which the auditor could take action in the form of a report in the public interest or an application to the court to declare that an item is unlawful.
- 2.4 We understand that objections raised with the previous auditor, BDO LLP, in 2017 and 2018 should be determined in the near future. Since the last meeting of this Committee, BDO advise that they have submitted draft determinations to the PSAA and are now undertaking final checks. Officers are in regular contact with BDO to promote the swift conclusion.

Process for completion of the Accounts

- 2.5 2022-23 follows on from several years of challenges in the completion of final accounts. The 2020-21 accounts were not audited and finalised until 29 July 2022 and the accounts for 2021-22 are not yet fully audited. This creates a challenging context for the Finance Team working to produce draft accounts, as there has been minimal "reflection time" to review and improve processes between audits, with an almost continual chain of accounts production and audit work for several years. However, the team worked hard to implement the high priority changes required, including those with the most significant impact which resulted in some significant steps forward in the efficiency of the production process, as well as the resulting output.
- 2.6 The Redmond review of Local Authority financial reporting and external audit in 2019 raised issues around capacity and market fragility within the sector. These issues are once again reflected in the proposed audit timing for the audit of CCC's accounts for 2022-23. EY have indicated that the audit will not commence until 2024, which means that the final audited accounts are not going to be published in time to meet regulatory deadlines. In this circumstance, the regulations require the Council to publish a notice stating that it has not been able to publish the statements of accounts and the reasons for this until such time as the audited accounts can be published.

The Statement of Accounts 2022-23

- 2.7 The CCC element of the Statement of Accounts is comprised of the following sections:
- The Narrative Statement
 - Statement of Responsibilities
 - The Core Financial Statements:

- Comprehensive Income and Expenditure Statement (CIES)
- Balance Sheet
- Movement in Reserves Statement (MIRS)
- Cash Flow Statement
- Notes to the Core Financial Statements
- Accounting Policies
- Glossary.

- 2.8 The Narrative Statement is required by the Code and provides a summary of the most significant matters reported within the accounts, and of the Council's financial position. It is intended to outline the overall context within which the Council is operating by providing commentary on the Council's priorities, its performance in 2022-23 and the medium-term outlook. The narrative statement format has been reviewed and shortened this year, focussing more closely on the key elements of the Council's financial performance.
- 2.9 The Core Financial Statements provide the overview in financial terms on an accounting basis of the Council's performance, financial worth, reserves and cash flow as at 31 March 2023. The section below outlines some of the key highlights for the Committee's consideration.

Highlights from the Accounts and Key Considerations

- 2.14 The draft Statement of Accounts 2022-23 are presented in Appendix A to this report. The following sections set out some of the more significant items in the draft accounts and provide additional commentary.

General Fund Reserves and Earmarked Reserves

- 2.15 For the year ended 31 March 2021 the Council experienced a revenue budget overspend of £0.7m which was funded from the General Fund to balance the financial position for 2022-23. The Council has a strategy which is applied to restore the General Fund reserve to its planned level as part of its annual business planning process.
- 2.16 The Council's Earmarked Reserves (that is reserves set aside for a specific purpose) increased by £30m during the year to £186m, once all earmarked reserves are factored in as required by the accounting code. The increase is due partly to a relatively high level of grants carried forward – in particular the Homes for Ukraine scheme resulted in grant being paid to the Council intended to cover multiple years. As well as this, the Safety Valve agreement the Council signed with the Department for Education provided £19.6m of additional funding in 2022-23 of which around £10m had to be carried-forward to match the profile of the schools' grant deficit. Many of the earmarked reserve that have been built up in recent years due to the pandemic or other national issues have planned uses built into the medium-term financial plan.

Balance Sheet

- 2.17 The Council has Net Assets as at 31st March 2022 of £1.375bn, a 125% increase on the previous year. Much of this is driven by a combination of the valuation of property, plant and equipment and investment assets (gains which aren't realised by the council unless an

asset is sold, but represent a real increase in the value of assets under our control) and a decrease in liabilities relating to the pension fund (which is more theoretical in terms of the Council's overall position).

- 2.18 At year end the cash and cash equivalents available to the Council were £92m, similar to the previous year.
- 2.19 The Council's liabilities (both current and long-term) total £1.1bn with the largest components being borrowing that the Council had at year end to fund the capital programme (£172m of short-term and £565m of long-term borrowing).
- 2.20 The sum of the total assets and total liabilities provides the net asset position of the Council which is matched by the total reserves comprising Usable Reserves of £325m and Unusable Reserves of £1bn. Unusable reserves represents reserves that are not available immediately to the Council, such as the reserves that capture the effects of property valuation changes, and the adjustments required for capital asset accounting required for local authorities.

Pension Fund

- 2.21 The Council's comprehensive income and expenditure statement bottom line is significantly affected by the decrease in pension fund liability calculated by the actuary.

Audit Fees

- 2.24 CCC's accounts for 2021-22 have not yet been signed. Our statement of accounts show an estimate for additional fees of £131k above the 21-22 scale fee £147k. These are estimates of fees incurred for the audit of these accounts, which relate to value for money work and additional work required as part of the determination of objections.
- 2.25 The scale fee for the audit of the 2022-23 accounts is estimated to be £147k again, including an estimated scale fee variation. Any further work, including the determination of objections, will result in further costs to the Council.
- 2.26 BDO have recently raised with Council officers that they intend to charge fees to the Council relating to the objections under consideration and value for money conclusions reported to the Committee in November 2021. The Council will follow the legislative and PSAA processes for determination of any fees payable.

Next Steps

- 2.27 The importance of the Statement of Accounts to the authority is high and although it is an historical backward-facing document, the closing of the accounts is vital to the financial planning process as it confirms the starting position for the 2023-24 financial year.
- 2.28 Alongside publication for this committee, the accounts are formally published on our website, so commencing the public inspection period.
- 2.29 It is not possible to say with any certainty when we will be able to update the committee on

the conclusion of the audit of these accounts, but we will provide updates on progress when appropriate.

- 2.30 On 18 July 2023, Lee Rowley, minister in the Department for Levelling-up Housing and Communities wrote to local authorities providing an update on work to address the backlog in local audits. They are proposing to introduce a set of deadlines in statute for the completion of audits relating to financial years 2015-16 to present, after which auditors would provide as much assurance as possible for any years outstanding if necessary limiting their audit opinion on the basis of insufficient, appropriate evidence. This may result in a number of qualifications and disclaimers of opinions for a number of local authorities, but it is emphasised that statutory requirements for auditors to report on value for money arrangements would remain a high priority.
- 2.31 We do not have full audit certificates for the years 2016-17 to present, but do have audit opinions for years up to 2021-22 with only the value for money opinion and, for 2016-17, determination of objection outstanding. We are confident that the Council can provide the necessary assurance and evidence relating to value for money for those years by any statutory deadline.

3. Alignment with ambitions

- 3.1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes
There are no significant implications for this ambition.
- 3.2 Travel across the county is safer and more environmentally sustainable
There are no significant implications for this ambition.
- 3.3 Health inequalities are reduced
There are no significant implications for this ambition.
- 3.4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs
There are no significant implications for this ambition.
- 3.5 Helping people out of poverty and income inequality
There are no significant implications for this ambition.
- 3.6 Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised
There are no significant implications for this ambition.
- 3.7 Children and young people have opportunities to thrive
There are no significant implications for this ambition.

4. Significant Implications

- 4.1 Resource Implications

These accounts set out the financial position of the Council as at 31 March 2023 and are subject to external audit.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications
There are no significant implications within this category.

4.3 Statutory, Legal and Risk Implications
There are no significant implications within this category.

4.4 Equality and Diversity Implications
There are no significant implications within this category.

4.5 Engagement and Communications Implications
There are no significant implications within this category.

4.6 Localism and Local Member Involvement
There are no significant implications within this category.

4.7 Public Health Implications
There are no significant implications within this category.

4.8 Climate Change and Environment Implications on Priority Areas
There are no significant implications within this category.

Have the resource implications been cleared by Finance? Yes
Name of Financial Officer: Stephen Howarth

5. Source documents

5.1 [The Accounts and Audit Regulations 2015](#)



DRAFT Statement of Accounts

2022-23



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Narrative Report

FOREWORD

Cambridgeshire is a county of contrasts, a place of both opportunities and challenge. The role of Cambridgeshire County Council is to address both the issues of today and build sustainably for tomorrow. The Council serves over 650,000 residents across the cities of Cambridge and Ely, market towns, villages and other rural communities, and it has been our role throughout 2022-23 to ensure that we, as a key public service and alongside our partners, support people, families and communities to address all of these issues positively and proactively.

The strategic framework for 2022-23 was set in the business plan agreed by Council in February 2022. It was the first strategic framework set by the new Joint Administration following local elections in May 2021, and set the vision for the Council as 'Creating a greener, fairer and more caring Cambridgeshire'. To deliver on that vision, five corporate priority areas were set. These are listed below, along with key activities to deliver on them in 2022-23.

- **Environment and Sustainability**

- The Council has established a £14m Just Transition Fund to enable projects that will deliver a more sustainable future for Cambridgeshire. Allocations this year have gone towards floods mitigation, sustainable local social care provision, and an enabling programme to deliver net zero for the Council by 2030.
- We have continued to make progress on works to deliver sustainable energy schemes, building on our success several years ago with Triangle Solar Farm. In particular, in 2022 the Swaffham Prior Community Heat Network launched, which provides renewably generated heating for customers in the village in East Cambridgeshire. We have also delivered renewable solar generation at New Shire Hall, and work is ongoing with ambitious plans for North Angle Solar Farm, as well as supporting the decarbonisation of school heating.

- **Health and Care**

- The Council published its Market Sustainability Plan for adult social care, which is the first step towards ensuring a more sustainable local market for social care. We also passed on £1.5m of market sustainability grant funding from Government to providers. These are steps in the Government's social care reform plan, which the Council has responded to despite uncertainty nationally over timescales of the reforms.
- Our own Care Together service, launched in 2022-23, is also improving social care sustainability by ensuring there is more local support for people, through place-based commissioners and support for micro-enterprises.

Narrative Report

- Places and Communities

- £1m was earmarked to bolster the national Household Support Fund within Cambridgeshire, enabling us to provide additional support to the most vulnerable residents, and Cambridgeshire Libraries provided a 'warm hub' service throughout the cold winter.
- £350k was earmarked for Cultivate Cambridgeshire, a continuation of the Council's commitment to enabling small-scale grants to assist voluntary and community groups working towards delivering our vision. £95k of this was allocated in 2022-23.
- The Council received over £23m of grant funding from the Homes for Ukraine and linked schemes, which has enabled us to work with schools and district councils to support over 1,800 Ukrainian guests who have come to Cambridgeshire. We will continue to spend this grant into 2023-24.

- Children and Young People

- £3.6m of funding was agreed to extend the local offer of free school meal vouchers for eligible children during the school holidays, providing support to families in need.
- We agreed a Safety Valve deal with central government to unlock £49m of additional funding to help us close the deficit on our Dedicated Schools Grant, which has arisen due to increasing spend on services for children with high needs. We also had agreed over £11m of capital funding to support new specialist education provision.

- Transport

- We have spent over £31.9m on highways maintenance work.
- We responded rapidly, alongside the Combined Authority, to ensure continuity of many bus services following withdrawal by a key local provider. In particular, we ensured school transport services were not affected, and continue to work with the Combined Authority on future bus service provision in the county.
- Following consultation, we have published our Active Travel Strategy, providing a comprehensive set of policies that will enable quality provision of infrastructure and initiatives in the county to enable more active travel options for residents.

Narrative Report

NARRATIVE REPORT

This document presents the statutory financial statements for Cambridgeshire County Council for the financial year 1 April 2022 to 31 March 2023, providing a comprehensive summary of the overall financial position of the Council. These accounts are presented in the format recommended through the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2022-23.

Planning for the 2022-23 financial year was dominated by the ongoing effects of the pandemic, with difficult to predict impacts of demand for council services and the level of government support provided, compounded by the early stages of the war in Ukraine having consequences on the global economy. This was magnified during the year with greatly increased economic headwinds – inflation has caused higher costs for goods and services purchased by the Council, many residents are in greater need of Council support, and we are facing rising interest rates impacting on our borrowing costs.

The Council has continued to ensure economy, efficiency, and effectiveness in the use of resources, and has managed to navigate a very difficult year in terms of risk to its financial position. Key risks arising from the economic picture, and from other developments, have been managed across the Council and we have been able to continue to deliver on key priorities and to deliver value for money.

The Council set an original budget in February 2022 of £455.9m to deliver its priorities and services. Like all industries and households, the Council faced significant pressure during 2022-23 as a result of higher inflation. Despite that, the Council achieved a nearly balanced outturn position with a small 0.2% (£0.7m) overspend reported in our management accounts. The table below shows the outturn position for each Council directorate. The outturn position varies from the total net expenditure in our comprehensive income and expenditure statement due to the different accounting basis on which these financial accounts are prepared.

Narrative Report

Service	Budget £m	Outturn £m	Variance £m
People Services	311.850	314.191	2.341
Place & Sustainability	72.175	72.590	0.415
Strategy & Partnerships	15.557	15.476	(0.081)
Finance & Resources	11.950	14.787	2.837
Public Health	27.256	26.447	(0.809)
Subtotal - services	438.788	443.491	4.703
Funding Items	11.047	8.660	(2.388)
Capital Financing	33.275	30.898	(2.377)
Adjust for Public Health ringfence	(27.256)	(26.447)	0.809
Total	455.854	456.602	0.747

Note: the 'Funding Items' budget is primarily the levies paid by the Council to the Cambridgeshire & Peterborough Combined Authority and the Environment Agency.

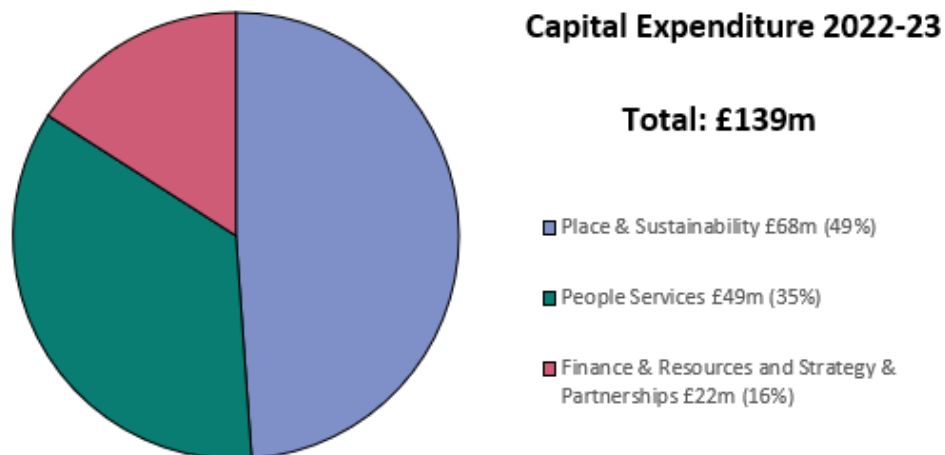
To enable risks to be pro-actively managed in a time of increased economic turbulence and unclear future government funding, the Council has reviewed the appropriate level of reserve balances. For 2022-23, the Council increased its policy for maintaining a general reserve to 4% of gross budget (excluding schools), and we have continued to maintain several reserves earmarked for specific risks. Alongside doing this, we have ensured one-off funding is available for delivering Council priorities, and to enable pump-priming for future changes. As well as items like the creation of the Just Transition Fund from reserves referenced above, we have created a Business Change Reserve to provide us with the capacity to drive transformative change. This latter fund enabled an investment into senior management capacity to create a dedicated senior leadership team focussed on Cambridgeshire following a review of shared arrangements with Peterborough City Council. We have also benefited from grant funding allocated by government during the pandemic. At the start of 2022-23 we had around £27m of Covid grant funding remaining, which is committed in a sustainable and reducing way to our medium-term financial position to offset pandemic-related pressures.

Looking ahead into 2023-24, we will review and update our medium-term financial strategy, including our level of reserves, to ensure we have the plans in place to deliver a sustainable medium-term budget and continue to deliver on priorities. To ensure the long-term success and sustainability of the Council, it is imperative that we put effective financial governance and competence at the centre of all our decision making.

The Council also has a large capital programme, with funding particularly allocated to school building and expansion works (associated with new communities and a growing population), infrastructure and transport delivery, and energy generation schemes. These long-term investments in the County are continually reviewed to ensure focus on our key statutory duties and priorities. This level of capital budget, funded extensively by borrowing, has a large revenue cost each year that we consider and assess in accordance with the Prudential Code for capital finance. The graph

Narrative Report

below shows the Council's capital expenditure in 2022-23 by department, excluding £29m of capital expenditure within our accounts that relates to the Greater Cambridge Partnership.



The financial accounts are complex and are prepared in line with standardised international accountancy requirements. The Council continually reviews its accounting policies in line with CIPFA guidelines and a report on this was considered by the [Audit and Accounts Committee](#), noting no significant changes. The Council's monthly finance reports to its committees provide more summarised financial information, and this narrative report provides highlights of the full Statement of Accounts. Further summary information can be found in the following 'Financial Performance Review' section.

Finally, I am extremely grateful to all the finance staff and others across the Council involved with the production of these financial statements and budget management for their hard work this year.

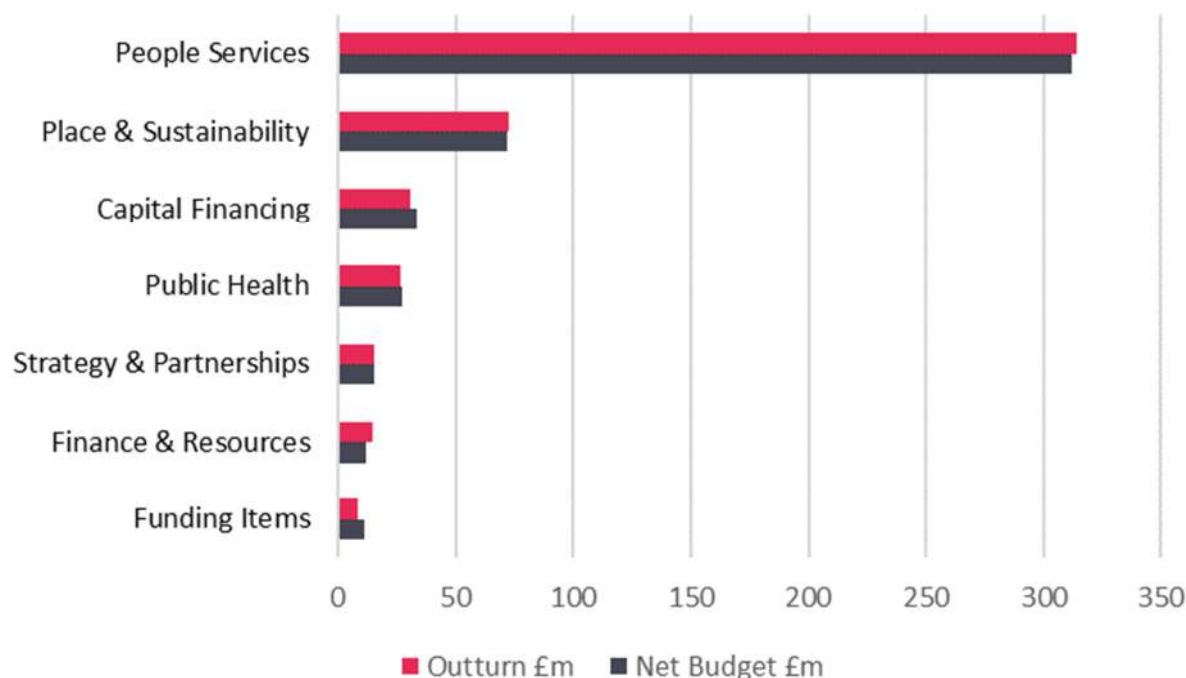


Michael Hudson LLB (Hons), LL.M, CPFA
Executive Director of Finance & Resources (Section 151 Officer)

Narrative Report

Financial Performance Review

The graph below gives a summary of each directorate's performance against budget for 2022-23, and the subsequent sections provide further detailed information for each of them. Overall, the Council had an overspend of £0.7m against its net budget of £455.9m. In addition, the Public Health directorate underspent by around £0.8m, but this service is funded by ring-fenced grant and so this balance carries forward.



People Services – Adults, Health & Commissioning

These services underspent overall, but that masks variances across different service user groups. We continue to see cost pressures for services for working age adults, particularly in the Learning Disability Partnership, but again saw an underspend on services for older people. In particular, demand for residential care for older people has not picked up much following the steep decline seen during the pandemic. We will closely monitor growth projections for these services in the coming months. Care providers saw cost pressures from inflation, particularly due to the increasing minimum wage, that is passed onto the Council – but the position of the local market makes sourcing care difficult. We are continuing

Narrative Report

to work with the local NHS to ensure integrated working, focussing on hospital discharge. In line with experiences at other councils post pandemic, the adult social care debt has increased, resulting in a need to increase the Council's bad debt provision.

People Services – Children, Education & Families

Cost pressures caused by inflation and by much higher than expected needs of children and young people have caused overspends across social care placements and home to school transport services. Despite additional funding put in part-way through the year for inflationary pressures, costs have risen further, reflecting constraints in the local market for both types of service. Dedicated Schools Grant funded services overspent by £10.2m in year, bringing the cumulative deficit to £29.2m after provision of £19.6m of government funding through the Safety Valve programme.

Place & Sustainability

The key variable in this directorate's financial position in 2022-23 was the cost pressures associated with works to bring compliance with national odour regulations to the Waterbeach waste treatment plant. Considerable waste diversion costs are incurred while the plant is closed, as well as capital costs from improvement works themselves.

Strategy & Partnerships

The outturn position for this directorate was close to breakeven, with some staffing underspends offsetting any pressures across other services. Part of this was due to the holding of vacant posts within services undergoing re-design. With the completion of that process, services are now in a more sustainable position for the medium-term.

Finance & Resources

The overspend in this directorate was largely due to the Council-wide impact of the local government pay award. Any pressures above the level of pay increase assumed in the business plan are held centrally. As noted above, we have also seen an increase in the bad debt provision this year, and there are ongoing pressures within the property service due to rising requirements around compliance and maintenance.

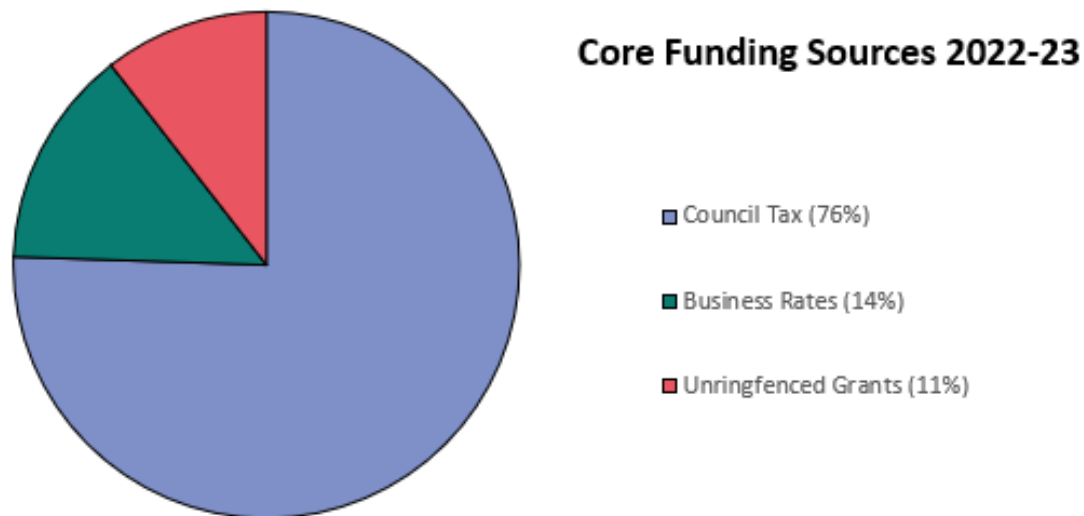
Public Health

This service underspent by around £800k, which was higher than predicted for most of the year. Several activity-driven services, particularly where these are provided by pharmacies or GPs, have struggled to return to pre-pandemic levels of activity. We are proactively working to ensure spend can take place at expected levels going forward. These services are funded by the ring-fenced Public Health Grant, which has been bolstered by the underspend and will be available to commit to eligible activity going forward.

Narrative Report

Funding

The Council's net budget of £455.9m, and its additional funding received (shown in 'funding items' in the outturn table above) came from a combination of locally collected taxation and central government grants, shown in the chart below. In addition to this, specific government funding, fees & charges for services, and use of reserves fund the remainder of the gross budget.



By year end we recognised more funding than was budgeted for this year, predominantly due to the continuation of grants, including the Homes for Ukraine scheme. Around £1.7m of funding was allocated centrally to reflect costs across the Council that have been incurred in administering this scheme, mainly staff time. Much of the grant funding received for this scheme remained unspent at year end and will carry forward, while the majority of expenditure for it was passported to district councils who are incurring direct spend. The chart above differs slightly from Note 12 below on taxation and grant income, as our in-year budget accounts for a level of taxation income factor in an estimated collection fund position at the start of the year, while our accounts are prepared on the basis of the final collection fund position known once the year ends.

Financial resilience and reserves

We hold a general reserve balance set at a policy level of 4% of gross expenditure, excluding schools, to provide for unforeseen financial pressures and risks. Our general reserve balance at the end of the year stands at £27.3m, following the funding of the in-year overspend. This balance is returned to target through the business planning process for 2023-24. The £46.4m balance on the general reserve at the end of the previous year was higher due to the level of underspend in 2021-22 – we were able to use this balance to create the Just Transition Fund and to bolster specific corporate risk reserves. We also hold earmarked reserves that provide funding either for specific risks, spending commitments and investments or

Narrative Report

unspent grants. The following table shows these types of revenue reserves and their balances; this balance has increased from £186m at 31st March 2022:

Reserve	31/03/2023 £m
General reserve	27
Earmarked Reserves	79
Corporate risk reserves	15
Just Transition Fund	13
Grant Reserves	60
Insurance Reserve	5
	199

Earmarked reserves reported below in the notes to the accounts (Note 20) include further items such as reserves held by our maintained schools that are not readily available to the Council to use for other purposes.

As well as revenue reserves, we have capital reserves resulting from unspent capital grants and ringfenced developer contributions. These reserves are committed over the medium-term within the capital programme. At the end of 2022-23 these total £154.5m, up from £84.1m at the end of the previous year.

The Council's maintained schools also have reserve balances overall, but with considerable variability at school level. Sixteen schools have a deficit balance at 31 March 2023, an increase of three on the previous year.

Where the Council holds grant reserves, either revenue or capital, these will be ring-fenced for a specific purpose and will only be available to use within the conditions set out for each specific grant.

As well as this, our accounts show £1bn of 'unusable reserves'. These are reserves that the Council is not able to utilise to provide services, such as the Revaluation Reserve (which cannot be realised until revalued assets have been sold) and the Pensions Reserve.

The Council's senior officer leadership, and its committees, regularly review the service and corporate risk registers and service performance reports. There are mitigating measures in place for each risk, and they factor into decisions around the level of reserves held. The Council also has

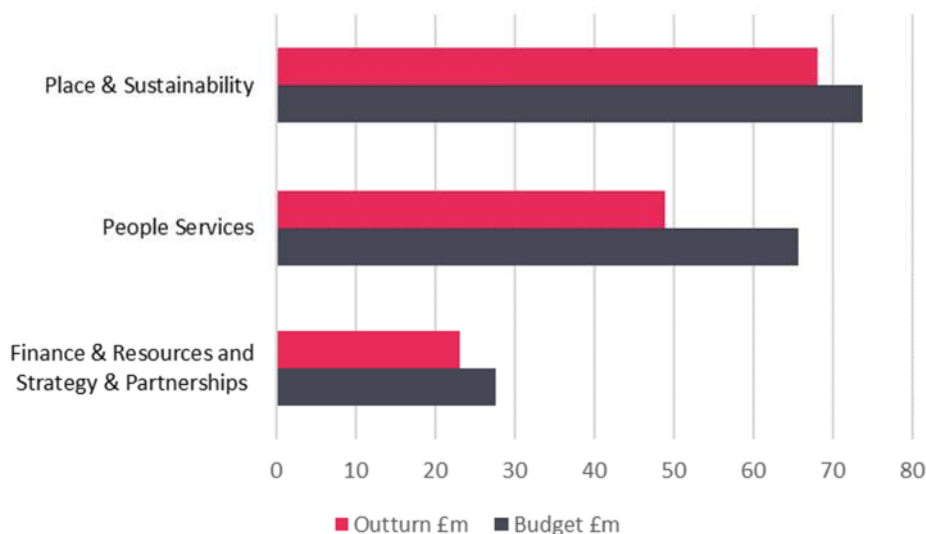
Narrative Report

a scheme of delegation to officers and a scheme of financial management within its constitution, providing a framework within which officers can act in relation to financial matters.

Capital

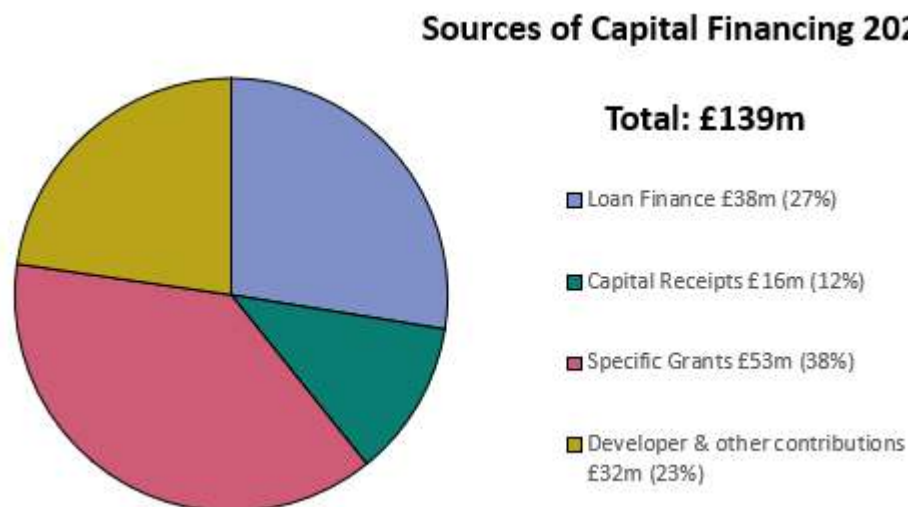
The Council’s capital programme for 2022-23 and beyond totalls over £1.2bn, with £165.5m of that budgeted to be spent in 2022-23. On top of this, the Greater Cambridge Partnership capital programme of £536m and 2022-23 budget of £40m form part of the Council’s overall capital position. Actual capital expenditure financed from capital resources for the year was £168.6m (of which £29.4m related to the Greater Cambridge Partnership), leaving £36.8m (18%) of the capital budget unspent at the year end. This was largely due to the timing of spending and in most cases does not represent underspends on schemes. Many capital projects span a number of years, so this simply means that expenditure has not been incurred as had been profiled within the business plan. In 2022-23, the key areas where spend varied from planned budgets were school schemes (£24.8m), and energy generation schemes (£11.2m).

The chart below shows net capital budgets and outturns for 2022-23 for the Council’s directorates:



Narrative Report

The following chart outlines how the £139.2m of the Council’s directorates’ capital expenditure was financed this year:



Loan financing is undertaken through borrowing, typically from the Public Works Loan Board and directly with other local authorities, where the Council subsequently meets interest and repayment costs from its own resources. The cost of borrowing has been factored into the Council’s capital financing revenue budget.

Our revenue capital financing budget for 2022-23 underspent as a result of three factors. Firstly, we borrowed less in year than expected due to delayed capital spend and having a higher level of cash than projected, and so incurred lower borrowing costs. Secondly, rising interest rates during the year meant that we were receiving a greater return on holding higher cash balances. Thirdly, the Minimum Revenue Provision charge was lower than expected following detailed analysis of capital schemes completed in the previous year.

External Borrowing & Investment

Net debt outstanding at 31 March 2023 was £736.6m (consisting of £564.9m long-term borrowing and £171.7m short-term borrowing), which was well within the Capital Financing Requirement Limit of £1,006m determined in accordance with legislation. Long-term borrowing decreased by £63.1m during the year, while short-term borrowing increased by £21.7m, reflecting the Council minimising long-term exposure to rising interest rates by taking out shorter-term debt.

Narrative Report

Our treasury management activities are regularly reported to Strategy & Resources Committee and Full Council, in line with our Treasury Management Strategy. The primary objective is to ensure that funds are invested prudently, with priority given to security and liquidity.

Much of the Council's external borrowing is due to loans advanced to the Council's wholly owned housing company, This Land Limited. The Council receives a revenue return from interest paid by the company on these loans, and the company continues to deliver houses and land development that benefits the county. In 2022 we undertook a shareholder review of This Land, and an updated business plan was submitted by the company.

Assets & Liabilities

The Council's cash and cash equivalents position at year end was £91.5m, which compares to £93.7m at the end of the previous year.

During 2022-23, the net assets of the Council and its Balance Sheet value increased by £764.6m (a 125% increase), from an opening balance of £610.4m to a closing balance of £1,375.0m at 31 March 2023. The net increase was driven by a combination of an increase in the valuation of Property, Plant and Equipment and Investment Assets, an increase in short-term debtors, a decrease in liabilities relating to the pension fund and a decrease in the amount of borrowing, off-set by an increase in short-term creditors.

Looking ahead

The business plan that underpinned financial planning for 2022-23 was always intended to be fully updated during the course of the year, as it was the first of the Council's new Joint Administration and was adopted in the context of a one-year settlement from government. During the year, in developing [the 2023-28 business plan](#) there is now a fully developed strategic framework intended to guide us for the remainder of this Council, and a more medium-term financial plan.

The Council's senior management and departmental structure has now been revised and is fully in place. This will enable clearer accountabilities and a sharper focus on delivering services for the people of Cambridgeshire.

However, there is still work to be done in ensuring we have a fully sustainable Medium-Term Financial Strategy with the resilience and capacity to address the identified budget gaps. The Council has not assumed a maximum level of increase in council tax for 2024-25, which provides some potential flexibility.

Narrative Report

The Statement of Accounts

The purpose of these accounts is to present a true and fair view of the financial results of the Council's activities for the year ended 31 March 2023, and to summarise the overall financial position of the Council as at that date by bringing together the major financial statements for the Council. The various sections, and their contents, are as follows:

Statement of Responsibilities, Certificate and Approval of Accounts

This statement sets out the responsibilities of the Council and the Chief Finance Officer (in this case the Section 151 Officer) of the Council regarding the proper administration of the Council's finances.

Independent Auditor's Report to Members

This reports the independent auditors' opinion as to whether the financial statements give a true and fair view, in accordance with relevant legal and regulatory requirements, of the financial position of the Council, its income, expenditure and cash flows for the year, the financial transactions of the Pension Fund, the amount and disposition of the Fund's assets and liabilities (other than liabilities to pay pensions), and other benefits that will arise after the end of the year. The independent auditor also gives an opinion on the Council's use of resources and value for money.

Comprehensive Income and Expenditure Statement (CIES)

This Statement is fundamental to the understanding of the Council's activities as it reports the net cost for the year of all of the functions for which the Council is responsible. It also demonstrates how that cost has been financed from general government grants and income from local taxpayers.

Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held by the Council. The reserves are analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves. The 'surplus or (deficit) on provision of services' is included within the Total Comprehensive Income and Expenditure line and shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund balance for council tax setting purposes.

Balance Sheet

The Balance Sheet presents the value of the Council's current and non-current assets and liabilities at 31 March 2023 with the bottom line effectively being the net worth of the organisation. The net assets of the Council (assets less liabilities) are matched by the level of 'usable' and

Narrative Report

‘unusable’ reserves held. Usable reserves are those resources that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that the Council is not able to use to provide services. Unusable reserves include those that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences as shown by the ‘adjustments between accounting basis and funding basis under regulations’ line in the Movement in Reserves Statement.

Cash Flow Statement

This Statement summarises the inflows and outflows of cash and cash equivalents arising from transactions with third parties for revenue and capital purposes. It outlines the changes in the cash and cash equivalents, for example changes in debtor balances (those owing the Council money) and creditor balances (those to whom the Council owes money) during the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis forms the first note to the core financial statements. The objective of these notes is to demonstrate to council taxpayers how the funding available to the authority (i.e., government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council, in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council’s directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Notes to the core financial statements

The notes to the financial statements are essential in the presentation of a true and fair view for the accounts. They present information about the basis of preparation of the financial statements and the specific accounting policies used, explain how material transactions have been accounted for, and provide information that is not provided elsewhere in the financial statements but is relevant to an understanding of them.

Pension Fund accounts ([published here](#))

The objective of the Pension Fund financial statements is to provide information about the financial position, performance and financial adaptability of the Fund. The statements show the results of the stewardship of management, the accountability of management for the resources entrusted to it, and of the disposition of its assets at the year end. The Council administers this Fund on behalf of all local authorities in Cambridgeshire, plus a number of other public and voluntary bodies, and commercial organisations.

Narrative Report

Group Accounts

These provide the same core statements as above but combine the Council's position with that of This Land Limited, the Council's wholly-owned housing company. That company's transactions are significant enough that, given it is owned by the Council, we are required to show a consolidated position across the two organisations.

Accounting Policies

These are the accounting rules and practices adopted by the Council that determine how transactions and events are reflected in the accounts. For 2022-23, these accounting practices principally comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 (the Code) supported by International Financial Reporting Standards (IFRS), and the Service Reporting Code of Practice 2022-23 (SeRCop).

Annual Governance Statement ([published here](#))

The annual governance statement is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

Further Information

The three sections that make up the full Statement of Accounts (including this document) can be found on the Council's [website](#). Further information about the Statement of Accounts and other financial matters can be obtained from [the finance and budget pages](#) on the Council's website or by contacting Corporate Finance using the following details:

Address: Box ALC2618, New Shire Hall, Alconbury Weald, PE28 4YE
Telephone: 0345 045 5200
Email: finance@cambridgeshire.gov.uk

Statement of Responsibilities, Certificate and Approval of Accounts

STATEMENT OF RESPONSIBILITIES, CERTIFICATE AND APPROVAL OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Approve the Statement of Accounts.
- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Chief Finance Officer (Section 151 Officer).
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTOR OF FINANCE & RESOURCES

The Executive Director (Section 151 Officer) is responsible for the preparation of the Council's Statement of Accounts, including those of the Pension Fund, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Executive Director of Finance & Resources has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority Code.

The Executive Director of Finance & Resources also has to have:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of Responsibilities, Certificate and Approval of Accounts

CERTIFICATE OF ACCOUNTS

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2023 and its income and expenditure for the year 2022-23 and authorise the accounts for issue.



Michael Hudson
Executive Director of Finance & Resources
Date: 20/07/2023

APPROVAL OF ACCOUNTS

I confirm that these accounts were approved by the Council under the delegated authority of the Chair of the Audit and Accounts Committee on XX-XXXX-XXXX.

Signed on behalf of
Cambridgeshire County Council:

Cllr. G. Wilson
Chair of the Audit and Accounts Committee
Date: XX-XXXX-XXXX

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

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Core Financial Statements

Comprehensive Income and Expenditure Statement **Page 28**

Movement in Reserves Statement **Page 29**

Balance Sheet **Page 30**

Cash Flow Statement **Page 31**

Core Financial Statements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RESTATED*						2022-23		
2021-22								
Gross Expenditure	Gross Income	Net Expenditure (+) / Income (-)				Gross Expenditure	Gross Income	Net Expenditure (+) / Income (-)
£000	£000	£000		Note		£000	£000	£000
137,032	-39,901	97,131	Place and Sustainability			109,484	-34,174	75,310
761,763	-438,597	323,166	People Services			813,329	-482,658	330,671
47,464	-42,496	4,968	Public Health			40,094	-37,690	2,404
68,336	-20,785	47,551	Finance and Resources			65,088	-21,686	43,402
30,104	-14,763	15,341	Strategy and Partnerships			46,105	-34,855	11,250
1,044,699	-556,542	488,157	Cost of Services			1,074,100	-611,063	463,037
423	-4,289	-3,866	Other operating income and expenditure	10		9,235	0	9,235
47,012	-18,576	28,436	Financing and investment income and expenditure	11		45,125	-30,879	14,246
0	-537,037	-537,037	Taxation and non specific grant income	12		0	-624,091	-624,091
		-24,310	Surplus (-) or Deficit (+) on Provision of Services					-137,573
		-36,591	Surplus (-) or deficit (+) on revaluation of property, plant and equipment	22				-77,348
		17,918	Impairment and revaluation loss charged to the revaluation reserve	22				17,395
		-2,088	Surplus (-) or deficit (+) on financial assets measured at fair value through other comprehensive income	27				3,742
		-207,587	Remeasurement of net pension benefit/liability	37				-570,824
		-228,348	Other Comprehensive Income (-) and Expenditure (+)					-627,035
		-252,658	Total Comprehensive Income (-) and Expenditure (+)					-764,608

*2021-22 comparators restated due to restructure, with figures for Strategy & Partnerships split out from other service lines and Corporate Services becoming Finance and Resources

The purpose of this statement is explained in the Narrative Report (page 18).

Core Financial Statements

MOVEMENT IN RESERVES STATEMENT

	General Fund *	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves Total	Unusable Reserves Total	Reserves Total
	£000	£000	£000	£000	£000	£000
Balance at 1-Apr-21	168,285	10,861	36,332	215,478	142,271	357,749
<i>Movement in 2021-22</i>						
Total comprehensive income and expenditure	24,310	0	0	24,310	228,348	252,658
Adjustments between accounting and funding basis under regulations (note 19)	9,811	2,996	-3,936	8,872	-8,872	0
Increase (+) or decrease (-) in 2021-22	34,121	2,996	-3,936	33,182	219,476	252,658
Balance at 31-Mar-22	202,406	13,857	32,396	248,660	361,747	610,407
<i>Movement in 2022-23</i>						
Total comprehensive income and expenditure	137,573	0	0	137,573	627,035	764,608
Adjustments between accounting and funding basis under regulations (note 19)	-126,144	-13,301	77,882	-61,562	61,562	0
Increase (+) or decrease (-) in 2022-23	11,429	-13,301	77,882	76,011	688,597	764,608
Balance at 31-Mar-23	213,835	556	110,278	324,671	1,050,344	1,375,015

* General Fund balances include earmarked reserves

The purpose of this statement is explained in the Narrative Report (page 18).

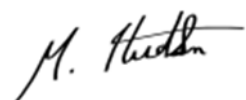
Core Financial Statements

BALANCE SHEET

31-Mar-22			31-Mar-23
£000		Note	£000
1,682,610	Property, plant and equipment	23	1,849,309
19,012	Heritage assets	25	19,015
130,162	Investment property	24	156,584
11,447	Intangible assets		9,804
44,741	Long term investments	27	40,999
144,972	Long term debtors	26	144,322
2,032,944	Long Term Assets		2,220,033
272	Assets held for sale	23	1,023
547	Inventories		967
102,758	Short term debtors	29	158,639
93,701	Cash and cash equivalents	30	91,546
197,278	Current Assets		252,175
-150,000	Short term borrowing	27	-171,688
-125,774	Short term creditors	31	-166,282
-2,109	Provisions		-2,234
-557	Capital grants and contributions received in advance	33	-17
-278,440	Current Liabilities		-337,728
-7,537	Provisions		-7,280
-627,990	Long term borrowing	27	-564,885
-654,719	Other long term liabilities	32	-140,620
-51,129	Capital grants and contributions received in advance	33	-44,187
-1,341,375	Long Term Liabilities		-759,465
610,407	Net Assets		1,375,015
248,660	Usable reserves	21	324,671
361,747	Unusable reserves	22	1,050,344
610,407	Total Reserves		1,375,015

CERTIFICATE OF ACCOUNTS

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2023 and its income and expenditure for the year 2022-23 and authorise the accounts for issue.



Michael Hudson

Executive Director of Finance & Resources (Section 151 Officer)

Date: 20/07/2023

The purpose of this statement is explained in the Narrative Report (page 18).

Core Financial Statements

CASH FLOW STATEMENT

2021-22 £000		2022-23 £000
-22,359	Net Surplus (-) or Deficit (+) on the Provision of Services	-137,573
-54,536	Depreciation	-36,922
-12,741	Impairment and downward valuations	40,167
-2,500	Amortisation	-2,664
-13,416	Increase(-)/Decrease in Creditors	-23,137
9,146	Increase/Decrease (-) in Debtors	57,203
-184	Increase/Decrease (-) in Inventories	-420
-59,762	Movement in Pension Liability (difference between employer's contributions paid and IAS19 adjustments)	-56,888
-15,629	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-12,772
-3,066	Other non-cash items charged to the deficit on the provision of services	16,075
-152,688	Adjustments to the net deficit on the provision of services for non-cash movements	-19,358
0	Proceeds from short-term and long-term investments	0
19,918	Proceeds from the sale of property, plant and equipment	3,968
119,529	Grants for financing capital expenditure	148,264
-5,569	Any other items for which the cash effects are investing or financing activities	5,574
133,878	Adjustments for items included in the deficit on the provision of services that are investing and financing activities	157,806
-41,169	Net Cashflows from Operating Activities	875
133,006	Purchase of Property, Plant and Equipment	112,585
8,350	Purchase of short-term and long-term investments	0
160	Other payments for investing activities	76
0	Proceeds from short-term and long-term investments	0
-19,918	Proceeds from the Sale of Property, Plant and Equipment	-3,968
-119,529	Capital Grants Received	-148,264
-21,604	Other receipts from investing activities	-21,367
-19,535	Investing Activities	-60,938
-238,000	Cash Receipts of short and long-term borrowing	-114,000
2,667	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (principal)	-1,262
271,365	Repayments of short and long-term borrowing	155,493
23,569	Other payments for financing activities	21,987
59,601	Financing Activities	62,218
-1,103	Net Increase (-) or Decrease (+) in cash and cash equivalents	2,155
92,598	Cash and Cash equivalents at the beginning of the reporting year	93,701
93,701	Cash and Cash equivalents at the end of the reporting year	91,546

The purpose of this statement is explained in the Narrative Report (page 19).

03. Notes to the Statements

DISCLOSURE NOTES

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Comprehensive Income and Expenditure Statement Supporting Notes	Page 40
Movement in Reserves Statement Supporting Notes	Page 62
Balance Sheet Supporting Notes	Page 75
Other Supporting Notes	Page 124

General Accounting Policies and Judgements

1. ACCOUNTING POLICIES

For the Accounting Policies refer to Appendix 1.

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Government Accounting in the United Kingdom 2022-23 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the new or amended standards within the 2023-24 Code. The 2023-24 Code has recently been published, and the following standards are being introduced in 2023-24:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

The new standards are not expected to have a material impact on the 2022-23 or 2023-24 Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

■ The Council currently has 3 PFI contracts with private sector partners. These are as follows:

- Thalia WB SPV Limited – to provide waste treatment and household waste facilities for the county until 2036;
- Balfour Beatty plc. – to replace elements of Cambridgeshire's existing Street Lighting network (those elements beyond their useful life), and subsequent maintenance until 2036; and

General Accounting Policies and Judgements

- Equitix Learning Community Partnerships – for the construction of Thomas Clarkson Academy (with a concession period until January 2037) as part of the Building Schools for the Future programme.

For the Waste and Street Lighting schemes, the Council is deemed to control the service provision, own the risks and rewards of the assets and will either take ownership of the assets, or have the option to renew the lease. As such, all relevant income, expenditure, assets and liabilities have been recognised on this basis. In relation to the Building Schools for the Future scheme, Thomas Clarkson Academy has academy status, and as such, its assets are not recognised on the Council's Balance Sheet (in accordance with the Council's accounting policy). However, the associated liabilities are recognised, as the contractor has met their commitments in terms of their right to receive payments from the Council for the capital element of the scheme, and there is no recourse to the school for any future payments.

- Heritage Assets held on deposit to the value of £19m have been included within the Council's Heritage Asset balance. Many of these deposits have been made without any kind of formal agreement that states who retains ownership, and for how long the deposit has been made. The Council has reviewed these items to determine when they were placed on deposit, and for the vast majority of items the deposits were made between 1934 and 1989. As such, given the long-term nature of the deposits, the Council has concluded that it effectively retains control of all assets on deposit and has therefore included these values within the Heritage Assets balance.
- The Council has judged that the stipulation in its Section 106 agreements regarding a requirement for it to use funds within a set timeframe, is a condition attached to the provision of the funding. However, where there is a clear plan in place to use this funding within the stipulated timeframes by means of a funding commitment within the Council's Business Plan, the conditions are regarded as having been met and the funding is recognised within unapplied contributions. The Council has therefore applied the judgement of there being a condition attached across all Section 106 agreements not included in the Council's Business Plan, which results in £46.3m being recognised in Capital Grants and Contributions unapplied as at 31 March 2023.
- The Council judges that the appropriate accounting treatment for the City Deal funding from Central Government to the Greater Cambridge Partnership (GCP) of £40m per year from 2020-21 to 2024-25 is to treat the funding as a series of separate grants, and therefore to recognise each year's individual allocation in the Comprehensive Income and Expenditure Statement annually. To make this judgement, the Council concluded that the substance of the arrangement with GCP for the City Deal grant effectively gave it control of the grant, even if the legal form of the arrangement does not. The Council also considered whether any conditions existed at the Balance Sheet date with regard to the receipt of the £40m of funding from Central Government. The Council concluded that no conditions exist regarding

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the receipt of the £40m (using the definition of 'conditions' required by the Code in relation to grants), therefore, in accordance with paragraph 2.3.1.2 of the CIPFA Code of Practice, £40m grant income should be recognised in 2022-23.

- As set out in Property Plant and Equipment (Note 23), Infrastructure Assets have a gross book value of £1.2bn, with a net book value of £1.0bn at 31 March 2023. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 requires authorities to derecognise the gross cost and accumulated depreciation on Infrastructure Assets when a major part / component of that asset has been replaced or decommissioned. Between the years 2010-11 to 2013-14, the Council did not maintain sufficiently detailed records in order to support the application of the applicable financial reporting framework. The Council is unable to practicably calculate a prior period adjustment for this period due to the lack of detailed records held.

4. GOING CONCERN ASSUMPTION

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year, which has been seen with several local authorities who have had financial difficulties and have received additional support, flexibility and direction from government ensuring continuity of statutory services. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. The Council's accounts are therefore produced under the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 and have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31st July 2024, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

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The Councils year-end reserve balances, as reported in these statements and compared to last year end are as follows:

Date	General Fund £m	Earmarked Reserves £m
31/3/2023	27.3	186.5 (Note 20)
31/3/2022	46.4	156.1 (Note 20)

General reserves at the end of the previous year were high due to a relatively large in-year underspend, and the surplus general reserve above the policy level was able to be re-deployed.

The forecast level of general reserves and earmarked reserves at 31st March 2024 is £28.9m and £109.9m respectively, which is in line with the required minimum level for the General Fund as set out by Council at year-end of £28.9m. For 2023-24, Council approved a balanced budget on 7 February 2023.

Liquidity

The Council has undertaken cash flow modelling through the going concern period to 31 July 2024 which demonstrates the Council's ability to work within its Capital Financing Requirement (CFR) and cash management framework throughout the period. The only expectation of external borrowing is to support the Capital Programme, which is consistent with our plans and normal practice.

The key assumption within this forecast includes the achievement £11.0m for 2023-24, following the setting of the Council's 2023-24 budget. The Council does not expect any potential inability to achieve these savings to significantly affect either the level of reserves or the remaining liquidity throughout the period.

The Council has also assessed the cashflow forecasts of its significant subsidiaries, mainly the This Land Group. The Council liaises closely with This Land, in its role as shareholder and exercising its powers under the loan agreement as Lender, to monitor the company's financial position. In July 2023, the company is expecting to complete contracts on the disposal of property it owns in Greater Cambridge, which will lead to the receipt of £27m over the period 2023 to 2026 under that binding contract. In addition to this, most of the constructed plots have now been sold at Ditton Walk and Spiregrass Square, Over. As a result, This Land is in a favourable cash position, with a current cash balance as at 30th June 2023 of £17.0m and an expectation of further plot sales over the coming year. The company is therefore already in a position where it can meet its financial obligations for the foreseeable future, and certainly over the next 12 months.

General Accounting Policies and Judgements

Conclusion

On this basis, the Council has a reasonable expectation that it will have adequate resources to continue in operational existence throughout the going concern period maintaining the provision of its services. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Asset valuations are completed on a 5-year rolling basis and values are reviewed annually to ensure they are not materially misstated.	In order to ensure that carrying values are kept in line with fair values in the interim, the Council values all assets not being valued under the rolling programme by either a) a desktop valuation or b) an indexation analysis that assesses when assets were last revalued and applies indices based on Building Cost Information Service forecasts, market indices and land value calculations for every year since the asset was last revalued. The Council also commissions a market review between the valuation date and the Balance Sheet date and adjusts for any material variances if required.

General Accounting Policies and Judgements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value Measurements	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value.</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in Notes 27 and 28 below.</p>	<p>The Council uses the Discounted Cash flow model to measure the Existing Use Value of some of its investment properties, surplus properties, Assets Held for Sale and financial assets.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and discount rates – adjusted for regional factors.</p> <p>Significant changes in any of the unobservable inputs would result in significantly lower or higher fair value measurement for the investment properties, surplus properties, Assets Held for Sale and financial assets.</p>
Pension Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effect on the pension's liability of changes in individual assumptions can be measured. For instance:</p> <ul style="list-style-type: none"> • 1 year increase in member life expectancy would result in an increase in the liability of approximately 3%-5%; • 0.1% decrease in the Real Discount Rate would result in an increase in the liability of approximately £25m (2%); and • 0.1% increase in the Pension Increase Rate would result in an increase in the liability of approximately £23m (2%).

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6. EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events occurring after the Balance Sheet date that require disclosure to enable readers to gain a proper understanding of the financial position of the Council up to the date when this Statement of Accounts was authorised for issue by the Executive Director of Finance & Resources. A 'non-adjusting' event is indicative of conditions that arose after the Balance Sheet date.

'Non-adjusting' Events after The Balance Sheet Date

Schools converting to Academy status

One further school is expected to convert to Academy status during 2023-24, and further conversions are expected to take place in future years. By the end of the 2023-24 financial year, local authority maintained schools with a current net book value totalling £22k will have converted to Academy status since the Balance Sheet date. As this school is currently voluntary controlled only the playing field is currently on the Council's Balance Sheet and this will be derecognised from the Council's Balance Sheet in 2023-24.

Guided Busway

In previous years the Council has reported a contingent liability in its accounts in relation to a claim in the Technology and Construction Court regarding the Cambridgeshire Guided Busway. Following positive discussions between the Council and the original constructor, BAM Nuttall, the dispute was settled in June 2023 out of court. The settlement gives the Council the confidence it needs to secure the long-term future of the busway.

7. EXPENDITURE AND FUNDING ANALYSIS

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the Council (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. The "Other income and expenditure" line relates to all income and expenditure outside of the Net cost of services. This includes the following lines within the Comprehensive Income and Expenditure Statement; Other operating income and expenditure, Financing and investment income and expenditure, Taxation and non-specific grant income and expenditure.

Comprehensive Income and Expenditure Statement Supporting Notes

RESTATED* 2021-22				2022-23		
Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
49,747	47,384	97,131	Place and Sustainability	71,901	3,409	75,310
266,344	58,483	323,166	People Services	303,777	26,894	330,671
4,072	896	4,968	Public Health	1,792	612	2,404
52,215	-4,664	47,551	Finance and Resources	53,774	-10,372	43,402
15,341	0	15,341	Strategy and Partnerships	5,988	5,262	11,250
387,719	102,099	488,157	Net Cost of Services	437,232	25,805	463,037
-423,501	-88,966	-512,467	Other Income and Expenditure	-448,661	-151,949	-600,610
-35,782	13,133	-24,310	Surplus (-) or Deficit	-11,429	-126,144	-137,573
-168,285			Opening General Fund Balance at 31 March	-202,406		
-34,121			Plus: Surplus on General Fund Balance In Year	-11,429		
-202,406			Closing General Fund Balance at 31 March	-213,835		

* 2021-22 comparators restated due to restructure, with figures for Strategy and Partnerships split out from other service lines and Corporate Services becoming Finance and Resources

Comprehensive Income and Expenditure Statement Supporting Notes

8. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Place and Sustainability	-1,860	5,216	53	3,409
People Services	589	26,368	-63	26,894
Public Health	0	617	-5	612
Finance and Resources	-14,473	4,193	-92	-10,372
Strategy and Partnerships	50	5,025	187	5,262
Net Cost of Services	-15,694	41,419	80	25,805
Other Income and Expenditure	-161,697	15,469	-5,721	-151,949
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-177,391	56,888	-5,641	-126,144

* 2021-22 comparators restated due to restructure, with figures for Strategy and Partnerships split out from other service lines and Corporate Services becoming Finance and Resources

Adjustments for Capital purposes

- In the **service lines** this column records adjustments in respect of depreciation, Revenue Expenditure Funded from Capital Under Statute (REFCUS), revaluation gains / losses, and Private Finance Initiative and lease movements.

Comprehensive Income and Expenditure

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- **Other Operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - **Financing and investment income and expenditure** – the statutory charges for capital financing i.e., Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices. There are also adjustments for movements in the market value of investment properties.
 - **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. The Taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income.

- For **services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure**, the net interest on the defined benefit liability is charged to the CIES.

Other Differences

Other differences between amounts debited / credited to the CIES and amounts payable / receivable to be recognised under statute.

- For **services** this comprises the accrual made in respect of accumulated absences.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and Non-Domestic Rates (NDR) that was projected to be received at the start of the year, and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future shares of the Collection Fund surpluses or deficits declared by the billing authorities.

Comprehensive Income and Expenditure

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9. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

2021-22		2022-23
£000		£000
	Expenditure	
353,084	Employee Benefits Expenses	370,175
637,310	Other Services Expenses	704,506
54,305	Depreciation, amortisation, impairment	-581
47,012	Interest Payments	45,125
423	Precepts and Levies	432
0	Loss on the disposal of assets	8,803
1,092,134	Total Expenditure	1,128,460
	Income	
-110,717	Fees, charges and other service income	-103,767
-4,289	Gain on the disposal of assets	0
-18,576	Interest and Investment Income	-30,878
-393,358	Income from Council Tax and Non-domestic rates	-418,776
-589,504	Government Grants and Contributions	-712,612
-1,116,444	Total Income	-1,266,033
-24,310	Surplus (-) or Deficit (+) on the Provision of Services	-137,573

Comprehensive Income and Expenditure

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10. OTHER OPERATING INCOME AND EXPENDITURE

Listed below are items of income and expenditure that cannot reasonably be allocated or apportioned to services.

2021-22		2022-23
£000		£000
423	Levies	432
-4,289	(Gains)/losses on the disposal of non current assets	8,803
-3,866	Total	9,235

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

This contains items of income and expenditure arising from the Council's involvement in financial instruments and similar transactions.

2021-22		2022-23
£000		£000
32,570	Interest payable and similar charges	29,656
14,442	Net interest on the net defined benefit liability	15,469
-10,313	Interest receivable and similar income	-12,383
-7,069	Income and expenditure in relation to investment properties and changes in their fair value	-17,266
0	Trading accounts	0
-1,194	Other investment income	-1,230
28,436	Total	14,246

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12. TAXATION AND NON-SPECIFIC GRANT INCOMES

This item consolidates all the grants and contributions receivable that cannot be identified to particular service expenditure. All capital grants and contributions are shown below, even where they are service-specific.

2021-22		2022-23
£000		£000
-326,876	Council Tax Income	-349,438
-66,482	Non-Domestic Rates	-69,338
-52,774	Non-Ringfenced Government Grants	-45,124
-90,905	Capital Grants and Contributions	-160,191
-537,037	Total	-624,091

13. POOLED BUDGETS

Better Care Fund

Cambridgeshire County Council hosts the local Better Care Fund. This is part of a national initiative to pool Health and Social Care funding to services to achieve better outcomes for the local community.

The fund is operated according to an agreement made under section 75 of the National Health Service Act 2006 between the County Council and the NHS in the form of Cambridgeshire and Peterborough Integrated Care Board (ICB).

The partners planned expenditure together through the fund including:

- NHS contributions to older people's and adults' community health services, intermediate care and services for carers;

Comprehensive Income and Expenditure

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- Social Care spending on reablement, extra care and a range of other services;
- Additional funding from the NHS for County Council commissioned services in order to protect social care and respond to the Care Act;
- The Improved Better Care Fund grant paid to the County Council to provide investment to reduce delayed transfers of care to support pressures within adult social care;
- Disabled Facilities Grant for accommodation adaptations managed by the District Councils.

For 2020-21 and 2021-22, funding and expenditure relating to Covid-19 hospital discharge schemes were also included in the Better Care Fund in Cambridgeshire. These schemes provided national NHS funding to enable rapid discharges from hospitals into social care where appropriate, with the Council providing a contribution based on a baseline of what it would have spent on social care that followed discharges in a more normal year. This funding stream came to an end at the close of 2021-22. However, from 2022-23, the new Adult Social Care Discharge Fund is now built into the Better Care Fund in Cambridgeshire.

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The financial outturns of the Better Care Fund for 2021-22 and 2022-23 are as follows:

2021-22 £000	Better Care Fund	2022-23 £000
	Funding provided to the pooled budget by:	
	Original BCF:	
-19,795	the Council	-20,241
-47,536	NHS Cambridgeshire and Peterborough ICB	-48,953
-67,331		-69,194
	Covid Discharge Schemes:	
-4,472	the Council	0
-3,895	NHS Cambridgeshire and Peterborough ICB	0
-8,367		0
	ASC Discharge Fund:	
0	the Council	-1,937
0	NHS Cambridgeshire and Peterborough ICB	-2,512
0		-4,449
-75,698	Funding Total	-73,643
	Expenditure met from the pooled budget:	
37,722	the Council	39,183
29,609	NHS Cambridgeshire and Peterborough ICB	30,011
67,331		69,194
	Covid Discharge Schemes:	
8,367	the Council	0
0	NHS Cambridgeshire and Peterborough ICB	0
8,367		0
	ASC Discharge Fund:	
0	the Council	1,937
0	NHS Cambridgeshire and Peterborough ICB	2,512
0		4,449
75,698	Expenditure total	73,643
0	Net Surplus (-) or Deficit (+) on the Pooled Budget	0
0	Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget	0

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Expenditure

In accordance with the section 75 agreement, NHS funded services which are commissioned directly by the Integrated Care Board do not require transactions to be via the County Council. Consequently, the actual transfer of funding from the NHS to the County Council related to 2022-23 through the original BCF is £18.9m (£17.9m in 2021-22), £0m (£3.9m in 2021-22) for the Covid discharge schemes and £0m (£0m in 2021-22) for the ASC Discharge Fund.

Other pooled budgets

The Council also has pooled budget agreements with NHS Cambridgeshire and Peterborough ICB for the following:

- For the provision of an Integrated Community Equipment Service (ICES) in Cambridgeshire, with the partner organisation contributing 52% of the budget:

2021-22 £000	Integrated Community Equipment Service	2022-23 £000
	Funding provided to the pooled budget by:	
-2,464	the Council	-2,224
-2,328	NHS Cambridgeshire and Peterborough ICB	-2,390
-4,792		-4,614
	Expenditure met from the pooled budget:	
2,565	the Council	2,059
2,423	NHS Cambridgeshire and Peterborough ICB	2,213
4,988		4,272
196	Net Surplus (-) or Deficit (+) on the Pooled Budget	-342
101	Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget	-165

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- For the provision of integrated health and social services for Learning Disability Partnership (LDP) clients in Cambridgeshire, with the partner organisation contributing 22% of the budget:

2021-22 £000	Learning Disability Partnership	2022-23 £000
	Funding provided to the pooled budget by:	
-71,819	the Council	-81,859
-21,717	NHS Cambridgeshire and Peterborough ICB	-24,756
-93,536		-106,615
	Expenditure met from the pooled budget:	
73,333	the Council	83,758
22,175	NHS Cambridgeshire and Peterborough ICB	25,330
95,508		109,088
1,972	Net Surplus (-) or Deficit (+) on the Pooled Budget	2,473
1,514	Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget	1,899

For both the ICES and LDP pools, the same proportions as those for budget contributions are used to meet any deficit or share any surplus arising at the end of each financial year.

14. MEMBERS' ALLOWANCES

The allowances paid to members of the Council in 2022-23 were £934,613 (£879,227 in 2021-22) and expenses totalled £13,900 (£12,085 in 2021-22).

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15. OFFICERS' REMUNERATION

Senior Employees

Schedule 1 of the Accounts and Audit Regulations 2015 involves a legal requirement to increase transparency and accountability in Local Government for reporting the remuneration of senior employees. The Council publishes detailed senior employee pay information covering, salary, bonuses, expenses allowances, compensation payments, pensions and any other benefits.

Senior employees whose salary is £50,000 or more, but less than £150,000, are required to be listed individually by way of job title. Employees whose salary is £150,000 or more must also be identified by name. In this context, a senior employee is identified as follows:

- the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989;
- any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with others.

In 2021-22 the majority of the senior employee roles were shared with Peterborough City Council (PCC) under S113 agreements, an arrangement that was mostly unwound in 2022-23 (see footnotes below the table). Full remuneration is shown for all employees; however, Cambridgeshire County Council pays only an agreed proportion for its share of any shared posts.

The narrative statement sets out that during 2022-23 the Council undertook a significant re-organisation of its Corporate Leadership Team which is intended to boost the Council's senior management capacity and respond to the revised approach to shared services with Peterborough City Council. The chief officers in role as at the Balance Sheet date are shown in the first table below, a number of whom arrived close to the end of the financial year. Former and departing chief officers are shown in the subsequent tables.

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The Council's senior employee remuneration for 2022-23 (and 2021-22) is as follows:

Postholders at 31 March 2023:			Salary, Fees & Allowances	Expenses (Taxable) & Benefits in Kind	Compensation for Loss of Employment	Employer Pension Contribution	Total Remuneration Including Employer Pension Contributions
	Note		£	£	£	£	£
Chief Executive (S Moir)		2022-23	190,000	8,000	0	0	198,000
		2021-22	20,357	0	0	0	20,357
Executive Director of Finance and Resources (S151 Officer)	1	2022-23	7,964	0	0	1,394	9,358
Executive Director of Strategy and Partnerships	2	2022-23	85,123	242	0	14,896	100,261
Director: Customer and Digital Services #	2	2022-23	54,131	264	0	9,473	63,868
		2021-22	135,107	0	0	23,644	158,751
Executive Director: Public Health #		2022-23	127,903	0	0	18,776	146,679
		2021-22	101,879	4,265	0	14,956	121,100
Interim Executive Director of Children's Services # ^ (E Redding)	3	2022-23	153,360	0	0	0	153,360
Service Director: Adults & Safeguarding *	4	2022-23	24,157	0	0	4,203	28,360
Executive Director of Place and Sustainability	5	2022-23	2,096	0	0	370	2,466
Service Director: Legal and Governance (Monitoring Officer)	6	2022-23	1,625	0	0	287	1,912

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Previous Postholders:			Salary, Fees & Allowances	Expenses (Taxable) & Benefits in Kind	Compensation for Loss of Employment	Employer Pension Contribution	Total Remuneration Including Employer Pension Contributions
	Note		£	£	£	£	£
Chief Executive *		2021-22	145,843	825	0	22,306	168,974
Executive Director: Place and Economy (S Cox)	7	2022-23	160,370	0	49,444	209,903	419,717
		2021-22	156,252	0	0	27,344	183,596
Service Director for Finance and Procurement (S151 Officer)	8	2022-23	122,997	660	0	21,524	145,181
		2021-22	111,902	0	0	19,583	131,485
Executive Director: People and Communities	4	2022-23	148,130	103	0	25,923	174,156
		2021-22	143,152	825	0	25,052	169,029
Deputy Chief Executive and Chief Finance Officer (S151 Officer)		2021-22	24,696	0	0	4,322	29,018
Executive Director: People and Communities *		2021-22	114,134	825	0	0	114,959
Director of Children's Services	9	2022-23	75,101	0	0	13,068	88,169
		2021-22	20,058	0	0	3,735	23,793

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Previous Postholders (continued):			Salary, Fees & Allowances	Expenses (Taxable) & Benefits in Kind	Compensation for Loss of Employment	Employer Pension Contribution	Total Remuneration Including Employer Pension Contributions
	Note		£	£	£	£	£
Director: Business Improvement and Development #	10	2022-23	81,515	0	64,388	13,989	159,892
		2021-22	139,731	0	0	24,453	164,184
Service Director: Children's Services *		2021-22	123,135	0	0	21,425	144,560
Director: Public Health #		2021-22	9,148	0	0	1,343	10,491
Director: Legal and Governance (Monitoring Officer) #	6	2022-23	71,401	0	52,528	12,531	136,460
		2021-22	107,410	0	0	18,797	126,207
Director: Legal and Governance (Monitoring Officer - Temporary) ^	6						50,255
		2022-23	50,255	0	0	0	
Total		2022-23	1,356,128	9,269	166,360	346,337	1,878,094
Total		2021-22	1,352,804	6,740	0	206,960	1,566,504

Comprehensive Income and Expenditure

Statement Supporting Notes

	Note	Salary, Fees & Allowances £	Expenses (Taxable) & Benefits in Kind £	Compensation for Loss of Employment £	Employer Pension Contribution £	Total Remuneration Including Employer Pension Contributions £
Chief Executive: Greater Cambridgeshire Partnership (R Stopard)	11					
	2022-23	158,145	0	0	27,675	185,820
	2021-22	165,358	0	0	11,248	176,606

* PCC Employee: Post shared under a S113 agreement with Peterborough City Council. Full remuneration is shown, however Cambridgeshire only paid an agreed proportion for its share of the costs.

CCC Employee: Post shared under a S113 agreement with Peterborough City Council. Full remuneration is shown, however, Cambridgeshire only paid an agreed proportion for its share of the costs.

^ Employees paid directly from 3rd party employment agencies. The remuneration for Salary, Fees and Allowances is what has been paid to the agencies and therefore there are no pension costs shown.

Notes:

1. The Executive Director of Finance and Resources commenced this role on 13/03/2023 and was designated Section 151 Officer from this date, so their remuneration is shown from this date.
2. The Executive Director of Strategy and Partnerships commenced this role on 01/09/2022. The post holder previously held the post of Director of Customer and Digital Services which was removed on 31/08/2022.
3. The Interim Executive Director of Children's Services commenced this role on 14/11/2022 and their remuneration is shown from this date. The previous postholder vacated the position on 13/11/2022.
4. The Service Director: Adults and Safeguarding commenced the position on 30/01/2023 and their remuneration is shown from this date. The previous postholder held the post of Executive Director of People & Communities which was removed on 21/02/2023.
5. The Executive Director of Place and Sustainability commenced this role on 27/03/2023 and their remuneration is shown from this date.
6. The Service Director: Legal and Governance commenced their role on 27/03/2023 and their remuneration is shown from this date. There were two previous postholders, the first vacated the position on 30/11/2022 and the second was employed on an interim basis between 01/12/22 and 12/03/2023.
7. The postholder was also an Associate Director at Cambridgeshire & Peterborough Combined Authority during the year - a contribution to salary costs was received. The role of Executive Director of Place and Economy (S Cox) was removed, and the post holder was made redundant on 31/03/2023. Their remuneration includes the redundancy payment and pension strain.

Comprehensive Income and Expenditure

Statement Supporting Notes

-
8. The Service Director: Finance & Procurement was appointed as Director of Resources from 03/05/2021 and designated as Section 151 officer from that date until 12/03/2023. Remuneration is shown for these periods.
 9. The Director of Children's Services held the statutory designation between 01/02/2022 and 13/11/2022.
 10. The role of Service Director Business Improvement and Development was removed, and the post holder was made redundant on 31/10/2022. Their remuneration includes the redundancy payment.
 11. This postholder is employed by Cambridgeshire County Council as the accountable body for the Greater Cambridgeshire Partnership. The partnership is a formal collaboration with ring-fenced funding and separate governance from the Council reporting to an Executive Board also comprising representatives from Cambridge City Council and South Cambs District Council.

Comprehensive Income and Expenditure

Statement Supporting Notes

Employee remuneration above £50,000

In addition to those individuals shown in the senior officers table, the number of Council staff (including teachers but excluding senior employees) with remuneration (comprising salary, fees, expenses, allowances and any exit package) above £50,000 is as follows:

2021-22	Remuneration Banding	2022-23
No.		No.
124	£50,000 - £54,999	153
64	£55,000 - £59,999	88
73	£60,000 - £64,999	65
32	£65,000 - £69,999	45
16	£70,000 - £74,999	23
35	£75,000 - £79,999	23
11	£80,000 - £84,999	17
3	£85,000 - £89,999	10
3	£90,000 - £94,999	7
2	£95,000 - £99,999	3
6	£100,000 - £104,999	6
0	£105,000 - £109,999	2
1	£110,000 - £114,999	0
1	£125,000 - £129,999	2
1	£130,000 - £134,999	0
2	£135,000 - £139,999	2
0	£140,000 - £144,999	1
374		447

Around 38% (2021-22: 46%) of the employees referred to in the above table are employed in Cambridgeshire schools (excluding academies).

Comprehensive Income and Expenditure

Statement Supporting Notes

Exit Packages

The number of exit packages in terms of compulsory and other departures, as well as the total amount paid per banding, is set out in the table below:

2021-22				2022-23			
Compulsory Redundancies	Other Departures with Exit Package	Total Exit Packages	Total Cost of Exit Packages	Compulsory Redundancies	Other Departures with Exit Package	Total Exit Packages	Total Cost of Exit Packages
No.	No.	No.	£000	No.	No.	No.	£000
13	28	41	323	8	18	26	186
1	4	5	126	1	7	8	221
0	2	2	83	0	1	1	53
0	1	1	75	0	1	1	64
0	0	0	0	0	1	1	231
14	35	49	607	9	28	37	755
Total							

16. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2022-23, incurring costs of £755k (£607k in 2021-22). See Note 15 above for the number of exit packages and total cost per band that has been paid during the year.

Comprehensive Income and Expenditure Statement Supporting Notes

17. EXTERNAL AUDIT COSTS

The Council has incurred the following fees relating to external audit and inspection for the following years of account:

2021-22		2022-23
£000		£000
147	Fees payable with regard to external audit services carried out by the appointed auditor	147
131	Additional fees payable with regard to external audit services carried out by the appointed auditor in the prior year	0
278		147

18. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance and Early Years (England) Regulations 2020. The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. The DSG (made under section 14 of the Education Act 2002) has been deployed in accordance with regulations made under sections 45A, 45AA, 47, 48(1) and (2) and 138(7) of, and paragraph 1(7)(b) of Schedule 14 to, the School Standards and Framework Act 1998.

Details of the deployment of DSG receivable for 2021-22 and 2022-23 are as follows:

Comprehensive Income and Expenditure

Statement Supporting Notes

Central Expenditure £000	2021-22		Total £000		Central Expenditure £000	2022-23		Total £000
	Individual Schools Budget (ISB) £000					Individual Schools Budget (ISB) £000		
		536,577		Final DSG before Academy recoupment				560,453
		-292,364		Academy figure recouped				-307,418
		244,213		Total DSG after Academy Recoupment				253,035
		0		Brought forward from previous financial year				0
		1		Correction of rounding difference occurring in 2019-20				0
		0		Carry forward to next financial year agreed in advance				0
47,005	197,208	244,214		Agreed Initial Budgeted Distribution	84,152	168,882		253,035
-467	-3,742	-4,209		In year adjustments	19,600	-621		18,979
46,538	193,466	240,005		Final Budget Distribution	103,752	168,261		272,014
-60,501	0	-60,501		Less: actual central expenditure	-97,004	0		-97,004
0	-192,460	-192,460		Less: actual ISB deployed to schools	0	-167,350		-167,350
0	0	0		Plus: local authority contribution	2,500	0		2,500
-13,963	1,006	-12,956		Carry Forward	9,248	911		10,160
		0		Plus/Minus: Carry-forward to next financial year agreed in advance				0
		0		Carry-forward to next financial year				10,160
		-26,363		DSG unusable reserve at the end of previous financial year				-39,319
		-12,956		Addition to DSG unusable reserve				0
		-39,319		Total of DSG unusable reserve at year end				-39,319
		-39,319		Net DSG position at year end				-29,159

Comprehensive Income and Expenditure

Statement Supporting Notes

As a result of the Safety Valve Agreement entered into with the Secretary of State for Education, the local authority received an initial payment of £19,600k in March 2023 which will support the reduction of the overall DSG deficit. Alongside this, a local authority contribution of £2,500k has been applied, resulting in a reduced cumulative deficit of £29,159k to be carried forward into 2023-24.

There are however continuing pressures within the High Needs Block of the DSG funding, due to overall numbers, complexity of need and unit costs of funding educational provision for children and young people with additional needs. These pressures are being addressed through the extensive transformation programme agreed as part of the Safety Valve intervention programme.

DLUHC has made regulations regarding the accounting treatment of DSG deficits, which affect the financial years beginning on 1 April 2020, 1 April 2021 and 1 April 2022. These are the Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2020, SI 2020 No 1212. Local Authorities must charge the amount of the deficit to an unusable reserve established, charged and used solely for the purpose of recognising deficits in respect of its schools' budget. The regulations cover a limited period, to provide time for Government and local authorities to look at budgetary and financial management strategies to reduce the deficits.

Movement In Reserves Statement

Supporting Notes

19. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Movements in balances in 2022-23:

2022-23	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments Involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	26,567	0	0	-26,567
Revaluation losses on Property Plant and Equipment	-29,812	0	0	29,812
Movements in the fair value of Investment Properties	-10,309	0	0	10,309
Amortisation of intangible assets	2,664	0	0	-2,664
Capital grant and contributions applied	-76,547	0	0	76,547
Revenue Expenditure funded from Capital under Statute	8,222	0	0	-8,222
Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-3,533	0	0	3,533
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory Provision for the Repayment of debt - Minimum Revenue Provision (MRP)	-18,983	0	0	18,983
Capital expenditure charged against the general fund balance	-5,444	0	0	5,444
Other Adjustments				
Adjustments involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-83,644	0	83,644	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	-5,762	5,762

Movement In Reserves Statement

Supporting Notes

2022-23	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Receipts Reserve:				
Capital Receipts received in year but not applied	12,342	-12,342	0	0
Capital Receipts used to fund capital expenditure	127	0	0	-127
Flexible use of capital receipts	958	-958	0	0
Capital Receipts used to fund revenue (Revenue Expenditure funded from Capital under Statute)	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:				
Finance lease deferred capital receipt adjustment	0	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-47	0	0	47
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	93,736	0	0	-93,736
Employer's pension contributions and direct payments to pensioners payable in the year	-36,848	0	0	36,848

Movement In Reserves Statement

Supporting Notes

2022-23	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-5,674	0	0	5,674
Adjustment involving the Dedicated Schools Grant Adjustment Account:				
Amount of which the accumulated Dedicated Schools Grant deficit charged to the Comprehensive Income and Expenditure Statement is different from that chargeable in the year in accordance with statutory requirements	0	0	0	0
Adjustment involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	80	0	0	-80
Total Adjustments	-126,145	-13,300	77,882	61,563

Movement In Reserves Statement

Supporting Notes

Movements in balances in 2021-22:

2021-22	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments Involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	54,526	0	0	-54,526
Revaluation losses on Property Plant and Equipment	-2,721	0	0	2,721
Movements in the fair value of Investment Properties	-212	0	0	212
Amortisation of intangible assets	2,500	0	0	-2,500
Capital grant and contributions applied	-81,677	0	0	81,677
Revenue Expenditure funded from Capital under Statute	2,297	0	0	-2,297
Non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	15,629	0	0	-15,629
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory Provision for the Repayment of debt - Minimum Revenue Provision (MRP)	-25,332	0	0	25,332
Capital Expenditure charged against the General Fund	-6,907	0	0	6,907
Other Adjustments				
Adjustments involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-9,228	0	9,228	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	-13,163	13,163

Movement In Reserves Statement

Supporting Notes

2021-22	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Receipts Reserve:				
Capital Receipts received in year but not applied	-19,918	19,918	0	0
Capital Receipts used to fund capital expenditure	166	0	0	-166
Flexible use of capital receipts	1,662	-1,662	0	
Capital Receipts used to fund revenue (Revenue Expenditure funded from Capital under Statute)	15,260	-15,260		
Adjustments involving the Deferred Capital Receipts Reserve:				
Capital Receipts achieved in year but not received	0	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-47	0	0	47
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	93,754	0	0	-93,754
Employer's pension contributions and direct payments to pensioners payable in the year	-33,992	0	0	33,992

Movement In Reserves Statement

Supporting Notes

2021-22	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-9,616	0	0	9,616
Adjustment involving the Dedicated Schools Grant Adjustment Account:				
Amount of which the accumulated Dedicated Schools Grant deficit charged to the Comprehensive Income and Expenditure Statement is different from that chargeable in the year in accordance with statutory requirements	12,957	0	0	-12,957
Adjustment involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	710	0	0	-710
Total Adjustments	9,811	2,996	-3,935	-8,872

Movement In Reserves Statement

Supporting Notes

20. TRANSFERS TO / FROM EARMARKED RESERVES

The Council's Earmarked Reserve balances, including an analysis of respective in-year movements, are as follows:

	Balance at 31-Mar-21	Transfers Out 2021-22	Transfers In 2021-22	Balance at 31-Mar-22	Transfers Out 2022-23	Transfers In 2022-23	Balance at 31-Mar-23
	£000	£000	£000	£000	£000	£000	£000
Carry forward - schools	17,027	-2,793	2,551	16,785	-3,849	2,032	14,968
Carry forward - other	20,387	-20,409	14,754	14,732	-18,974	34,013	29,771
DSG Safety Valve	0	0	0	0	0	10,160	10,160
Insurance reserve	4,831	-2,743	2,630	4,718	-7	307	5,018
Other earmarked reserves	99,945	-14,384	34,255	119,816	-55,749	62,503	126,570
Total	142,190	-40,329	54,190	156,051	-78,579	109,015	186,487

The 'DSG Safety Valve' line listed above reflects the remaining balance unapplied of central government's initial Safety Valve contribution. After a local contribution of £2.5m, £9.5m of the government contribution is recognised in 2022-23 to bring the in-year position to balance. The remaining contribution is carried-forward as a specific earmarked reserve to offset future in-year pressures.

The schools' reserves listed above traditionally consist mainly of revenue balances held by individual maintained schools as part of their overall delegated funding. This funding remains in individual school bank accounts, but is consolidated into the overall accounts for reporting purposes. The reserves also contains other small elements of school funding in relation to Pupil Premium, Universal Infant Free Schools Funding and the pooled absence scheme for primary schools. These balances are subject to conditions of grant or local schemes and as such will be allocated in agreement with these arrangements during 2023-24. The accumulated high needs deficit that is ringfenced as part of the Dedicated Schools Grant is no longer accumulated into Earmarked Reserves and has been transferred to Unusable Reserves (see Note 22).

Movement In Reserves Statement

Supporting Notes

21. USABLE RESERVES

Usable reserves are those reserves that contain resources that a council can apply to the provision of services, either by incurring expenses or undertaking capital investment; whether or not there are particular restrictions on exactly what the resources can be applied to. Please refer to Notes 19 and 20 for details of the movements in usable reserves.

The Council's usable reserves are as follows:

- **General Fund** – the main revenue fund of the Council. Council tax precepts and Government grants are paid into the fund, from which the cost of providing services is met. The General Fund cushions the impact of uneven cash flows, and also acts as a contingency that can be used in year in the event of unexpected emergencies or unforeseen spending.
- **Earmarked Reserves** – these are resources set aside for a specific purpose. The Council's earmarked reserves include balances to cover future pressures, insurance claims and general contingencies held by schools within advisory limits. This includes the Just Transition Fund, which was established to provide funding for one-off, transformative expenditure on delivering a more environmentally, socially or financially sustainable county. Further analysis of earmarked reserves is shown within Note 20.
- **Usable Capital Receipts Reserve** – this reserve comprises all income from capital receipts that has been credited to the Comprehensive Income and Expenditure Statement as part of the gain / loss on disposal of long-term assets. Income is credited to the Capital Receipts Reserve, via a debit to the General Fund balance in the Movement in Reserves Statement. This reserve may only be used to fund capital expenditure or repay debt.
- **Capital Grants and Contributions Unapplied Reserve** – this reserve includes all capital grant income credited to the Comprehensive Income and Expenditure Statement, and subsequently reversed out of the General Fund Balance in the Movement in Reserves Statement. It is designed to show the position when a capital grant has been received, and conditions of its award met, but is yet to be used to finance capital expenditure. Amounts in this reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Movements in the Council's usable reserves are also detailed in the Movement in Reserves Statement.

Movement In Reserves Statement

Supporting Notes

22. UNUSABLE RESERVES

A summary of the Council's unusable reserves is as follows:

31-Mar-22		31-Mar-23
£000		£000
325,036	Revaluation Reserve	379,795
615,689	Capital Adjustment Account	733,692
-996	Financial Instruments Adjustment Account	-949
1,025	Financial Instruments Revaluation Reserve	-2,717
-552,846	Pensions Reserve	-38,910
-2,347	Collection Fund Adjustment Account	3,327
-6,081	Accumulated Absences Account	-6,161
-39,319	Dedicated Schools Grant Adjustment Account	-39,319
21,587	Deferred Capital Receipts Reserve	21,586
361,747		1,050,344

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation.
- or disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Movement In Reserves Statement

Supporting Notes

2021-22 £000		2022-23 £000
310,658	Balance at 1 April	325,037
36,591	Upward revaluation of assets	77,348
-17,918	Downward revaluation of assets and impairment losses not charged to the surplus or deficit on the Provision of Services	-17,395
329,331	Surplus or Deficit on Revaluation of Long Term Assets not Posted to the Surplus or Deficit on the Provision of Services	384,989
-3,412	Difference between fair value depreciation and historical cost depreciation	-6,139
-883	Accumulated gains on assets sold or scrapped	945
-4,295	Amount Written Off to the Capital Adjustment Account	-5,194
325,036	Balance at 31 March	379,795

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets (such as buildings and roads) and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction, or enhancement, via charges for depreciation, impairment losses and amortisations which are initially debited to the Comprehensive Income and Expenditure Statement. These are then transferred in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account. Reconciling postings from the Revaluation Reserve converts the fair value figures to a historical cost basis. The account is also credited with the amounts set aside by the Council to finance the costs of acquisition, construction, and enhancement.

The Account also contains revaluation gains and losses accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 19 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

Movement In Reserves Statement

Supporting Notes

2021-22		2022-23
£000		£000
556,496	Balance at 1st April	615,683
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
-54,526	Charges for depreciation or impairment of long-term assets	-26,567
2,721	Revaluation gains reversing previous losses on Property, Plant and Equipment	29,812
-2,500	Amortisation of intangible assets	-2,664
-2,297	Revenue expenditure funded from capital under statute	-8,222
-15,629	Amounts of long-term assets written off on disposal or sale as part of the loss on disposal to the Comprehensive Income and Expenditure Statement	-12,773
4,294	Adjusting amounts written out of the Revaluation Reserve	5,194
-67,936	Net written out amount of the cost of non-current assets consumed in the year	-15,220
	Capital financing applied in the year	
-166	Use of the capital receipts reserve to finance new capital expenditure	16,179
81,677	Capital Grants and contributions credited to the Comprehensive Income and Expenditure statement that have been applied to capital financing	76,547
13,163	Application of grant to capital financing from the capital grants unapplied account	5,762
25,335	Statutory Provision for the financing of capital investments charged to the general fund	18,983
6,907	Capital expenditure charged against the general fund	5,444
212	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	10,309
615,688	Balance at 31 March	733,692

Movement In Reserves Statement

Supporting Notes

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2021-22 £000		2022-23 £000
-700,671	Balance at 1st April	-552,846
207,587	Re-measurement of net pension liability	570,824
-93,754	Reversal of items relating to retirement benefits debited or credited to the deficit on the provision of services in the comprehensive income and expenditure statement	-93,736
33,992	Employer's pensions contributions and direct payments to pensioners payable in the year	36,848
-552,846	Balance at 31st March	-38,910

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Movement In Reserves Statement

Supporting Notes

2021-22		2022-23
£000		£000
21,588	Balance at 1 April	21,587
-1	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-1
21,587	Balance at 31 March	21,586

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools' budget. Where the authority has incurred a deficit on its schools' budget in the years beginning 1 April 2020, 1 April 2021 or 1 April 2022, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account. As set out above in Note 18 (Dedicated Schools Grant), the carried forward deficit in this area has remained at £39.3m at 31 March 2023.

2021-22		2022-23
£000		£000
-26,362	Balance at 1 April	-39,318
-12,956	School budget deficit transferred from General Fund in accordance with statutory requirements	0
-39,318	Balance at 31 March	-39,318

Balance Sheet Supporting Notes

23. PROPERTY, PLANT AND EQUIPMENT

Movements in balances in 2022-23:

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Plant, Property & Equipment £000	PFI Assets included in PPE £000
Cost or Valuation								
At 1st April 2022	710,921	40,558	1,144,161	2,724	4,220	80,691	1,983,275	117,777
Additions	5,990	2,661	74,500	88	0	33,841	117,080	0
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	50,266	0	0	-45	2,180	0	52,401	4,525
Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	14,925	0	0	0	-213	0	14,712	0
De-recognition and Disposals	-12,309	0	-28,583	0	0	0	-40,892	0
Assets reclassified to (-)/from Held for Sale	0	0	0	0	-697	0	-697	0
Assets reclassified to (-)/from PPE	-21,325	0	0	0	31,658	-10,333	0	0
Assets reclassified to (-)/from Investment Properties	0	0	0	0	-56	0	-56	0
Assets reclassified to (-)/from Intangible Assets	0	0	0	0	0	0	0	0
Other Movements in Cost or Valuation	0	0	0	0	0	0	0	0
At 31st March 2023	748,468	43,219	1,190,078	2,767	37,092	104,199	2,125,823	122,302

Balance Sheet Supporting Notes

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Plant, Property & Equipment £000	PFI Assets included in PPE £000
Accumulated Depreciation and Impairment								
At 1st April 2022	-33,677	-40,545	-190,838	0	-1	-35,612	-300,665	-67,300
Depreciation Charge	-11,012	-550	-24,751	0	-600	0	-36,913	-3,156
Depreciation written out of the Revaluation Reserve	6,843	0	0	0	418	0	7,261	705
Depreciation written out to the Surplus/Deficit on the Provision of Services	15,067	0	0	0	33	0	15,100	12,490
Impairment losses/reversals (-) recognised in the surplus/deficit in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment losses/reversals (-) recognised in the surplus/deficit on the provision of services	10,355	0	0	0	0	0	10,355	10,355
Assets reclassified to (-)/from Held for Sale	0	0	0	0	0	0	0	0
Assets reclassified to (-)/from PPE	0	0	0	0	0	0	0	0
Assets reclassified to (-)/from Investment Properties	0	0	0	0	0	0	0	0
De-recognition and Disposals	2	0	28,346	0	0	0	28,348	0
Other Movements in Cost or Valuation	49	0	0	0	-49	0	0	0
At 31st March 2023	-12,373	-41,095	-187,243	0	-199	-35,612	-276,514	-46,906
Net Book Value								
At 31st March 2023	736,095	2,124	1,002,836	2,767	36,893	68,587	1,849,309	75,396
At 31st March 2022	677,244	13	953,323	2,724	4,219	45,079	1,682,610	50,477

Balance Sheet Supporting Notes

Movements in balances in 2021-22:

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Plant, Property & Equipment £000	PFI Assets included in PPE £000
Cost or Valuation								
At 1st April 2021	698,382	31,573	1,095,860	2,744	3,652	47,774	1,879,985	117,777
Additions	6,588	8,985	71,091	0	0	43,198	129,862	0
Donations	0	0	0	0	0	0	0	0
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	15,167	0	0	-20	-2,294	0	12,853	0
Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	629	0	0	0	-241	0	388	0
De-recognition and Disposals	-14,842	0	-22,790	0	-41	0	-37,673	0
Assets reclassified to (-)/from Held for Sale	-187	0	0	0	392	0	205	0
Assets reclassified to (-)/from PPE	7,584	0	0	0	2,696	-10,281	-1	0
Assets reclassified to (-)/from Investment Properties	-2,400	0	0	0	56	0	-2,344	0
Assets reclassified to (-)/from Intangible Assets	0	0	0	0	0	0	0	0
Other Movements in Cost or Valuation	0	0	0	0	0	0	0	0
At 31st March 2022	710,921	40,558	1,144,161	2,724	4,220	80,691	1,983,275	117,777

Balance Sheet Supporting Notes

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Plant, Property & Equipment £000	PFI Assets included in PPE £000
Accumulated Depreciation and Impairment								
At 1st April 2021	-32,506	-31,538	-184,501	0	-3	-28,602	-277,150	-64,135
Depreciation Charge	-9,362	-22	-29,127	0	-18	0	-38,521	-3,165
Depreciation written out of the Revaluation Reserve	5,805	0	0	0	21	0	5,826	0
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,326	0	0	0	4	0	2,330	0
Impairment losses/reversals (-) recognised in the surplus/deficit in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment losses/reversals (-) recognised in the surplus/deficit on the provision of services	0	-8,985	0	0	0	-7,010	-15,995	0
Assets reclassified to (-)/from Held for Sale	0	0	0	0	0	0	0	0
Assets reclassified to (-)/from PPE	0	0	0	0	0	0	0	0
Assets reclassified to (-)/from Investment Properties	0	0	0	0	0	0	0	0
De-recognition and Disposals	55	0	22,790	0	0	0	22,845	0
Other Movements in Cost or Valuation	5	0	0	0	-5	0	0	0
At 31st March 2022	-33,677	-40,545	-190,838	0	-1	-35,612	-300,665	-67,300
Net Book Value								
At 31st March 2022	677,244	13	953,323	2,724	4,219	45,079	1,682,610	50,477
At 31st March 2021	665,876	35	911,359	2,744	3,649	19,172	1,602,835	53,642

Balance Sheet Supporting Notes

Capital commitments

At 31 March 2023 the Council has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2023-24 and future years, budgeted to cost £482.8m. The figures included within the table below represent the remaining contract value.

Contracts with major commitments are:

Expenditure approved and contracted		31-Mar-23 £000
Schools		
Alconbury Secondary and Special	New construction	50,980
New SEMH Provision Wisbech	New construction	6,085
Temporary Accommodation	Mobile buildings	4,915
Highways		
Highways Contract	To cover structural work, surfacing, road works and capital schemes for highways	382,722
Chisholm Trail and Abbey-Chesterton Bridge	Creation of a walking and cycle route including a new bridge	3,635
Greater Cambridge Partnership schemes	Various schemes	3,070
Property		
Building Maintenance	Building, Mechanical and Electrical Services	8,058
Energy		
Energy Projects	To cover solar farm, landfill energy and smart energy grid projects along with any other design and build capital energy projects	15,381
IT		
EastNet (CPSN Replacement)	Key network connectivity	3,047
Connecting Cambridgeshire	Superfast broadband rollout	3,444
Total		481,337

Balance Sheet Supporting Notes

Capitalisation of Borrowing Costs

In accordance with the Council's accounting policy, the Council capitalised £1,514k of borrowing costs in year in relation to qualifying assets (£1,127k in 2021-22). This was calculated using the Council's average borrowing rate of between 2.3% and 2.5% for the 4 quarters of 2022-23.

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. In order to ensure that carrying values are kept in line with current values in the interim, all assets are revalued via desktop valuation in year two and by indexation in years three to five. For 2022-23, the valuations were carried out externally by Royal Institution of Chartered Surveyors (RICS) registered valuers, Bruton Knowles LLP, while specialist valuation of a solar farm asset was valued by Fisher German LLP who are similarly registered. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the RICS Valuation. The effective date of revaluation for the rolling programme, desktop valuations and all Surplus Assets is 30 November 2022.

The significant assumptions applied in estimating current values are:

- Building values based on building indices (Building Cost Information Service (BCIS)); and
- Land values based on existing use (for example, if offices are based on the land, then the land is valued for office use, if buildings on the land have industrial use, then the land is valued based on employment land value).

Infrastructure Assets

As set out in this note, Infrastructure Assets have a gross book value of £1.2bn, with a net book value of £1.0bn at 31 March 2023. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 requires authorities to derecognise the gross cost and accumulated depreciation on Infrastructure Assets when a major part / component of that asset has been replaced or decommissioned. Between the years 2010-11 to 2013-14, the Council did not maintain sufficiently detailed records in order to support the application of the applicable financial reporting framework. The Council is unable to practicably calculate a prior period adjustment for this period due to the lack of detailed records held.

Balance Sheet Supporting Notes

Valuation of long-term assets

	Carried at Historical Cost	Valued at Current Value as at:					Total
	£000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	£000
Land and Buildings		9,665	148,781	266,278	198,592	125,152	748,468
Vehicles, Plant, Furniture and Equipment	43,219						43,219
Infrastructure Assets	1,190,078						1,190,078
Community Assets		575	0	2,105	0	87	2,767
Surplus Assets		0	0	0	1,769	35,323	37,092
Assets Under Construction	104,199						104,199
	1,337,496	10,240	148,781	268,383	200,361	160,562	2,125,823
Assets Held for Sale		0	0	0	466	557	1,023
Investment Properties		0	0	0	2,261	154,322	156,583
Total Held at Cost or Revaluation	1,337,496	10,240	148,781	268,383	203,088	315,441	2,283,429

Balance Sheet Supporting Notes

24. INVESTMENT PROPERTIES

The following items of income have been accounted for in the financing and investment income and expenditure line in the comprehensive income and expenditure statement:

2021-22		2022-23
£000		£000
-6,857	Rental income from investment property	-6,956
-6,857	Total	-6,956

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2021-22		2022-23
£000		£000
127,606	Balance Outstanding at Start of Year	130,162
0	Additions (purchases)	16,057
0	Disposals	0
212	Net Gains (+)/Losses (-) from Fair value adjustments	10,309
2,344	Transfers to/from PPE	56
130,162	Balance outstanding at year end	156,584

Balance Sheet Supporting Notes

The purchase shown in the table above was the result of a put option exercised by a seller in January 2023 under a contract agreed with the Council in January 2020, for property adjacent and connected to the 2020 acquisition. The Council linked this acquisition to use of capital receipts rather than additional borrowing.

25. HERITAGE ASSETS

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

	Archives	Art Collection	Total Assets
Valuation or Cost	£000	£000	£000
31-Mar-21	19,001	11	19,012
Additions during 2021-22	0	0	0
31-Mar-22	19,001	11	19,012
Additions during 2022-23	3	0	3
31-Mar-23	19,004	11	19,015

The Council's collections of archives and art are valued in the Balance Sheet at insurance valuation. The most recent valuation of archives was carried out by Bonhams on 13th March 2020. These valuations are repeated periodically. The Council has considered the collections during 2022-23 for possible impairments and does not believe it is economic to conduct revaluations on a more frequent basis.

Balance Sheet Supporting Notes

26. LONG-TERM DEBTORS

This section gives details of amounts expected to be realised after one year.

2021-22		2022-23
£000		£000
113,851	This Land Group	113,851
21,585	Long term finance lease receivable	21,584
9,536	Other	8,887
144,972		144,322

Balance Sheet Supporting Notes

27. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instrument are carried on the Balance Sheet.

	Long-term		Current	
	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23
	£000	£000	£000	£000
Investments:				
Financial assets through other comprehensive income	38,375	34,633	0	0
Financial assets at amortised cost	6,366	6,366	0	0
Total investments	44,741	40,999	0	0
Cash and cash equivalents:				
Cash and cash equivalents	0	0	93,701	91,546
Total cash and cash equivalents	0	0	93,701	91,546
Debtors:				
Financial assets at amortised cost	144,972	144,322	94,671	139,917
Total debtors	144,972	144,322	94,671	139,917
Borrowings:				
Financial liabilities at amortised cost	-627,990	-564,885	-150,000	-171,688
Total borrowings	-627,990	-564,885	-150,000	-171,688
Other liabilities:				
Other liabilities	-101,873	-101,709	-106,016	-150,122
Total other liabilities	-101,873	-101,709	-106,016	-150,122

Balance Sheet Supporting Notes

Income, Expense, Gains and Losses

	2022-23			Total £000
	Financial Liabilities at amortised cost £000	Financial Assets at amortised cost £000	Financial Assets: Through Other Comprehensive Income £000	
Interest expense	29,656	0	0	29,656
Total expense in (Surplus)/ Deficit on the Provision of Services	29,656	0	0	29,656
Interest income	0	-12,383	0	-12,383
Total income in (Surplus)/ Deficit on the Provision of Services	0	-12,383	0	-12,383
Net gains(-)/losses(+)	0	0	3,742	3,742
Total income and expenditure in Other Comprehensive Income and Expenditure	0	0	3,742	3,742
Net (gain) / loss for the year	29,656	-12,383	3,742	21,015

Fair Values

There are material changes to the Fair Value notes, some based on the category of their initial valuation:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Balance Sheet Supporting Notes

- Level 3 Inputs – unobservable inputs for the asset or liability.

There were no transfers between input levels during the financial year.

There has been no change in the valuation technique used during the year for the financial instruments.

Except for the financial assets carried at fair value, all other financial assets and financial liabilities are carried on the Balance Sheet at amortised cost. The fair value for financial assets and financial liabilities that are not measured at fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions to provide an estimate of the value of payments in the future in today's terms as at the Balance Sheet date:

- For loans from the Public Works Loan Board (PWLB) payable, new loan rates from the PWLB have been applied to provide the fair value.
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- For loans receivable, prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months, or is a trade or other receivable, the fair value is taken to be the carrying amount or the billed amount.

Balance Sheet Supporting Notes

Fair value hierarchy for financial liabilities

	31-Mar-22		31-Mar-23	
	Total Carrying amount	Fair value	Total Carrying amount	Fair value
	£000	£000	£000	£000
PWLB borrowing	-464,833	-482,475	-452,340	-370,169
Non-PWLB borrowing	-313,157	-339,180	-284,233	-203,409
Short term creditors/payables	-103,665	-103,665	-136,345	-146,345
Short term finance lease & PFI liability	-2,351	-2,351	-3,777	-3,777
Long term finance lease & PFI liability	-101,873	-101,873	-101,709	-101,709
Total financial liabilities	-989,879	-1,029,544	-988,404	-825,409

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional gain (based on economic conditions at 31 March 2023) arising from a commitment to pay interest to lenders below current market rates.

The fair value of PWLB loans of £370.2m measures the economic effects of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the reduction in interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates. However, if the Council were to realise the notional gain by repaying loans early to the PWLB, the PWLB would raise a penalty charge for early redemption.

Balance Sheet Supporting Notes

Fair value hierarchy for financial assets

	31-Mar-22		31-Mar-23	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Fixed term investments	0	0	0	0
Cash and cash equivalents	93,701	93,701	91,546	91,546
Debtors	94,671	94,671	139,917	139,917
Long-term debtors	144,972	144,972	144,322	144,322
Total financial assets	333,344	333,344	375,785	375,785
Long Term Equity Investments	38,375	38,375	34,633	34,633
Financial assets through other comprehensive income (FVOCI)	38,375	38,375	34,633	34,633

The fair value of the assets is the same as the carrying amount because the amortised cost of the Council's portfolio financial assets is a fair approximation of their value. The fair value of long-term debtors is also taken to be the carrying amount.

Balance Sheet Supporting Notes

28. FAIR VALUE HIERARCHY

Details of the Council's Surplus Assets, Assets Held for Sale and Investment Properties and information about the fair value hierarchy as at 31 March 2023 and 31 March 2022 are as follows:

	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31/03/2023
	Level 2	Level 3	
Fair value measurements for:	£000	£000	£000
Surplus Assets	30,677	6,216	36,893
Assets Held for Sale	0	1,023	1,023
Investment Assets: Commercial	153,961	0	153,961
Investment Assets: Residential	0	78	78
Investment Assets: Land	0	2,545	2,545
Total	184,638	9,862	194,500

	Other significant observable inputs	Significant unobservable inputs	Fair value as at 31/03/2022
	Level 2	Level 3	
Fair value measurements for:	£000	£000	£000
Surplus Assets	3	4,216	4,219
Assets Held for Sale	0	272	272
Investment Assets: Commercial	87,028	40,572	127,600
Investment Assets: Residential	0	73	73
Investment Assets: Land	0	2,489	2,489
Total	87,031	47,622	134,653

Balance Sheet Supporting Notes

Valuation Techniques

There has been no change in the valuation techniques used during the year for properties valued by fair value. The approaches are outlined below.

Significant Observable Inputs – Level 2

Offices, a depot workshop, student accommodation, leisure assets, industrial assets and retail assets have been based on the market approach using current market conditions and recent sale prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Observable Inputs – Level 3

An ancient monument, community centres, former Landfill sites, amenity/playing field land, farmland, workshops and educational assets have been based on a comparable approach. This is by estimated market rental values (as the majority of these assets are let at sub-market rents) or subsidised passing rents. We have had to draw on a number of our own assumptions and utilised third party resources in order to value these assets. These assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Typical valuation inputs which have been analysed in arriving at the Fair Valuations include;

- Market Rental and Sale Values
- Yields
- Void and Letting Periods
- Size
- Configuration, proportions and layout,
- Location, visibility and access
- Condition
- Lease covenants
- Obsolescence

Balance Sheet Supporting Notes

Highest and Best Use

In estimating the fair value of the Council's Surplus Assets, Assets Held for Sale and Investment Properties, the highest and best use is their alternative use for 26 assets (13 assets in 2021-22). In most cases, this alternative use is for amenity land, commercial or residential development – however, the Council cannot realise that alternative value until planning permission is granted (although this is not guaranteed) and / or the asset is sold. As such, in the meantime these assets are either not in use (and therefore their current existing use is their previous use) or they have been put to an alternative use in the meantime whilst they await disposal or future development.

Balance Sheet Supporting Notes

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

<i>Fair value movements for assets categorised within level 3:</i>	31-Mar-22	31-Mar-23
	£000	£000
Opening balance	6,766	47,622
Transfers into level 3	39,162	3
Transfers out of level 3	0	-40,574
Reclasses between PPE, AHFS and Investment Properties	5,278	9
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	-715	-175
Total gains [or losses] for the period included in Surplus or deficit on revaluation of long-term assets	-2,276	3,233
Additions	0	0
Disposals	-572	-227
Depreciation	-21	-29
Closing Balance	47,622	9,862

The loss arising from changes in the fair value of level 3 assets has been recognised in the Surplus or Deficit on the Provision of Services in the People Services, Finance and Resources and Financing and Investment expenditure lines.

Balance Sheet Supporting Notes

29. SHORT-TERM DEBTORS

31-Mar- 22 £000		31-Mar- 23 £000
31,276	Trade debtors	48,649
53,404	Central government bodies	71,386
4,594	NHS bodies	12,069
6,414	Collection fund debtors	7,281
7,070	Other	19,254
102,758	Total Short-Term Debtors	158,639

30. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents also include bank overdrafts where these arise as an integral part of the Council's cash management. The cash position is managed to ensure that a broadly neutral position is maintained on a daily basis (i.e., surplus cash balances are temporarily invested until next needed); overdrawn balances represent cash in transit at 31 March.

Balance Sheet Supporting Notes

The following table shows the balance of cash and cash equivalents at 31 March. The balance of Cash and Cash Equivalents is made up of the following elements:

31-Mar-22		31-Mar-23
£000		£000
38,056	Cash held by the Council	33,552
55,645	Cash equivalents	57,994
93,701	Total Cash and Cash Equivalents	91,546

31. SHORT-TERM CREDITORS

31-Mar-22		31-Mar-23
£000		£000
-49,890	Trade creditors	-71,028
-49,606	Central government bodies	-44,418
-5,771	NHS bodies	-6,246
-7,256	Collection fund creditors	-8,810
-6,081	Accumulated absences accrual	-6,161
-2,351	Finance lease liabilities	-3,777
-4,818	Other	-25,842
-127,733	Total Short-Term Creditors	-166,282

Balance Sheet Supporting Notes

32. OTHER LONG-TERM LIABILITIES

An analysis of other long-term liabilities is shown below:

31-Mar-22		31-Mar-23
£000		£000
-552,846	Pensions liabilities	-38,910
-77	Long term finance lease (non-PFI)	-77
-101,796	Long term finance lease (PFI)	-101,633
-654,719		-140,620

Balance Sheet Supporting Notes

33. GRANT INCOME

The following is a list of all grants and contributions received in excess of £4 million during 2022-23 where the grant / contribution has been recognised as income:

2021-22 £000		2022-23 £000
	Credited to taxation and non specific grant income	
38,631	Greater Cambridge City Deal Grant	39,962
15,200	S106, CIL and other capital contributions	28,944
0	A14 Cambridge to Huntingdon Improvement Scheme – De-trunking settlement	23,549
13,573	Local Transport Plan funding passported via Combined Authority	13,621
13,384	Adult Social Care Support Grant	18,885
2,709	High Needs Provision Grant	11,291
0	Department for Education Safety Valve Funding (Capital)	11,290
5,060	Business Rates Compensation Grant	10,738
8,329	Pothole Funding passported via Combined Authority	8,329
3,692	Cambridgeshire and Peterborough Combined Authority contributions	7,832
0	Services Grant	4,508
0	Business Rates Reconciliation Grant	4,150
43,101	Other grants	22,216
143,679	Credited to taxation and non specific grant income	205,315

Balance Sheet Supporting Notes

2021-22		2022-23
£000		£000
	Credited to services	
240,470	Dedicated schools grant (DSG)	247,534
27,608	Public Health grant	28,384
21,717	Learning Disability Partnership (NHS pooled budget contribution)	26,813
0	Homes for Ukraine (Tariff)	20,324
0	Dedicated schools grant (DSG) - Safety Valve	19,600
17,927	Better Care Fund (NHS pooled budget contribution)	18,942
14,725	Improved Better Care Fund (DLUHC Grant)	15,171
0	Basic Need Grant (REFCUS)	11,817
9,621	Pupil Premium	9,262
3,252	Household Support Fund	7,492
0	ICB Funding for Social Services	5,721
4,187	Unaccompanied asylum seekers grant	5,113
5,070	Better Care Fund Disabled Facilities Grant (REFCUS)	5,070
4,853	Building Schools for the Future PFI Credits	4,853
62,602	Other Contributions	41,476
33,793	Other Grants	39,725
445,825	Total Credited to services	507,297
589,504	Grant Total	712,612

Balance Sheet Supporting Notes

Capital grants and contributions received in advance

The Council has received a number of capital grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

2021-22		2022-23
£000		£000
	Current	
557	Grants	17
0	Section 106 contributions and Community Infrastructure levy	0
557		17
	Long Term	
50,954	Section 106 contributions	74,425
175	Other contributions	175
51,129		74,600
51,686	Total	74,617

Balance Sheet Supporting Notes

34. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The closing CFR at 31 March 2023 was £1,054.4m (£1,035.1m at 31 March 2022).

2021-22 £000		2022-23 £000
	Expenditure funded from capital:	
129,862	Property, Plant and Equipment	117,080
1,333	Intangible Assets	1,021
2,297	Revenue Expenditure Funded from Capital under Statute	8,222
-2,515	Long-term Capital Debtors	-222
	Sources of finance:	
166	Capital receipts	-16,179
-94,840	Government grants and other contributions	-82,309
-6,907	Direct revenue contributions	-5,444
	Sum set aside from revenue:	
-25,335	MRP/loans fund principal	-18,983
4,061	Increase in Capital Financing Requirement	19,243
	Explanation of movements in year:	
4,061	Increase in underlying need to borrowing (unsupported by government financial assistance)	19,243
4,061	Increase in Capital Financing Requirement	19,243

Balance Sheet Supporting Notes

35. LEASES

Council as Lessee:

Finance Leases

The Council has acquired land and buildings, including Child and Family Centres / Pre-schools, libraries and depots, under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts (excluding Waste PFI leases which are disclosed separately in the Waste PFI note (Note 36)):

31-Mar-22		31-Mar-23
£000		£000
31,935	Other land and buildings	35,916

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding.

The minimum lease payments (MLP) and finance lease liabilities (FLL) are made up of the following amounts and will be payable over the following years:

31-Mar-22			31-Mar-23	
MLP	FLL		MLP	FLL
£000	£000		£000	£000
7	2	Not later than 1 year	8	3
28	8	Later than 1 year and not later than 5 years	34	10
444	43	Later than 5 years	597	54
479	53	Total	639	67

Balance Sheet Supporting Notes

Council as Lessor:

(i) Finance Leases

The Council has leased out playing fields, residential properties, a landfill site, all Academy land and buildings and Castle Court (a lease from January 2016) under finance leases. For the non-Academy leases, the Council has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding.

In the case of Academies, no debtor is recognised due to the long-term nature of the lease (125 years) and no finance income is earned by the Council (as they are leased at peppercorn rent).

The minimum lease payments (MLP) and gross investment (GI) in leases are made up of the following amounts and will be received over the following years:

31-Mar-22			31-Mar-23		
MLP	GI		MLP	GI	
£000	£000		£000	£000	
1,489	930	Not later than 1 year	1,489	872	
5,954	3,177	Later than 1 year and not later than 5 years	5,954	2,980	
153,213	11,224	Later than 5 years	151,734	10,549	
160,656	15,331	Total	159,177	14,401	

Note: GI figures do not include any potential unguaranteed residual value and associated unearned finance income due to a lack of reliable information required to accurately calculate them.

(ii) Operating Leases

The Council leases out property under operating leases, primarily to schools and farms. The future minimum lease payments receivable under non-cancellable leases in future years are:

Balance Sheet Supporting Notes

31-Mar-22		31-Mar-23
£000		£000
4,853	Not later than 1 year	5,397
12,321	Later than 1 year and not later than 5 years	16,663
17,849	Later than 5 years	22,504
35,023	Total	44,564

36. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

Waste PFI

On 17 March 2008, the Council contracted with Thalia WB SPV Limited (formerly AmeyCespa WM (East) Limited and Donarbon Waste Management Limited) to provide waste treatment and household waste facilities for the County. At the time the contract was signed, the total estimated contract payments were £730m over the 28-year contract period (termination due in 2036). An element of this payment relates to financing the construction of a Mechanical Biological Treatment (MBT) plant, with a total cost of £42m. PFI credits of £2.7m per year are received in relation to this contract.

The Council has rights under the contract to use specified assets and expect service provision for the length of the contract period, with the potential to negotiate an extension at the end of the period. Although the contractor took on the obligation to construct the MBT plant, the Council has constructed additional Recycling Centre facilities which have been added to the overall contract via formal change control. The Council will take ownership of the MBT building at the end of the contract, although the land on which the MBT is built will remain under the ownership of the contractor. Therefore, the future of the asset beyond the 28 contract years is determined in part by extension of the land lease agreement.

There is no option within the contract for renewal given the operation of the PFI mechanism, as the payment term for the asset will be complete and the payment mechanism will no longer apply. However, extension on revised terms, rather than full renewal, is accommodated in the contract after the 28-year period, and multiple termination clauses exist within the contract for both parties for factors such as contractor default, Council default, contract breach and Force Majeure etc. Council or contractor-initiated change processes are defined in the

Balance Sheet Supporting Notes

project agreement and the principle of 'no better, no worse', can be applied to any and all aspects of the contract, at any level of cost or time, given the defined dispute resolution procedures and the support of appointed independent adjudicators.

For 2022-23, the following figures have been recognised in the Council's financial statements:

2021-22	Comprehensive Income and Expenditure Statement	2022-23
£000		£000
14,430	Fair value of services provided	14,797
5,748	Interest payable on the finance lease liability	5,694
381	Repayment of capital	-3,613
2,133	Contingent rents	500
3,737	Lifecycle replacement costs	9,692
920	Depreciation	911
-2,610	PFI credits	-2,570
0	Impairment reversal recognised in the surplus/ deficit on the provision of services	-22,845
0	OCI - Revaluation increase recognised in the Revaluation Reserve	-5,230

Balance Sheet Supporting Notes

31-Mar-22 £000		31-Mar-23 £000	Movement £000
Assets			
12,581	Land and buildings	39,757	27,176
11	Plant and equipment	0	-11
Liabilities			
0	Short term finance lease liability	-1,853	-1,853
-40,384	Long term finance lease liability	-42,144	-1,760
Reserves			
986	Revaluation Reserve	6,145	5,159
-28,778	Capital Adjustment Account (Depreciation and Debt Provision)	-10,385	18,393

Projected future payments over the remaining life of the Waste PFI contract are as follows:

	Cost of Services £000	Capital replacement £000	Liability repayment £000	Interest costs & contingent rents £000	Total £000
Within 1 year	15,173	1,063	1,853	9,640	27,729
Within 2 to 5 years	64,667	8,523	7,682	36,991	117,863
Within 6 to 10 years	90,624	12,859	15,456	45,444	164,383
Within 11 to 15 years	57,027	1,915	19,006	26,255	104,203
Total	227,491	24,360	43,997	118,330	414,178

Balance Sheet Supporting Notes

The liability outstanding to the contractor for capital expenditure incurred is as follows:

2021-22		2022-23
£000		£000
42,264	Balance outstanding at start of year	40,384
-381	Payments during the year	3,613
-1,499	Historic adjustment to the outstanding balance	0
40,384	Balance outstanding at end of year	43,997

Street Lighting PFI

The Street Lighting contract was signed with Balfour Beatty plc. on 19 April 2011, with a service start date of 1 July 2011. This contract was to replace all of the existing lighting equipment, which was beyond its design life, over the initial five years. The contract requires the service provider to maintain the whole of the County Council's lighting street stock for the full 25 years, with the service fee being funded from the Council's revenue allocations. Although the contract requires maintenance of the entire street lighting stock and replacement of existing equipment beyond its useful life, ownership of the street lighting asset is retained by the Council.

The contract contains a number of agreed performance standards. One of the standards sets targets regarding the expected number of light replacements over a set period. Should Balfour Beatty fail to achieve this target penalty, deductions are made from subsequent payments. There are no reward payments for exceeding the agreed standard.

The contract does not specify any dates of renegotiation; however, the pricing mechanism does include an inflationary adjustment in April of each year to reflect changes in Retail Price Index. Upon conclusion of the 25-year contract, the contract will terminate and there are no contractual clauses relating to the renewal of this agreement.

On the 14 April 2011, the Department for Transport confirmed that Cambridgeshire had been successful in its bid for Street Lighting PFI Credits and has awarded £100.3m over the 25 years of the contract.

Balance Sheet Supporting Notes

For 2022-23, the following figures have been recognised in the Council's financial statements:

2021-22	Comprehensive Income and Expenditure Statement	2022-23
£000		£000
2,441	Fair value of services provided	2,593
3,574	Interest payable on the finance lease liability	3,438
1,478	Repayment of capital	1,432
149	Contingent rents	109
2,245	Depreciation	2,245
-3,944	PFI credits	-3,944

31-Mar-22		31-Mar-23	Movement
£000		£000	£000
	Assets		
37,885	Infrastructure	35,640	-2,245
	Liabilities		
-1,432	Short term finance lease liability	-1,050	382
-35,696	Long term finance lease liability	-34,645	1,051
	Reserves		
757	Capital Adjustment Account (Depreciation and Debt Provision)	-55	-812

Balance Sheet Supporting Notes

Projected future payments over the remaining life of the Street Lighting PFI contract are as follows:

	Cost of Services	Capital replacement	Liability repayment	Interest costs & contingent rents	Total
	£000	£000	£000	£000	£000
Within 1 year	3,347	638	1,050	3,248	8,283
Within 2 to 5 years	11,631	2,741	7,315	12,416	34,103
Within 6 to 10 years	16,592	3,876	13,362	11,158	44,988
Within 11 to 15 years	11,108	1,058	13,969	4,661	30,796
Total	42,678	8,313	35,696	31,483	118,170

The liability outstanding to the contractor for capital expenditure incurred is as follows:

2021-22		2022-23
£000		£000
39,868	Balance outstanding at start of year	37,127
-1,478	Payments during the year	-1,432
-1,263	Historic adjustment to the outstanding balance	0
37,127	Balance outstanding at end of year	35,695

Building Schools for the Future (BSF)

On 18 May 2010, the Council entered a contract with Equitix Learning Community Partnerships to deliver school building and ICT projects. This programme includes a PFI element that comprises the following:

- Thomas Clarkson Academy – construction and ongoing Facilities Management services for the school, for which the total nominal unitary charge payments over the 25-year concession period from 4 January 2012 to 3 January 2037 will total £144.5m.

Balance Sheet Supporting Notes

This is largely funded by PFI credits totalling £121.1m from the Department for Education, with the difference funded by school contributions and the Council's capital programme.

As Thomas Clarkson Community College converted to academy status on the 1 June 2012 (and became Thomas Clarkson Academy; it was previously a foundation school), its assets are not recognised on the Council's Balance Sheet. However, the associated liabilities are recognised, as the contractor has met their contractual commitment and there is no recourse to the school for any future payments.

For 2022-23, the following figures have been recognised in the Council's financial statements:

2021-22 £000	Comprehensive Income and Expenditure Statement	2022-23 £000
907	Fair value of services provided	930
2,922	Interest payable on the finance lease liability	2,836
808	Repayment of capital	919
614	Contingent rents	656
262	Lifecycle replacement costs	237
-660	Contribution from school	-725
-4,853	PFI credits	-4,853

31-Mar-22 £000	Balance Sheet	31-Mar-23 £000	Movement £000
	Liabilities		
-919	Short term finance lease liability	-873	46
-25,804	Long term finance lease liability	-24,930	874
	Reserves		
-26,723	Capital Adjustment Account	-25,803	920

Balance Sheet Supporting Notes

Projected future payments over the remaining life of the BSF contract are as follows:

	Cost of Services	Capital replacement	Liability repayment	Interest costs & contingent rents	Total
	£000	£000	£000	£000	£000
Within 1 year	953	380	873	3,438	5,644
Within 2 to 5 years	4,056	1,007	5,138	13,079	23,280
Within 6 to 10 years	5,667	1,753	9,562	13,835	30,817
Within 11 to 15 years	5,066	1,922	10,231	7,372	24,591
Total	15,742	5,062	25,804	37,724	84,332

The liability outstanding to the contractor for capital expenditure incurred is as follows:

2021-22		2022-23
£000		£000
27,530	Balance outstanding at start of year	26,722
-808	Payments during the year	-919
26,722	Balance outstanding at end of year	25,803

Balance Sheet Supporting Notes

37. RETIREMENT BENEFITS

DEFINED BENEFIT PENSION SCHEMES

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Cambridgeshire County Council – this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Cambridgeshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e., large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note (see Appendix 1, page 162).

Balance Sheet Supporting Notes

Discretionary post-retirement benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions relating to post-employment benefits

The Council recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

As previously stated, the Local Government Pension Scheme (LGPS) is administered locally by Cambridgeshire County Council on behalf of all participating employers. It should be noted that the following figures only represent the Council's share as a participating employer. The figures for the entire LGPS administered by Cambridgeshire County Council are shown in the Pension Fund Accounts located on the Council's [website](#). As further explained in the Pension Fund Accounts, employer contributions to the scheme are based on two rates, which are reassessed every three years as part of the valuation undertaken by the Fund's actuary:

- Primary rate – employer contribution to fund the cost of new benefits accruing in the Fund.
- Secondary rate – employer contribution required to achieve 100% solvency over a maximum period of 20 years. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable (i.e., no fund deficit).

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Balance Sheet Supporting Notes

2021-22 £000	Local Government Pension Scheme	2022-23 £000
Comprehensive Income and Expenditure Statement:		
Cost of services - service cost comprising:		
80,165	Current service cost	78,426
23	Past service cost	26
-876	Gain (-) or loss (+) from settlements	-185
Financing and investment income and expenditure:		
14,442	Net interest expense	15,469
93,754	Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services	93,736
Other post-employment benefits charged to the comprehensive income and expenditure statement:		
Remeasurement of the net defined benefit liability comprising:		
-75,703	Return on plan assets (excluding the amount included in net interest)	69,883
-4,411	Actuarial gains (-) and losses (+) arising on changes in demographic assumptions	-9,936
-131,559	Actuarial gains (-) and losses (+) arising on changes in financial assumptions	-742,790
4,086	Other actuarial remeasurement experience	112,019
-113,833	Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement	-477,088
Movement in Reserves Statement:		
59,762	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	56,888
Actual Amount Charged Against the General Fund Balance for Pensions in the Year:		
-33,992	Employers' contributions payable to scheme	-36,848
44,827	Retirement Benefits payable to pensioners	47,392

Balance Sheet Supporting Notes

Pensions assets and liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

2021-22		2022-23
£000		£000
-1,902,633	Present value of the defined benefit obligation	-1,354,667
1,349,787	Fair value of plan assets	1,315,756
-552,846		-38,911

Reconciliation of the movements in the fair value of scheme (plan) assets

2021-22		2022-23
£000		£000
1,251,561	Opening Fair Value of Schemes	1,349,859
24,979	Interest income	36,408
	Remeasurement gains (+) or losses (-):	
75,703	Return on plan assets (excluding the amount included in the net interest expense)	-69,883
-803	Effect on settlements	-270
33,992	Contributions from employer	36,848
9,254	Contributions from employees into the scheme	10,259
-44,827	Benefits paid	-47,392
1,349,859		1,315,829

Balance Sheet Supporting Notes

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

2021-22		2022-23
£000		£000
1,952,232	Opening Defined Benefit Obligation	1,902,633
80,165	Current service cost	78,426
39,421	Interest cost	51,877
9,254	Contribution by scheme participants	10,259
	Remeasurement gains (-) or losses (+):	
-4,411	Arising from changes in demographic assumptions	-9,936
-131,559	Arising from changes in financial assumptions	-742,790
4,014	Other	112,019
23	Past service costs (including curtailments)	26
-44,827	Benefits paid	-47,392
-1,679	Liabilities extinguished on settlements	-455
1,902,633		1,354,667

Balance Sheet Supporting Notes

Local Government Pension Scheme assets comprise:

2021-22		2022-23
£000		£000
13,051	Cash and Cash Equivalents	31,786
144,059	Private equity	163,278
66,242	Debt securities (bonds) - Government	44,534
	Equity instruments (by industry type):	
0	Consumer	0
0	Manufacturing	0
0	Energy and utilities	0
0	Financial institutions	0
0	Health and care	0
0	Information technology	0
0		0
	Investment funds and unit trusts:	
778,197	Equities	726,968
143,467	Bonds	142,046
107,247	Infrastructure	115,674
0	Other	0
1,028,911		984,688
	Derivatives:	
0	Inflation	0
0	Interest rate	0
0	Foreign exchange	0
2,731	Other	5,524
2,731		5,524
	Property:	
94,788	UK	85,944
3	Overseas	2
94,791		85,946
1,349,785		1,315,756

Balance Sheet Supporting Notes

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis as an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Hymans Robertson LLP, an independent firm of actuaries, with estimates being based on the latest full valuation of the scheme at 31 March 2022.

The significant assumptions, including the discount rate used by the actuary, have been:

2021-22		2022-23
Years	Mortality assumptions:	Years
	Longevity at 65 for current pensioners:	
22.0	Men	22.0
24.6	Women	24.5
	Longevity at 65 for future pensioner:	
22.8	Men	22.7
26.1	Women	26.0
%	Other assumptions:	%
3.7	Rate of inflation	3.2
3.7	Rate of increase in salaries	3.5
3.2	Rate of increase in pensions	3.0
2.7	Rate for discounting scheme liabilities	4.8

It should be noted that the rate of increase in salaries is the actuarial assumption of the rate of increase over a long-term period, and not the actual value of annual pay increases received by staff.

Balance Sheet Supporting Notes

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting year and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. Longevity assumptions are made in respect of increases or decreases in life expectancy. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous year.

	Impact on the Defined Benefit Obligation in the Scheme £000
0.1% decrease in inflation/discount rate	24,607
0.1% increase in salary rate	1,792
0.1% increase in pension increase rate	23,197
1 year increase in member life expectancy	54,187

A one year increase in life expectancy would increase the employers' defined benefit obligation by an estimated 3% - 5%

The Council is anticipated to pay £31.9m employer contributions to the scheme in 2023-24.

The Court of Appeal decision on the 28 June 2019 in the Sargeant / McCloud cases (generally referred to for the LGPS as "McCloud") ruled that the transitional protection afforded to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination. The liabilities disclosed above include an allowance for the McCloud ruling, i.e., an estimate of the potential increase in past service benefits arising from this case affecting public service pension schemes. The calculation of this allowance was provided by the Council's actuary.

Balance Sheet Supporting Notes

PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers' pension schemes costs

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has in excess of 3,000 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2022-23, the Council paid £15.9m to Teachers' Pensions in respect of teachers' retirement benefits (2021-22 £15.2m). There were £1.8m contributions remaining payable at the year-end. Contributions in 2023-24 are expected to be at a similar level.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis. The Council is not liable to the scheme for any other entities obligations under the plan.

2021-22	Teachers' Pension Scheme	2022-23
£000		£000
15,195	Employer's contributions	15,936
5,825	Employee contributions	6,092
21,020		22,028

Balance Sheet Supporting Notes

38. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key risks

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Refinancing risk – the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

Overall Procedures for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

Balance Sheet Supporting Notes

- Credit watches and credit outlooks from credit rating agencies.
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings.
- Sovereign rating to select counterparties from only the most creditworthy countries.

Customers for the Council's goods and services are assessed for their ability to pay in accordance with parameters set by the Council. The Council does not allow credit for its trade receivables beyond the standard 30-day period and makes prudent financial provision for bad debts based on an assessment of each type of debt and the age of those debts.

The Council's maximum exposure to credit risk in relation to its investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk to recovery applies to all of the Council's deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council's credit risk exposure to its customers and entities that it loans funds to (such as This Land Limited) is monitored and regularly reviewed to ensure that money owed to the Council is paid as it falls due. The value of these amounts is impaired if it is felt that that this debt would not be recoverable.

During the reporting year the Council held no collateral as security, other than for loans to This Land Group.

Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the Public Works Loan Board (PWLb) and money markets for access to longer-term funds. The Council is also required to provide a balanced budget through the Local

Balance Sheet Supporting Notes

Government Finance Act 1992, which ensures sufficient monies are raised to cover anticipated annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investment placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt.
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity analysis of liabilities is as follows (note this reflects loan principal, not accrued interest), with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):

31-Mar-22	Debt maturity (lower/upper limits as % of debt)	Approved limit	31-Mar-23	
£000		%	%	£000
150,000	Less than 1 year	0 – 80	23%	171,394
107,969	1-2 years	0 – 50	11%	80,100
63,626	2-5 years	0 – 50	7%	53,410
76,985	5-10 years	0 – 50	15%	111,470
379,410	10 years and above	0 – 100	44%	320,199
777,990	Total		100%	736,573

Balance Sheet Supporting Notes

The maturity analysis above is based on the earliest date the loans can be repaid. For Lender Option Borrower Option (LOBO) loans this is considered to be the next options date (balance at 31 March 2023 £15.5m).

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns; similarly, the drawing of longer-term fixed rates borrowing would be postponed.

Other Supporting Notes

39. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. This includes the Government, Council Members, Chief Officers, and both public and non-public bodies.

Central Government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g., council tax bills). Grants received from government departments are set out in the subjective analysis in Note 9 analysing income and expenditure.

Member and Senior Officer Declarations

All Members and Senior Officers of the Council have been requested to detail any related party transactions in as far as they affect them.

Two members (one of whom resigned from their member role in March 2023) were trustees of Viva! Arts & Community Group (Viva), during these accounting years. Viva received a loan of £300k from the Council during 2019-20 towards a major building renovation project, with the balance to be repaid at 31 March 2023 being £3k. The charity has received over £1m of funding for the project from a number of sources, including The National Lottery Heritage Fund, East Cambridgeshire District Council and Arts Council England.

A copy of the up-to-date statutory Register of Members Interests can be inspected at New Shire Hall. A non-statutory copy has been placed on the Council's website.

Entities controlled or significantly influenced by the Council

Under partnership working arrangements, the Council has interests in the following bodies at 31 March 2023:

Other Supporting Notes

Lead Authority arrangements with North Northamptonshire Council, West Northamptonshire Council and Milton Keynes Council

Service	Lead Authority
Insurance and Finance Operations (covering Accounts Payable for all partners, and Accounts Receivable and Debt for all except Milton Keynes Council)	Cambridgeshire County Council
Payroll and HR Transactions, Pensions and Business Systems	West Northamptonshire Council

Shared service transactions under the Lead Authority model are included within Finance and Resources in the Comprehensive Income and Expenditure Statement.

Pathfinder Legal Services Ltd

Pathfinder Legal Services Ltd (previously LGSS Law Ltd until September 2021) operates as a limited company and Alternative Business Structure (regulated by the Solicitors Regulation Authority). Ownership was originally split equally between Cambridgeshire County Council, Northamptonshire County Council (NCC) and Central Bedfordshire Council, with each council owning 475,000 £1 shares each. In 2021-22, the NCC holding was divided equally between West Northamptonshire Council and North Northamptonshire Council, NCC's successor councils.

Throughout 2022-23 the Service Director for Finance & Procurement (who was designated as Section 151 Officer until 12/3/23) served as non-executive director of Pathfinder Legal Services Ltd on the nomination of Cambridgeshire County Council.

During 2022-23 the Council made payments of £4.3m to Pathfinder Legal Services Ltd as payment for legal services received in the year (2021-22 £3.4m). At 31 March 2023 there was a debtor balance of £328k (2021-22 £246k) and a creditor balance of £209k (2021-22 £120k) with Pathfinder Legal Services Ltd.

Annual Statement of Accounts for Pathfinder Legal Services Ltd are published separately and lodged at Companies House.

Other Supporting Notes

Pensions

Administrative and other recharges made by the Council to the Pension Fund totalled £2.5m (2021-22 £2.5m).

The Council is also the single largest employer of members of the Pension Fund and contributed £31.7m to the Fund in 2022-23 (2021-22: £29.1m). At 31 March 2023 there was £7.1m (31 March 2022: £7.2m) due to the Fund by the Council.

Cambridge and Counties Bank

Cambridge and Counties Bank (CCB) specialises in providing lending and deposit products to UK-based SMEs. Its key products include business deposits, loans secured on property, secured pension lending and asset finance. The bank has a unique structure being jointly owned by the Cambridgeshire Local Government Pension Fund and Trinity Hall (a constituent college of the University of Cambridge), each owning a 50% share. The current market value of the Pension Fund's investment at 31 March 2023 is £69.7m (£85.0m at the 31 March 2022).

This Land Group

The 'This Land Group' is wholly owned by the County Council (as the ultimate controlling entity) and comprises a number of subsidiary entities in addition to This Land Limited (the subsidiaries are This Land Development Limited, This Land Investment Limited, This Land Asset Management Limited and This Land Finance Limited).

During 2022-23 one elected member of the Council and the Executive Director of Place & Sustainability served as non-executive directors of This Land Limited on the nomination of Cambridgeshire County Council.

At 31 March 2023 there was a debtor balance of £113.9m (£113.9m at 31 March 2022) with the This Land Group, being loans by CCC to the This Land Group. As the Council has control of the entity and there are material transactions with the company, the This Land Group is consolidated in the Group Accounts.

Opus People Solutions (East)

Opus People Solutions (East) (formerly Opus LGSS People Solutions) is a joint venture between Opus People Solutions (a wholly owned subsidiary of Suffolk County Council), Cambridgeshire County Council, Milton Keynes Council, and West Northamptonshire & North Northamptonshire Councils (as successors to Northamptonshire County Council). The company was set up in July 2016 to meet the temporary and interim recruitment needs of Cambridgeshire County Council and Northamptonshire County Council, and later expanded to cover Milton Keynes Council as well. The Council has a 9.6% shareholding in the company and received a dividend of £70k during 2022-23 (£70k in 2021-22).

Other Supporting Notes

On the nomination of Cambridgeshire County Council, the Executive Director of Strategy & Partnerships served as a non-executive director of Opus People Solutions (East) until February 2023, when they were succeeded by the Assistant Director of Human Resources.

During 2022-23, the Council made payments of £11.3m (£11.7m in 2021-22) to Opus People Solutions (East) for agency staff fees and there was an outstanding balance of £396k at 31 March 2023 (£0k at 31 March 2022).

Light Blue Fibre Ltd

Light Blue Fibre is a joint venture with the University of Cambridge, set up in Summer 2019 to enhance local digital infrastructure and explore opportunities to secure a commercial return from the digital infrastructure assets held by the Council. The Council has a 50% shareholding in the company.

During 2022-23, the Service Director for Finance & Procurement (who was designated as Section 151 Officer until 12/3/23), the Programme Director for Connecting Cambridgeshire and the Assistant Director for Planning, Growth & Environment served as non-executive directors of Light Blue Fibre Ltd on the nomination of Cambridgeshire County Council.

Swaffham Prior Community Heat Network Ltd

The Council incorporated Swaffham Prior Community Heat Network Limited on 19 March 2021 as part of a project to provide a more sustainable heating source of Swaffham Prior in East Cambridgeshire, a village currently dependent on oil. Further details are available on the heat network's website.

During 2022-23, the Head of Finance and the Service Director for Highways and Transport served as directors of the company. At 31 March 2023 there was no debtor balance (£321k at the 31 March 2022) with Swaffham Prior Community Heat Network Ltd.

Other Supporting Notes

40. CONTINGENT LIABILITIES

The Council is involved in a number of legal claims and actions. Only some of these claims and actions are expected to lead to any liabilities or losses being incurred by the Council.

The likely liability and loss to the Council arising from legal claims and actions is determined on an actuarial basis, based on prior years' experience and details of known claims and actions. Appropriate amounts are set aside within the Insurance Reserve to cover the assessed likely cost of such matters over the year in which they are likely to be settled. Provision is made in the Balance Sheet for those claims and actions where the Council can reasonably foresee that liabilities or losses will be incurred.

The assessment of the likely liability and loss to the Council necessarily involves assumptions as to the likely outcome of claims and actions and the nature and extent of events which may have occurred at the Balance Sheet date, but of which the Council is not yet aware. Accordingly, the actual liabilities arising from events that have occurred prior to the Balance Sheet date could exceed or be less than the amount that has been set aside to cover such matters.

Guided Busway

The Health and Safety Executive has indicated that they plan to start legal proceedings against the County Council following their investigation into three deaths on a section of the busway in Cambridge.

There is insufficient information at this stage to quantify any financial impact of this.

41. HERITAGE ASSETS: Further Information on the Council's Collections

Cambridgeshire Archives

The archives collections held by Cambridgeshire Archives include original historical documents relating to the area covered by the modern county of Cambridgeshire. The purpose of preserving these records is so that members of the public may consult them, which is allowed within supervised reading rooms.

Other Supporting Notes

A catalogue of the collection is available publicly through the internet and contains details of at least 480,000 items. There are many thousands of other historical documents which are still to be catalogued.

Governance

The authority to hold Public Records comes from The National Archives, which regularly inspects the Archives service to ensure that working practices and policies are maintained. The archives service was awarded Accredited Archive status by The National Archives in July 2021.

Major stakeholders, including the owners of some large collections, are represented on the County Advisory Group for Archives and Local Studies (CAGALS). This Group meets three times a year to oversee the management and direction of the archives service and to give its advice where necessary.

Storage and preservation

The archival collections are held in secure, environmentally controlled and monitored strong rooms at Ely and Huntingdon that both meet standard PD5454. The archives which used to be held in the basement of Shire Hall are now held at the new Cambridgeshire Archives building in Ely which opened in 2019. Huntingdonshire Archives is based at Huntingdon Library, opened in 2009.

Cambridgeshire Archives has a conservation studio in which damaged, or very fragile documents are repaired. The service also operates a digitisation and photography unit which takes high quality digital images of selected historical documents. The creation of these images reduces the need for the originals to be consulted, thereby assisting in their preservation.

Status of acquisitions

Cambridgeshire Archives holds an estimated 900 cubic metres of archives at Ely and 190 cubic metres at Huntingdon.

The majority of acquisitions are made by long-term or permanent deposit; the service does not own them, but there is an expectation that the owners will not request the documents' return. A minority of acquisitions are made by purchase or donation or by transfer from the Cambridgeshire County Council department which has created them. All assets are deemed to be kept permanently, irrespective of their status as deposit, transfer, donation, or purchase.

No market valuations are made at time of accession, as the Council does not consider that reliable valuation information can be obtained given the lack of any comparable market values. The vast majority of other historical documents of comparable scope and importance are already

Other Supporting Notes

held by other county record offices and therefore do not appear on the market. The only recent acquisitions for which the service has definite valuations are those which have been acquired through purchase, or occasionally through donation where a third party has paid for the cost of purchase.

The Archives were valued by Bonhams, the international auction house and valuers, in 2020, the first such comprehensive valuation carried out since 2008. The documents that are held at the new archives centre in Ely were collectively valued at £14.7 million (2008 valuation: £14.5 million), while the ones held in the archives store at Huntingdon were valued at £4.3 million (2008 valuation: £4.1 million).

Local Studies

The Council also holds reference and loan Local Studies collections in Libraries. Whereas the archives service preserves original documents, the Local Studies team preserves printed and published material (some of which can still be very old). About 290 cubic metres of local studies reference materials are held at the Cambridgeshire Collection in Cambridge Central Library.

Archaeology and Monuments

The archaeology collection principally consists of around 14,500 boxes of material excavated in the county since 1992, with partial coverage from before that date. These archives are transferred to the Council's ownership at time of deposition. The contents of these archives date from all periods of human activity from the late lower Palaeolithic to present day. There are also about 29,000 small finds stored separately.

Notable highlights of the collection include assemblages from the earliest origins of the county's cities and towns, including Cambridge, Ely and Huntingdon. We also store over 2,000 human skeletons (all older than 100 years) from several important cemetery excavations, along with associated grave goods in many instances.

As set out in the summary of significant accounting policies, the Council does not consider that reliable cost or valuation information can be obtained for these items held in its archaeological collection. This is because of the diverse nature of the assets held and lack of comparable market values. The value of these assets lies in their research and outreach use.

The majority of the archaeology collection has been relocated to an underground storage facility in Cheshire, as it is considered a more suitable and effective storage environment. Access is permitted to scholars and others for research purposes on request. Conservation, retention, preservation and use strategies of the archaeology collections are the responsibility of the Council's Historic Environment Team.

Other Supporting Notes

This team also arranges safe storage of the collection, and maintains the publicly accessible Cambridgeshire Historic Environment Record, which records 28,000 monuments, 7,000 events and finds within the County.

The cost of preservation of archaeological assets held in store is around £25,000 per annum.

The Council has identified certain significant scheduled monuments or listed buildings which are preserved to support future knowledge and culture. Where the primary use of the wider site is for farming no reclassification to heritage asset status has been made. This is the case in 5 instances: Devil's Ditch, Stonea Camp, Worts Meadow, Giant's Hill, and Car Dyke.

Similarly, the Council has considered Cambridge Castle and Civil War Defences, which have historical value but are primarily held as a component of otherwise operational sites.

The Council considers that Gransden Mill and Booth's Hill/Ramsey Ice House meet the definition of a community asset, although they also contribute to the preservation of culture. However, Gransden Mill is currently actually held as a surplus asset as the Council is looking to transfer it to a local community group; similar discussions have commenced around Booth's Hill/Ramsey Ice House.

Art Collection

The legacy art collection consists of 36 paintings, prints, drawings, and photographs which remain from the original large collection. The primary use of the collection is through display at the arts and cultural education centre run by Cambridgeshire Music in Histon and Impington and this opened to public viewing in 2023. Requests for private viewing in the meantime can be made direct to Cambridgeshire Music. The average insurance valuation per work is £300. Administration of the collection is undertaken by staff within Cambridgeshire Music on behalf of Cambridgeshire Culture, an internal Board within the Council.

Other Supporting Notes

Civic regalia

There are chains of office attached to the positions of Chair and Vice Chair of the Council, and their respective consorts, which are worn in the conduct of official duties. There are also a number of other sundry items which decorate the ceremonial areas of New Shire Hall. The financial value of these sundry items is not known.

Group Accounts and Supporting Notes

GROUP ACCOUNTS

FOREWORD

Cambridgeshire County Council established a wholly owned housing company in order to derive a financial return, which was incorporated on 17 June 2016. The underlying objective of creating a commercial vehicle of this nature is to provide new revenue sources to support the delivery of front-line services to Cambridgeshire residents. From 14 February 2018, the company was renamed 'This Land'.

'This Land Group' now comprises a number of subsidiary entities in addition to the parent (the subsidiaries are This Land Development Limited, This Land Investment Limited, This Land Asset Management Limited and This Land Finance Limited). Cambridgeshire County Council is the sole and ultimate owner of all parts of the This Land Group.

In order to provide a full picture of the Council's economic activities and financial position, the accounting statements of the Council and This Land Limited have been consolidated.

The Group Accounts are presented in addition to the Council's 'single entity' financial statements and comprise:

- Group Comprehensive Income and Expenditure Statement
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement

These statements are set out on the following pages, together with accompanying disclosure notes. Disclosure notes have only been included in the group accounts section where they are materially different from those of the Council's single entity accounts.

Group Accounts and Supporting Notes

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RESTATED*				2022-23		
2021-22						
Gross Expenditure	Gross Income	Net Expenditure/Income (-)		Gross Expenditure	Gross Income	Net Expenditure/Income (-)
£000	£000	£000		£000	£000	£000
137,032	-39,901	97,131	Place and Sustainability	109,484	-34,174	75,310
759,236	-438,597	320,639	Peoples	813,329	-482,658	330,671
47,464	-42,496	4,968	Public Health	40,094	-37,690	2,404
94,918	-49,839	45,079	Finance and Resources	82,067	-42,490	39,577
30,104	-14,763	15,341	Strategy and Partnerships	46,105	-34,855	11,250
1,068,754	-585,596	483,158	Cost Of Services	1,091,079	-631,867	459,212
417	-4,289	-3,872	Other operating expenditure	9,235	-17	9,218
47,012	-10,870	36,142	Financing and investment income/ expenditure	45,125	-22,516	22,609
0	-537,037	-537,037	Taxation and Non-Specific Grant Income	0	-624,091	-624,091
		-21,609	Surplus (-) or Deficit on Provision of Services			-133,052
		-36,591	Surplus on revaluation of Property, Plant and Equipment			-77,348
		17,918	Impairment and revaluation losses charged to the Revaluation Reserve			17,395
		-2,088	Surplus (-) or deficit (+) on financial assets measured at fair value through other comprehensive income			3,742
		-207,587	Re-measurement of net pension benefit/ liability			-570,824
		-228,348	Other Comprehensive Income and Expenditure			-627,035
		-249,957	Total Comprehensive Income (-) and Expenditure			-760,087

* 2021-22 comparators restated due to restructure, with figures for Strategy & Partnerships split out from other service lines and Corporate Services becoming Finance and Resources

The purpose of this statement is explained in the Narrative Report of the Council's single entity accounts.

Group Accounts and Supporting Notes

GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund *	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves Total	Unusable Reserves Total	Reserves Total
	£000	£000	£000	£000	£000	£000
Adjusted Balance at 1-Apr-21	138,762	10,861	36,332	185,955	142,270	328,225
<i>Movement in 2021-22</i>						
Total comprehensive income and expenditure	21,609	0	0	21,609	228,348	249,957
Adjustments between accounting and funding basis under regulations	9,811	2,996	-3,936	8,872	-8,872	-0
Increase (+) or decrease (-) in 2021-22	31,420	2,996	-3,936	30,481	219,476	249,957
Balance at 31-Mar-22	170,182	13,857	32,396	216,436	361,746	578,182
<i>Movement in 2022-23</i>						
Total comprehensive income and expenditure	133,052	0	0	133,052	627,035	760,087
Adjustments between accounting and funding basis under regulations	-126,144	-13,301	77,882	-61,563	61,563	0
Increase (+) or decrease (-) in 2022-23	6,908	-13,301	77,882	71,489	688,598	760,087
Balance at 31-Mar-23	177,090	556	110,278	287,925	1,050,344	1,338,269

The purpose of this statement is explained in the Narrative Report of the Council's single entity accounts.

Group Accounts and Supporting Notes

GROUP BALANCE SHEET

31-Mar-22		31-Mar-23
£000		£000
1,682,632	Property, Plant and Equipment	1,849,317
19,012	Heritage Assets	19,015
130,162	Investment Property	156,584
11,447	Intangible Assets	9,804
38,890	Long Term Investments	35,148
31,147	Long Term Debtors	30,497
1,913,290	Long Term Assets	2,100,365
272	Assets Held for Sale	1,023
67,961	Inventories/WIP	68,839
103,427	Short Term Debtors	161,185
120,793	Cash and Cash Equivalents	106,580
292,453	Current Assets	337,627
-150,000	Short Term Borrowing	-171,688
-133,520	Short Term Creditors	-168,812
-2,109	Provisions	-2,234
-557	Capital Grants and Contributions Receipts in Advance	-17
-286,186	Current Liabilities	-342,751
-7,537	Provisions	-7,280
-627,990	Long Term Borrowing	-564,885
-654,719	Other Long Term Liabilities	-140,620
-51,129	Capital Grants and Contributions Receipts in Advance	-44,187
-1,341,375	Long Term Liabilities	-756,972
578,182	Net Assets	1,338,269
216,435	Usable Reserves	287,925
361,747	Unusable Reserves	1,050,344
578,182	Total Reserves	1,338,269

CERTIFICATE OF ACCOUNTS

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2023 and its income and expenditure for the year 2022-23 and authorise the accounts for issue.



Michael Hudson

Executive Director of Finance & Resources (Section 151 Officer)

Date: 20/07/2023

The purpose of this statement is explained in the Narrative Report of the Council's single entity accounts.

Group Accounts and Supporting Notes

GROUP CASH FLOW STATEMENT

2021-22 £000		2022-23 £000
-17,130	Net surplus (-) or deficit (+) on the provision of services	-133,052
-38,584	Depreciation	-36,935
-13,274	Impairment and downward valuations	40,167
-2,500	Amortisation	-2,664
-28,198	Increase (-)/ decrease in creditors	-11,272
15,398	Increase/ decrease (-) in debtors	60,920
-6,100	Increase/ decrease (-) in inventories	6,182
-59,762	Movement in pension liability (difference between employer's contributions paid and IAS19 adjustments)	-56,888
-18,085	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	-12,772
-4,512	Other non-cash items charged to the deficit on the provision of services	9,931
-155,617	Adjustments to the net deficit on the provision of services for non-cash movements	-3,331
3,236	Proceeds from short-term and long-term investments	0
19,918	Proceeds from the sale of property, plant and equipment	3,968
117,906	Grants for financing capital expenditure	148,264
-14,059	Any other items for which the cash effects are investing or financing activities	-2,916
127,001	Adjustments for items included in the deficit on the provision of services that are investing and financing activities	149,316
-45,746	Net cash flows from Operating Activities	12,933
119,907	Purchase of property, plant and equipment	112,585
8,350	Purchase of short-term and long-term investments	0
160	Other payments for investing activities	76
-3,236	Proceeds from short-term and long-term investments	0
-19,918	Proceeds from the sale of property, plant and equipment	-3,968
-117,906	Capital Grants Received	-148,264
-11,074	Other receipts from investing activities	-21,367
-23,717	Investing Activities	-60,938
-238,000	Cash receipts of short and long-term borrowing	-114,000
2,667	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (Principal)	-1,262
271,365	Repayments of short and long-term borrowing	155,493
23,569	Other payments for financing activities	21,987
59,601	Financing Activities	62,218
-9,862	Net increase (-) or decrease (+) in cash and cash equivalents	14,213
110,931	Cash and cash equivalents at the beginning of the reporting year	120,793
120,793	Cash and cash equivalents at the end of the reporting year	106,580

The purpose of this statement is explained in the Narrative Report of the Council's single entity accounts.

Group Accounts and Supporting Notes

NOTES TO THE GROUP ACCOUNTS

1. GROUP BOUNDARY

This Land Limited was incorporated on 17 June 2016 (as Cambridgeshire Housing and Investment Company Limited).

Cambridgeshire County Council owns 100% of the share capital of This Land Limited, the parent of a group of 100% owned subsidiary companies. This Land Limited is a subsidiary for accounting purposes and has been consolidated into the Council's group accounts.

None of the other Trading Companies in which the Council has an interest are considered material enough to merit consolidation into the Council's Group Accounts. Details of these can be seen within the Related Parties Note in the Council's single entity accounts (Note 39).

2. BASIS OF CONSOLIDATION

The financial statements of This Land Limited have been consolidated with those of the Council on a line-by-line basis, which has eliminated balances, transactions, income and expenses between the Council and the subsidiary. The following documents have been used in the consolidation for the period 1 April 2022 to 31 March 2023:

- This Land Limited consolidated draft Financial Statements for the period ended 31 March 2023.

3. BUSINESS ACTIVITIES OF THE SUBSIDIARIES

This Land Limited (and its subsidiaries) has been established as a housing company that will commercially deliver residential housing on sites previously used for other purposes.

Group Accounts and Supporting Notes

4. ACCOUNTING POLICIES

In preparing the Group Accounts the Council has aligned the accounting policies of the subsidiaries with those of the Council. The accounting policies of This Land Limited are the same as those of Cambridgeshire County Council (refer to Appendix 1), with the following addition for This Land Limited:

- **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or subsequently enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that the Directors consider it is more likely than not that there will be suitable taxable profits against which the underlying timing differences can be deducted.

Group Accounts and Supporting Notes

5. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Group's expenditure and income is analysed as follows:

2021-22		2022-23
£000		£000
	Expenditure	
354,627	Employee Benefits Expenses	372,321
659,763	Other Services Expenses	719,309
0	Support Service Recharges	0
54,358	Depreciation, amortisation, impairment	-568
47,012	Interest Payments	45,125
423	Precepts and Levies	432
0	Loss on the disposal of assets	8,803
1,116,183	Total Expenditure	1,145,422
	Income	
-139,771	Fees, charges and other service income	-124,571
-4,289	Gain on the disposal of assets	0
-10,870	Interest and Investment Income	-22,515
-393,358	Income from Council Tax and Non-domestic rates	-418,776
-589,504	Government Grants and Contributions	-712,612
-1,137,792	Total Income	-1,278,474
-21,609	Surplus (-) or Deficit (+) on the Provision of Services	-133,052

Group Accounts and Supporting Notes

6. LONG-TERM DEBTORS

This section gives details of amounts expected to be realised after one year.

2021- 22 £000		2022- 23 £000
21,585	Long term finance lease receivable	21,584
9,562	Other	8,913
31,147	Total	30,497

Group Accounts and Supporting Notes

7. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial Instrument are carried on the combined Balance Sheets of the group. The main changes from the single entity accounts relate to the Cash & Cash Equivalents and current and long-term debtors as these transactions have been eliminated as part of the production of the accounts.

	Long-term		Current	
	31-Mar-22	31-Mar-23	31-Mar-22	31-Mar-23
	£000	£000	£000	£000
Investments:				
Financial assets through other comprehensive income	38,375	34,633	0	0
Financial assets at amortised cost	515	12,217	0	0
Total investments	38,890	46,850	0	0
Cash and cash equivalents:				
Cash and cash equivalents	0	0	120,793	106,580
Total cash and cash equivalents	0	0	120,793	106,580
Debtors:				
Financial assets at amortised cost	31,147	30,497	95,340	142,463
Total debtors	31,147	30,497	95,340	142,463
Borrowings:				
Financial liabilities at amortised cost	-627,990	-564,885	-150,000	-171,688
Total borrowings	-627,990	-564,885	-150,000	-171,688
Other liabilities:				
Other liabilities	-101,873	-101,709	-113,762	-152,653
Total other liabilities	-101,873	-101,709	-113,762	-152,653

Group Accounts and Supporting Notes

8. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents also include bank overdrafts where these arise as an integral part of the Council's cash management. The cash position is managed to ensure that a broadly neutral position is maintained on a daily basis (i.e., surplus cash balances are temporarily invested until next needed); overdrawn balances represent cash in transit at 31 March. The Council's cash management arrangements do not extend to bank balances held by schools in their own bank accounts.

The following table shows the balance of cash and cash equivalents at 31 March. The balance of Cash and Cash Equivalents is made up of the following elements:

31-Mar-22		31-Mar-23
£000		£000
65,148	Cash	48,586
55,645	Cash equivalents	57,994
120,793	Total Cash and Cash Equivalents	106,580

Group Accounts and Supporting Notes

9. INVENTORY

2021-22		2022-23
£000		£000
74,061	Balance Outstanding at Start of Year	67,962
17,050	Additions	21,276
-23,149	Recognised as an expense in year	-20,400
67,962		68,838

10. EXTERNAL AUDIT COSTS

2021-22		2022-23
£000		£000
222	Fees payable with regard to external audit services carried out by the appointed auditor	247
0	Fees payable in respect of other services provided by the appointed auditor	0
141	Additional fees payable with regard to external audit services carried out by the appointed auditor in the prior year	0
363		247

Appendix 1 – Accounting Policies

APPENDIX 1 - ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2022-23 financial year and its position at the year-end of 31 March 2023. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the [Code of Practice on Local Authority Accounting in the United Kingdom 2021-22](#), supported by [International Financial Reporting Standards \(IFRS\)](#). The accounts are prepared on a historical cost basis, i.e., expenditure is included on the basis of the price actually paid rather than any additional allowance being made for changes in the purchasing power of money, modified by the revaluation of certain categories of property, plant and equipment. The accounting policies have been consistently applied where appropriate.

BASIS OF ACCOUNTING

The following accounting concepts have been applied in preparing the accounts:

- **Relevance:** the information in the accounts is useful in assessing the Council's performance.
- **Reliability:** the information in the accounts is complete, prudently prepared, reflects the substance of transactions and is free of deliberate or systematic bias or material errors.
- **Comparability:** a consistent approach to accounting policies is used in preparing the accounts to ensure that it may be compared to previous years. Where there is a change in accounting policy that has a material effect on the information, this has been disclosed. Application of the terms of the Code ensure comparability.
- **Understandability:** the Council endeavours to ensure that an interested reader can understand the accounts.
- **Materiality:** in using its professional judgment, the Council considers the size and nature of any transaction, or set of transactions. An item is considered material where its omission or misstatement would reasonably change the substance of the information presented in the accounts.
- **Going Concern:** the accounts have been prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future.

Appendix 1 – Accounting Policies

- Primacy of Legislative Requirements: the Council operates through the power of statute. Where legislation prescribes the treatment of transactions, then the accounting concepts outlined above may not be applied.

THE DE MINIMIS THRESHOLD

The de minimis threshold level has been set at £4,000 (this threshold has been used as a guideline across the Council, where it is sensible to refer to a de minimis in making accrual adjustments).

ACCRUALS OF INCOME AND EXPENDITURE

Revenue accounts are maintained on an accruals' basis. Expenditure is charged to the revenue accounts in the year in which goods and services are received and, similarly, income is credited in the year to which it relates, regardless of the timing of cash payments or receipts. For example, accrued income is recognised where an amount is earned in the current accounting year, but is expected to be received in a subsequent year. Deferred income reflects any income which has been received in advance of it being earned and is recognised when it can be matched with the year in which it is earned.

Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of receivables is written down and a charge made to revenue for the income that might not be collected.

Appendix 1 – Accounting Policies

PROPERTY, PLANT AND EQUIPMENT

The Property, Plant and Equipment category refers to assets that are expected to be used for more than one year. All expenditure on the acquisition, creation, or enhancement of property, plant and equipment has been capitalised on an accruals basis, subject to the following accounting policies.

Recognition

New acquisitions are brought into the accounts at cost within the appropriate Property, Plant and Equipment balance and are then revalued during the following year. Expenditure on construction of new assets is also brought into the accounts at cost and included either within the Infrastructure, Vehicle, Plant, Furniture and Equipment, or Assets Under Construction. For capital schemes held within Assets Under Construction, once all the assets which are created or enhanced by a capital scheme become operational, the value is transferred to the appropriate category of Property, Plant and Equipment. Assets costing less than £10,000, or revalued to less than £10,000, are charged to the Comprehensive Income and Expenditure Statement.

The assets of local authority-maintained schools are recognised in the Council's financial statements, subject to the usual accounting requirements for long-term assets. Therefore, if there are any specific arrangements in place whereby the control of the asset does not lie with the Council, then the asset will not be recognised. The Council reviews all schools on an individual basis to determine where the control lies; at present, all community schools are held within the Council's Balance Sheet, whereas all academy schools are not. The Council transfers academy school assets on a 125-year lease, and as such they are subject to lessor finance lease policies (see leases policy, page 159). Long-term assets of foundation schools governed by a separate trust with no local authority control present are not consolidated, along with the long-term assets of most voluntary aided and voluntary controlled schools. This is due to the legislation contained within the School Standards and Framework Act 1998, as amended, that stipulates all non-playing field land shall be transferred by the local authority to the relevant diocese or trust. Only where there are specific lease or other arrangements in place, does the Council hold the assets of these schools on the Council's Balance Sheet.

Infrastructure Asset Additions and De-recognitions

Capital expenditure incurred on the enhancement of existing Infrastructure Assets will be added to the value of the asset included within the asset register. The Code stipulates that if a new component of an asset is recognised, then the carrying amount of a replaced or restored part of the asset should be derecognised. Consequently, a de-recognition of the existing asset will occur, writing out the value attributable to the

Appendix 1 – Accounting Policies

asset that has been enhanced / replaced (including any associated depreciation). As such, the value derecognised will be determined by the cost of the replacement asset, and assuming that the component replaced was at the end of its useful life.

Measurement

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value, plus Community Assets, are revalued at least every five years. In order to ensure that carrying values are kept in line with current values in the interim, all assets are revalued via desktop valuation in year two and by indexation in years three to five. The index applied to each asset is based on changes in Building Cost Information Service (BCIS) forecasts and land value estimations since the previous year.

Assets contained within Property, Plant and Equipment required to be measured at fair value are revalued every year. The effective date of revaluation for the rolling programme and all Surplus Assets is 30 November during the year in question, however as part of the carrying value assessment exercise, some assets are revalued again at 31 March of the year in question and are potentially adjusted for indexation to 31 March.

Infrastructure and non-PFI Vehicle, Plant, Furniture and Equipment have been included in the Balance Sheet at depreciated historical cost, whilst Assets Under Construction have been included at historical cost. The cost therefore includes the original purchase price of the asset and the costs attributable to bringing the asset to a working condition for its intended use.

For Infrastructure Assets, a modified form of historic cost is used: opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed at 1 April 1994, which was deemed at that time to be historical cost. The value of Infrastructure Assets within the accounts includes a lump sum removal in 1998 when Peterborough City Council was formed, becoming independent of Cambridgeshire County Council. This lump sum is not broken down on an asset-by-asset basis in line with how Infrastructure Assets are recorded in the Asset Register. Other additions and enhancements are recorded at cost on a project-by-project basis rather than by asset, therefore additions and enhancements may relate to a number of individual infrastructure assets.

Land and Building assets and PFI Vehicles, Plant, Furniture and Equipment assets have been included in the Balance Sheet at their current value. Operational Property, Plant and Equipment is valued using Existing Use Value whereas specialised assets are valued using Depreciated Replacement Cost. The valuation of the farms' estate, included within the Land and Building figures, is based on a discounted cash flow of future rental income and capital receipts, which is a type of Existing Use Valuation. Assets identified as surplus to requirements are measured at fair value based on highest and best use. Assets that are subject to part disposals are revalued in the year of disposal. Assets held at current

Appendix 1 – Accounting Policies

or fair value are split into land and building components, with the building element further subdivided in order to be depreciated over appropriate estimated useful lives. The four building components used are Roof, Structure, Machinery and Equipment, and Externals.

Capitalisation of Borrowing Costs

Where capital expenditure costs are:

- Directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset.
- Probable that they will result in future economic benefits or service potential to the Council.
- Measured reliably.

Borrowing costs shall be capitalised and form part of the cost of that non-current asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready (over a year) for its intended use or sale.

Where the Council borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Council shall apply a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs that are outstanding during the period.

The amount of borrowing costs capitalised shall not exceed the amount of borrowing costs incurred during the period.

The commencement of capitalisation begins when all the following conditions are met:

- Expenditure in respect of the asset is incurred.
- Finance costs in respect of the asset are incurred.
- Activities that are necessary to develop an asset are in progress.
- Borrowing funding for a project is expected to total over £500k before the asset is operational.

Capitalisation ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Capitalisation will be suspended during periods in which active development is interrupted.

Appendix 1 – Accounting Policies

Depreciation

Land is held at current value and not depreciated. Property, Plant and Equipment assets other than land, are depreciated over their useful economic lives using the straight-line method. An exception is made regarding depreciation for assets without a determinable finite useful life (i.e., some Community Assets) and assets that are not yet available for use (i.e., Assets Under Construction). Depreciation is applied using the following month convention (except for Infrastructure and Vehicle, Plant, Furniture and Equipment), where depreciation is not charged in the month of acquisition, but a full month's depreciation is charged in the month of disposal.

Useful economic lives for depreciating Property, Plant and Equipment assets are as follows:

- Buildings (including Surplus and some Community Assets) – 5 to 60 years, in line with the Council's componentisation policy which specifies different useful economic lives according to the type and condition of the component.
- PFI schemes: Vehicles, Plant, Furniture and Equipment – 3 to 26 years.
- Non-PFI schemes: Vehicles, Plant, Furniture and Equipment – 3 to 10 years.
- Infrastructure – 50 years.

Upon a review of asset lives, depreciation is calculated over the revised remaining useful life of the asset.

FAIR VALUE MEASUREMENT

The Council measures some of its non-financial assets such as Surplus Assets and Investment Properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Appendix 1 – Accounting Policies

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

CAPITAL ACCOUNTING

Two reserve accounts are required in the Council's Balance Sheet for capital accounting adjustments:

- **The Revaluation Reserve** - this contains the balance of the surpluses or deficits arising on the periodic revaluation of property, plant and equipment. The Revaluation Reserve contains only gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.
- **The Capital Adjustment Account** - this absorbs the timing differences arising from the different arrangements for accounting for the consumption of property, plant and equipment and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement, via charges for depreciation, impairment losses and amortisations which are initially debited to the Comprehensive Income and Expenditure Statement. These are then transferred in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account. Reconciling postings from the Revaluation Reserve convert the fair value figures to a historical cost basis. The account is also credited with the amounts set aside by the Council to finance the costs of acquisition, construction and enhancement.

Appendix 1 – Accounting Policies

The above accounts are not available to fund future expenditure.

CAPITAL RECEIPTS

When an asset is disposed of, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement. Any receipts from disposals, net of costs of disposal, are also credited to the Comprehensive Income and Expenditure Statement. Costs associated with disposal can be funded from the associated capital receipt as long as they are less than 4% of the value of the proceeds. Any disposal costs over this level must therefore be funded by revenue.

The gain, or loss, on the disposal of a long-term asset is the amount by which the disposal proceeds, net of disposals costs, are more (gain) or less (loss) than the Balance Sheet value of the long-term asset. Any previous revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account on disposal.

Income that is not reserved for the repayment of external loans, and has not been applied in financing capital expenditure, is shown on the Balance Sheet within the Usable Capital Receipts Reserve.

CHARGES TO REVENUE FOR LONG-TERM ASSETS

Revenue accounts are debited with the following amounts to record the real cost of holding long-term assets during the year:

- Depreciation attributable to the assets used by the relevant service (as per the Depreciation policy on page 150).
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible long-term assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses, or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (see the Debt Redemption policy on page 165). Depreciation, revaluation and impairment losses, and amortisations are therefore replaced by the contribution in the General Fund Balance by an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Appendix 1 – Accounting Policies

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Some expenditure is incurred during the year that may be treated as capital under statutory provisions but does not result in the creation of a long-term asset (e.g., expenditure on academy schools). Instead of capitalising this expenditure, it is charged to the relevant service in the Comprehensive Income and Expenditure Statement. Where the Council has determined to meet the cost of this expenditure from existing capital resources, those resources are also credited to the relevant service in the Comprehensive Income and Expenditure Statement. Where the Council has determined to meet the cost of expenditure by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

HERITAGE ASSETS

Heritage Assets are a distinct class of asset which are reported separately from Property, Plant and Equipment and Intangible Assets. The Council holds these assets principally for future generations because of their contribution to knowledge, the environment, and the culture of the County.

The Code requires authorities to recognise Heritage Assets where the Council has information on the cost or value of the asset. Where information on cost or value is not available, and the cost of obtaining this information outweighs the benefits to the users of the financial statements, the asset is not recognised on the Council's Balance Sheet, but commentary is included in the notes to the financial statements. Where valuations are made, an appropriate method is adopted; for example, this may include insurance valuations of museum collections.

The Council's different classes of Heritage Assets are treated as follows:

- Archives collections – recognised in the Balance Sheet at insurance valuation where available.
- Museum collections – recognised in the Balance Sheet at insurance valuation.
- Art works – recognised in the Balance Sheet at insurance valuation.
- Archaeological artefacts and ecofacts – not recognised in the Balance Sheet due to a lack of reliable valuation information.
- Civic regalia – not recognised in the Balance Sheet due to being considered as immaterial and a lack of reliable valuation information.

Appendix 1 – Accounting Policies

The Council reviews the carrying amounts of Heritage Assets carried at valuation on a yearly basis to ensure they remain current. Depreciation is not charged on Heritage Assets which have indefinite lives, but impairment reviews are carried out where there is physical deterioration, or if new doubts as to the authenticity of the Heritage Asset exist.

INVESTMENT PROPERTIES

Investment properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The cost of work in progress, which is included in the Group Accounts, comprises; the acquisition cost of land, construction costs and professional fees (capitalised borrowing costs are removed as they are intragroup). Net realisable value is the estimated selling price in the ordinary course of business, less applicable, variable selling expenses. If cost falls below net realisable value, then an applicable impairment provision is recognised in the Comprehensive Income and Expenditure Statement.

FINANCIAL LIABILITIES

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument (e.g., Public Works Loan Board borrowing). Financial liabilities are initially measured at fair value and subsequently carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying

Appendix 1 – Accounting Policies

amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus any accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where repurchase has taken place, as part of a restructuring of the loan portfolio that involves the modification or exchange of existing financial instruments, the premium or discount is respectively deducted from, or added to, the amortised cost of the new or modified loan. The write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain, or loss, over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to, or from, the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

FINANCIAL ASSETS

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Appendix 1 – Accounting Policies

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable. The interest credited to the Comprehensive Income and Expenditure Statement for the loans is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the 'Financing and Investment Income and Expenditure' line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

GOVERNMENT GRANTS

Government grants, and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and the grants or contributions. There are two types of stipulations; conditions and restrictions:

- Conditions are stipulations that specify that the future economic benefits or service potential embodied in transferred assets are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Appendix 1 – Accounting Policies

- Restrictions are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential are required to be returned to the transferor if not deployed as specified.

The key difference between a condition and a restriction is that a condition requires the grant funder or donor to have a right to the return of their monies or the donated asset (or similar equivalent compensation). However, if recovery of the grant / donation is only possible indirectly by, for instance, legal action for breach of contract or withholding payment of other monies due separately to the Council without a right to have done so, then this will amount to a restriction rather than a condition.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as payables. When conditions are satisfied, the grant or contribution is credited to the Comprehensive Income and Expenditure Statement and reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure it is posted to the Capital and Contributions Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants and Contributions Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

COUNCIL TAX AND NON-DOMESTIC RATES

In England, billing authorities act as agents on behalf of major preceptors in collecting council tax and non-domestic rates (NDR). This is because the legislative framework for the Collection Fund states that billing authorities and major preceptors share proportionately:

- the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.
- the effect of any bad debts written off.
- the movement in the impairment provision.

Appendix 1 – Accounting Policies

The Council, as a major preceptor, is therefore required to include the appropriate share of the council tax and NDR receivables in its Balance Sheet as well as an appropriate share of the Collection Fund surplus / deficit for the year within its Comprehensive Income and Expenditure Statement.

LONG-TERM CONTRACTS

Long term contracts are accounted for on the basis of charging the surplus or deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

PRIVATE FINANCE INITIATIVE (PFI) SCHEMES

PFI contracts are agreements to receive services, where the responsibility for making available the long-term assets needed to support the delivery of those services passes to the PFI contractor in return for an annual fee. The Code of Practice requires that PFI contracts are accounted for in a manner consistent with the adoption of *International Financial Reporting Interpretations Committee (IFRIC) 12: Service Concession Arrangements* as contained in the Government's *Financial Reporting Manual (FreM)*, and means that assets and liabilities are recognised on the Council's Balance Sheet where the Council substantially controls the use of the assets involved and any associated residual interest. As the Council is deemed to control the services that are provided under its PFI schemes and, as the ownership of the property, plant, and equipment will pass to the Council at the end of the contract, the Council carries the long-term assets used under the contracts on the Balance Sheet in line with the requirements of *IFRIC 12*.

The original recognition of these assets is at historical cost the year after they are made available for use, and when revalued, at current value in existing use. This is matched by the recognition of an equivalent liability for amounts due to the scheme operator to pay for the capital investment. PFI assets are revalued and depreciated in the same way as any other property, plant, and equipment owned by the Council.

Annual unitary charges that are paid by the Council to PFI operators can be analysed into five elements:

- Current value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge on the outstanding Balance Sheet liability calculated by applying the implicit interest rate in the lease to the opening lease liability for the year. This is debited to the 'Financing and investment income and expenditure' line.

Appendix 1 – Accounting Policies

- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the ‘Financing and investment income and expenditure’ line in the Comprehensive Income and Expenditure Statement.
- Payment towards the liability – applied to write down the Balance Sheet liability towards the PFI operator.
- Life cycle replacement costs – this refers to the replacement of individual components within the PFI asset portfolio to ensure that the condition of the whole property meets the agreed standard throughout the life of the PFI contract. A proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Prudent provision for PFI schemes is made within the annual unitary charge, based on the part of the unitary payment that goes to write down the matching liability for assets recognised on the Balance Sheet.

Central government support for PFI schemes is in the form of PFI credits. These are a measure of the private sector investment which is supported by central government departments and are a promise that PFI revenue grant can be claimed once the project is operational. The level of PFI credits determines the amount of grant that can be claimed by the Council, which is calculated as an annuity based on the level of PFI credits and the contract length. (Further detail on the PFI contracts is given in the PFI note, Note 36)

LEASES

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Council as Lessee

Finance leases

Property, Plant and Equipment assets held under a finance lease are recognised on the Balance Sheet at the commencement of the lease at its fair value at the lease’s inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor and initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry

Appendix 1 – Accounting Policies

into a lease are applied to writing down the lease liability and contingent rents are charged as expenses in the years in which they are incurred. Lease payments are apportioned between a charge for the acquisition of the interest in the property, plant or equipment and a finance charge.

As with other long-term assets, the Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue towards the deemed capital investment in accordance with statutory requirements (see the Debt Redemption policy on page 165). Depreciation, revaluation and impairment losses, and amortisations are therefore replaced by the contribution in the General Fund Balance by an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Council as Lessor

Finance leases

Where the Council grants a finance lease on a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between a charge for the acquisition of the interest in the property (applied to write down the lease debtor (together with any premiums received)), and finance income. However, in the case of academy schools the Council does not recognise a long-term debtor on the Balance Sheet. This is because the assets are transferred as 125-year leases which is deemed too long to be certain of any receivable value at the end of the lease period.

Any gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, it is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

Appendix 1 – Accounting Policies

The written off value of disposals is not a charge against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases

Where the Council grants an operating lease over a property, or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are 'adjusting' and 'non-adjusting' events, both favourable and unfavourable, that occur between the end of the reporting year and the date when the Statement of Accounts is authorised for issue.

An 'adjusting' event is where evidence of the conditions of that event existed at the Balance Sheet date. A 'non-adjusting' event is indicative of conditions that arose after the Balance Sheet date, but prior to the issue of these accounts.

Material events that relate to conditions that did not exist at the Balance Sheet date are disclosed by way of a note to the financial statements.

CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition, and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement cash, and cash equivalents, are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

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BENEFITS PAYABLE DURING EMPLOYMENT

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g., cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

TERMINATION BENEFITS

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

POST EMPLOYMENT BENEFITS

The majority of employees of the Council are members of two separate pension schemes:

- **The Teachers' Pension Scheme**, administered by Capita Teachers' Pensions on behalf of the Department for Education (DFE);
- **The Local Government Pension Scheme**, administered by Cambridgeshire County Council.

Appendix 1 – Accounting Policies

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees of the Council.

The Teachers' Pension Scheme

The arrangements for the Teachers' Pension Scheme mean that liabilities for these benefits cannot be identified to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pension Scheme in the year.

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

The Local Government Pension Scheme (LGPS)

The LGPS is accounted for as a defined benefits scheme as follows:

- The liabilities of the pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees;
- Liabilities are discounted to their value at current prices using a discount rate.
- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - ▶ quoted securities – market value
 - ▶ unquoted securities – professional estimate
 - ▶ unitised securities – closing bid price
 - ▶ property – market value
- The change in the net pension liability is analysed into service cost and re-measurement components.

Service Cost elements comprise:

- ▶ **Current service cost:** the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- ▶ **Past service cost:** the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Cost of Services in the Comprehensive Income and Expenditure Statement.

Appendix 1 – Accounting Policies

- ▶ **Net interest on the net defined benefit liability** (i.e., the net interest expense for the Council) – the change during the year in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit liability at the beginning of the year, taking into account any changes in the net defined benefit liability during the year as a result of contribution and benefit payments.

Re-measurements comprise:

- ▶ **Expected return on plan assets:** excluding amounts included in the net interest on the net defined benefit liability. These are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- ▶ **Actuarial gains and losses:** changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.
- ▶ **Contributions paid to the pension fund:** cash paid as employer contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. This means that there are appropriations to and from the Pensions Reserve in the Movement in Reserves Statement to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year-end.

RESERVES

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts through the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year and recorded against the Cost of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. The Council's reserves are categorised as follows:

Appendix 1 – Accounting Policies

- **Usable reserves** - those reserves that contain resources that a council can apply to the provision of services, either by incurring expenses or undertaking capital investment, whether or not there are particular restrictions on exactly what the resources can be applied to. The Council's usable reserves include the General Fund balance and Earmarked reserves.
- **Unusable reserves** – those that a council is not able to utilise to provide services. This category of reserves includes:
 - ▶ Reserves that hold unrealised gains and losses (the Revaluation Reserve), where amounts will only become available to provide services (or limit resources in the case of losses) once the gains / losses are realised as the assets are disposed of.
 - ▶ Adjustment accounts which deal with situations where income and expenditure are recognised statutorily against the General Fund balance on a different basis from that expected by accounting standards as adopted by the Code. The accounts will carry either a debit balance (showing that the Council is required by statute to fund its expenditure more slowly than accounting standards would expect) or a credit balance (where the Council has set resources aside under statute earlier than accounting standards require). Examples of this category of reserves are the Capital Adjustment Account, Pensions Reserve and the Accumulated Absences Account.

DEBT REDEMPTION

The Council is required to make a provision for the repayment of debt in accordance with guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003.

A change in policy was introduced in 2015-16 for the proportion of the provision that relates to the historic debt liability that had accumulated to 31 March 2010. Up until 2014-15 this element of the provision was calculated using Option 1 of the Guidance, the "Regulatory Method", which based the calculation on 4% of the Capital Financing Requirement, amended for Adjustment A, on a reducing balance basis. From 2015-16 this debt liability will be provided for using an annuity calculation methodology, allowable under the DCLG Guidance.

Capital expenditure incurred from 2010-11 onwards will be subject to Minimum Revenue Provision (MRP) in the year after the asset has become operational. MRP will be provided for under Option 3 of the DCLG Guidance and will be based on the estimated useful life of the assets, using the equal annual instalment method.

Estimated life periods will be determined under delegated powers. To the extent that expenditures do not create an asset and are of a type that are subject to estimated life periods that are referred to in the guidance, these estimated life periods will generally be adopted by the Council. In view of the variety of types of capital expenditure incurred by the Council, which is not in all cases capable of being related to an

Appendix 1 – Accounting Policies

individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

The determination as to which schemes shall be deemed to be financed from available resources, and those which will remain as an outstanding debt liability to be financed by borrowing or other means will be assessed under delegated powers.

The policy will be reviewed annually to ensure prudence is achieved from using the options available and the option to delay charges until the year after the asset comes into operation (the MRP holiday) will be used where applicable.

Where it is considered prudent to do so, non-operational assets will be excluded from the MRP calculation and any under or over provisions that are identified for previous years will be taken into consideration in the calculation of the current year's provisions and adjusted accordingly.

CONTINGENT LIABILITIES

Contingent liabilities are possible obligations that arise from past events that may or may not be incurred by the Council depending on the outcome of one or more uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed as a note to the financial statements.

VALUE ADDED TAX (VAT)

The Comprehensive Income and Expenditure Statement excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from it.

INTERESTS IN COMPANIES AND OTHER ENTITIES

The Council is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and / or joint ventures. The Council is involved with a number of entities, and where the interests are not material the nature and value of the relationship is disclosed within the single entity accounts. In line with the code requirements on group accounts and consolidation,

Appendix 1 – Accounting Policies

maintained schools within the county are considered to be entities controlled by the Council. The income, expenditure, assets, liabilities, reserves, and cash flows of these schools are recognised within the Council's single entity accounts rather than group accounts.

Glossary of Terms

GLOSSARY

ACCRUAL

An amount to cover income or spending that belongs to the accounting year, which was outstanding at the accounting date.

ACCUMULATED ABSENCES ACCOUNT

An unusable reserve which absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g., annual leave entitlement carried forward at 31 March.

ACTUARIAL BASIS

Valuations performed by an actuary relating to a pension scheme's assets and liabilities.

ACTUARY

An independent company which advises on the assets and liabilities of the Fund with the aim to ensure that the payment of pensions and future benefits are met.

AMORTISATION

The process of reducing the value of an asset or liability over its useful life.

BALANCE SHEET

A summary of financial position showing the assets and liabilities recognised by the Council, matched by the level of reserves held.

BALANCES

The accumulated surplus of income over expenditure on the General Fund (see later).

BENEFICIAL OWNER

The true owner of a security regardless of the name in which it is registered.

BID PRICE

The price at which securities are purchased by market makers.

BOND

Security issued by a corporate or government body borrowing in the capital markets. Bonds promise to pay interest (coupons) during the life of the bond plus the principal sum borrowed on the redemption date. Bonds may be secured over assets of the firm or be unsecured.

BUDGET

A statement defining the Council's policy over a specified period expressed in financial terms and including other performance and statistical data.

Glossary of Terms

BUILDING SCHOOLS FOR THE FUTURE (BSF)

A national programme to bring all secondary schools up to modern standards over 15-20 years.

CAPITAL ADJUSTMENT ACCOUNT

An account that reflects the difference between the cost of long-term assets consumed and the capital financing set aside to pay for them.

CAPITAL FINANCING REQUIREMENT

A notional amount of debt which determines the Minimum Revenue Provision.

CAPITAL GRANTS

Grants received towards capital spending (see next) on a particular service or project.

CAPITAL SPENDING

Payments made for the acquisition or provision of assets which will be of long-term value to the Council e.g., land, buildings and equipment.

CAPITAL RECEIPTS

Proceeds from the sale of capital assets such as land or buildings. They are available to finance new capital outlay and to repay existing loan debt.

CARRY FORWARDS

Directorates, Schools and Trading Units are permitted / required to transfer any underspending or overspending into the next financial year.

CASH EQUIVALENTS

Assets which are readily convertible into cash.

COMMUTATION

Giving up part or all of the pension payable from retirement in exchange for an immediate lump sum. Commutation factors (usually calculated by the Scheme Actuary) are used to determine the amount of pension which needs to be given up in order to provide the lump sum.

CONTINGENT ASSETS AND LIABILITIES

Are assets and liabilities that may or may not be incurred depending on the outcome of a future event.

CREDITS (PFI)

A measure of private sector investment that will be supported by central government grant and acts as a promise that PFI grant can be claimed once a PFI project is operational.

CURRENT ASSETS

Short-term assets such as inventories, receivables, and bank balances.

Glossary of Terms

CURRENT LIABILITIES

Amounts owed which are due to be settled in less than one year, such as bank overdrafts and money owed to suppliers.

DEFERRED PENSION BENEFIT

A pension benefit which a member has accrued but is not yet entitled to receive.

DEFICIT

An outcome as a result of taking away all expenses from income.

DEPRECIATED REPLACEMENT COST

This is a basis of valuation which provides an estimate of the market value for the land the building sits on, plus the current gross replacement cost of the building less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

DEPRECIATION

The measure of the wearing out, consumption or other reduction in the useful economic life of a long-term asset.

DERIVATIVE

A special type of contract that derives its value from the performance of an underlying entity. This underlying entity can be an asset, index, or interest rate, and is often called the "underlying". Derivatives can be used for a number of purposes - including insuring against price movements (hedging), increasing exposure to price movements for speculation or getting access to otherwise hard to trade assets or markets.

DIVIDEND

The distribution of profits by a company to its shareholders. The dividend may be passed or cut if profits fall. [See also Equities]

EARMARKED RESERVE

An earmarked reserve is money set aside for a specific purpose.

EQUITIES

Shares representing the capital of a company issued to shareholders usually with voting rights on the way the company runs the business. Equity holders rank last in the event of the winding up of a company.

EVENTS AFTER THE BALANCE SHEET DATE

Events occurring between the Balance Sheet date and the date on which the Accounts are signed by the Section 151 Officer, which have a significant impact on the Council's finances.

FINANCIAL INSTRUMENTS

Contracts which give rise to a financial asset of one entity and a financial liability or equity instrument of another.

Glossary of Terms

FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

An account to manage the imbalance between accounting rules and statutory provisions for charging amounts to the general fund. The “balancing” entry for each of the adjustments for the Financial Instruments will constitute a new reserve on the Balance Sheet called “Financial Instruments Adjustment Account”. This reserve is not a usable reserve.

FINANCIAL CONDUCT AUTHORITY (FCA)

The lead UK regulator. A designated agency which is not a government department.

FORCE MAJEURE

A common clause in contracts that essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties, such as a war, strike, riot, crime, or an event described by the legal term *act of God* (such as hurricane, flooding, earthquake, volcanic eruption, etc.), prevents one or both parties from fulfilling their obligations under the contract.

GENERAL FUND

The main revenue fund of the Council. Council tax precepts and Government grants are paid into the fund, from which the cost of providing services is met.

GOVERNMENT GRANTS

Payments by Central Government towards Local Authority spending. They may be specific to a particular service e.g., Education or Social Services; or general.

HERITAGE ASSETS

Assets (land, building, or artefact / exhibit) held principally for their contribution to knowledge or culture.

IMPAIRMENT

A reduction in the value of an asset from its previous value in the accounts.

INCOME

Amounts which the Council receives, or expects to receive, from any source. Income includes fees, charges, sales, government grants and precept. The term income implies that the figures concerned relate to amounts due in a financial year irrespective of whether or not they have been received in that year.

INFRASTRUCTURE ASSETS

Assets such as roads and bridges.

INTANGIBLE ASSETS

Non-monetary assets that cannot be seen, touched, or physically measured, but can be identified as a separate asset.

Glossary of Terms

INTERNAL CONTROLS

Procedures or systems designed to promote efficiency, assure policy implementation, safeguard assets, and avoid fraud and error.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Accounting Standards, Interpretations and the Framework adopted by the International Accounting Standards Board (IASB).

INVENTORIES

Goods bought but have not been used.

LGSS

A partnership between Cambridgeshire, Northamptonshire County Councils and Milton Keynes Council to create a wholly owned public sector organisation to deliver professional and transactional support services.

LONG-TERM ASSETS

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

MINIMUM REVENUE PROVISION

The minimum amount which must be charged to revenue in the year for the repayment of debt.

NET BOOK VALUE

The depreciated value of an asset.

PAYABLES

Amounts owed by the Council for work done, goods received, or services rendered but for which payment had not been made at the date of the Balance Sheet.

PENSIONS STRAIN

Charges to employers to cover discretionary early retirement costs, which are the responsibility of the employer, recovered in the first year of retirement in full.

POOLED BUDGET

A partnership where participants aggregate funds to work collaboratively to address specific issues.

PRECEPT

The cash sum levied by one Authority in relation to council tax, which is collected by another (a billing Authority). The County Council is the precepting Authority and the District Councils are the billing authorities, acting as an agent for the Council.

Glossary of Terms

PRIVATE FINANCE INITIATIVE (PFI)

A form of partnership between the private and public sector which is normally used for high risk / high value contracts for delivering capital assets for the provision of public services. The private sector designs, builds and maintains infrastructure and other capital assets and then operates those assets in return for annual payments to sell services to the public sector.

PROPERTY, PLANT AND EQUIPMENT

A non-current asset or long-term asset item which cannot easily be converted into cash.

PROVISION

An amount set aside for liabilities, which are known to exist, but which cannot be definitively measured at the date of the accounts.

PRUDENTIAL BORROWING

Borrowing which is financed from the Council's own resources and conforms to the Prudential Code.

PUBLIC WORKS LOAN BOARD

A government body set up specifically to lend money to local authorities.

RECEIVABLES

Sums of money due to the Council but unpaid at the Balance Sheet date.

RELATED PARTY

A person or an organisation which has influence over another person or organisation.

RESERVES

Amounts set aside for particular purposes, but which do not conform to the definition for provisions. Movements in reserves are not part of service expenditure.

REVALUATION RESERVE

A reserve for amounts arising from the appreciated value of property; the difference between the former book value of property on the Balance Sheet and the present (revalued) book value of the property. The Revaluation Reserve will record the sum of the net gains (if any) on a property-by-property basis from revaluations made after 1 April 2007.

REVENUE CONTRIBUTIONS

The shortened form of Revenue Contributions to Capital Outlay (often abbreviated as RCCO). It refers to the financing of capital spending directly from revenue, rather than loan or other sources. Can also be described as capital expenditure charged against the general fund balance.

Glossary of Terms

REVENUE EXPENDITURE

The day-to-day spending of the Council on such items as employees, office running costs, and the purchase of services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure that legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a long-term asset.

STOCK

Shares (e.g., Common stock). However, UK Gilts are more correctly described as stock.

SURPLUS

An outcome as a result of taking away all expenses from income.

TREASURY MANAGEMENT

A process which plans, organises, and controls cash, investments, and borrowings so as to optimise interest and currency flows, and minimise the cost of funds.

TRUST

Investments are owned by trustees for the underlying beneficial owners. A unit trust is a trust, incorporated under a trust deed. An investment trust is a company, not a trust.

UNIT TRUST

An open-ended trust investing in a wide spread of stocks, shares, and cash (subject to FSA limits). Investors buy units directly from the Fund manager to participate in a diversified portfolio. Unit trusts are subject to FSA investment and borrowing regulations.

Annual Risk Management Report

To: Audit & Accounts Committee

Meeting Date: 28th July 2023

From: Chief Executive

Electoral division(s): All

Key decision: No

Forward Plan ref: Not applicable

Outcome: Good risk management - including the identification of risks and triggers as well development of mitigating actions - should inform decision making and areas for improvement; lead to better overall management of the Council's business, and protect the Council's assets, workforce, finances and services.

Recommendation: The Committee is recommended to:

1. Note and comment on the Annual Risk Management Report (Appendix 1) and Corporate Risk Register (Annex A); and the updated Risk Management Policy (Annex B), and Risk Strategy (Annex C).
2. In line with its terms of reference, assess whether the Committee is satisfied with the effectiveness of arrangements for risk management.

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1. Background

- 1.1 Risk Management is the process by which the Council understands and proactively considers the principal uncertainties and overall risks facing the organisation. Through effective risk management, we aim to optimise success by minimising threats. The objective is to ensure that risks that might impact upon the Council achieving its plans are identified and managed on a timely basis and in a proportionate manner. The Accounts and Audit (England) Regulations 2015 require the authority to have a sound system of internal control which includes effective arrangements for the management of risk.
- 1.2 Under the Council's constitution, the Strategy & Resources Committee and Audit & Accounts Committee have separate but complementary roles in the risk management process.
- Strategy and Resources Committee is responsible for “development and oversight” of the Council's Risk Management Strategy, as well as its operation.
 - Audit & Accounts Committee is responsible to “provide independent assurance of the adequacy of the risk management framework and the associated control environment” and to “monitor the effectiveness of the system of internal control, including arrangements for [...] risk management”. As part of this the Committee's function is to:
 - “understand the risk profile of the Council and consider the effectiveness of the Council's risk management arrangements”;
 - “seek assurances that action is being taken on risk-related issues, with the right to request reports and seek assurances from relevant officers”.
- 1.3 The Annual Risk Management Report summarises the risk management activity undertaken during 2022 - 2023 at Cambridgeshire County Council, and supports the committees in discharging their respective responsibilities around risk management and control.

2. Annual Risk Management Report

- 2.1 This covering report is provided to the Annual Risk Management Report attached at Appendix 1 and the Corporate Risk Register (CRR) attached at Annex A.
- 2.2 Please note that the Corporate Risk Register is up-to-date, with the exception of Risk 2, “the risk of failure of the Council's arrangements to safeguard children and young people”. Following the updates to the Children, Education & Families Directorate Risk Register which were presented to the Children & Young People Committee on 27th June, this corporate risk is currently being updated and will be subject to a deep-dive review by CLT which will take place on 5th July.
- 2.3 As such, Annex A presents the risk as at March 2023 when it was previously reviewed and presented to Committee. The Chief Executive will provide the Committee a verbal update on the indicative outcomes of the deep-dive risk review.

- 2.4 The Council maintains a Risk Management Policy, as a set of clear rules and regulations around risk management which guide staff in the day-to-day application of risk management activity at Cambridgeshire. An updated Risk Management Policy is attached at Annex B, reflecting the Council's current framework for managing risk.
- 2.5 It is also considered best practice to prepare a plan that outlines activity to continuously improve risk management. This is a strategy, which sets out a specific plan to meet an organisational aim; at Cambridgeshire our aim is to improve the risk maturity level of the organisation. This plan is outlined in the Risk Strategy document attached at Annex C, which was developed following the risk maturity assessment undertaken at the start of the current financial year (for more information on the risk maturity assessment, see Section 8 of the Annual Risk Report).

3. Alignment with ambitions

- 3.1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes
- 3.2 Travel across the county is safer and more environmentally sustainable
- 3.3 Health inequalities are reduced
- 3.4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs
- 3.5 Helping people out of poverty and income inequality
- 3.6 Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised
- 3.7 Children and young people have opportunities to thrive

Good risk management - including the identification of risks and triggers as well development of mitigating actions - should inform decision making and areas for improvement; lead to better overall management of the Council's business, and protect the Council's assets, workforce, finances and services.

5. Significant Implications

5.1 Resource Implications

All of the risks listed in the corporate risk register could potentially lead to significant financial implications if realised. There are direct impacts on our resources in relation to the partnership/contractual risks and the risk about sufficiency of budget.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

5.3 Statutory, Legal and Risk Implications

This report gives an overview of the Council's risk management arrangements in 2022/23 and the forward plan for development of risk management systems and processes in 2023/24. The objective is to ensure that risks that might impact upon the Council achieving

its plans are identified and managed on a timely basis and in a proportionate manner. The Accounts & Audit (England) Regulations 2015 require the authority to have a sound system of internal control, which includes effective arrangements for the management of risk.

5.4 Equality and Diversity Implications

There are no significant implications within this category

5.5 Engagement and Communications Implications

There are no significant implications within this category

5.6 Localism and Local Member Involvement

There are no significant implications within this category

5.7 Public Health Implications

There are no significant implications in this category

5.8 Environment and Climate Change Implications on Priority Areas

There are no significant implications in this category

Have the resource implications been cleared by Finance?
Not applicable

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Not applicable

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal Services? Yes
Name of Legal Officer: Emma Duncan

Have the equality and diversity implications been cleared by your EqIA Super User?
Not applicable

Have any engagement and communication implications been cleared by Communications?
Not applicable

Have any localism and Local Member involvement issues been cleared by your Service Contact? Not applicable

Have any Public Health implications been cleared by Public Health?
Not applicable

6. Source documents

6.1 Corporate Risk Register (copy provided as Annex A to this document)

6.2 Annual Governance Statement

[Statement of accounts - Cambridgeshire County Council](#)

Annual Risk Management Report

Cambridgeshire County Council
2022/23

1. Background:

- 1.1 Risk Management is the process by which the Council understands and proactively considers the principal uncertainties and overall risks facing the organisation. Through effective risk management, we aim to optimise success by minimising threats. The objective is to ensure that risks that might impact upon the Council achieving its plans are identified and managed on a timely basis and in a proportionate manner.
- 1.2 The Accounts & Audit (England) Regulations 2015 require the authority to have a sound system of internal control, which includes effective arrangements for the management of risk. Robust risk management is an essential element of good organisational governance and a sound internal control system.
- 1.3 This Annual Risk Management Report provides an overview of key risk management processes and developments at Cambridgeshire County Council over the past 12 months. It supports the authority's Annual Governance Statement and the Code of Corporate Governance, as well as detailing the future areas of focus for further developing and enhancing risk management systems at the Council.

2. Risk Management Policy

- 2.1 The Council maintains a Risk Management Policy, which was reviewed in March 2022 and re-approved by the Strategy & Resources Committee.
- 2.2 In 2023, the Risk Management Policy and supporting guidance including the Risk Management Procedures and Risk Management Short Guide document were subject to a comprehensive review by the Internal Audit & Risk Management team. The Risk Management Policy has been refreshed, including a review of risk matrices, and the other guidance has been combined into a single Risk Management Toolkit.
- 2.3 The core risk management systems, processes, and risk appetite in place at Cambridgeshire have not changed significantly as a result of this review. Instead the aim has been to streamline and clarify existing guidance and make the Council's risk policies and procedures more accessible for officers.
- 2.4 The new draft Risk Management Policy is attached to this report as Annex B.

3. Cambridgeshire County Council Corporate Risk Register

- 3.1 The Corporate Risk Register has been updated throughout the year and presented to CLT, the Strategy and Resources Committee and Audit & Accounts Committee at regular intervals.
- 3.2 The most significant updates to the Corporate Risk Register throughout the year included:
- Introduction of the new Risk 12 (“Climate Change”);
 - Splitting an existing risk (Risk 11, “Failure of Key Partnerships or Contracts”) into two separate risks covering the failure of key contracts (Risk 10) and the failure of collaborative working (Risk 11);
 - De-escalation of the risk “Insufficient infrastructure to deliver the Council's services” from the Corporate Risk Register, with the risk now captured across Directorate Risk Registers;
 - The risk ““The Council does not deliver its statutory or legislative obligations” was re-developed into the current Risk 5 “Failure of Corporate Governance”. The risk was re-named to provide a greater distinction between this risk and Risk 7, “Failure to deliver key Council services”.
- 3.3 A copy of the current Corporate Risk Register is attached to this report at Annex A.

4. CLT Risk & Assurance Meetings

- 4.1 During 2022/23, Cambridgeshire’s Corporate Leadership Team has introduced new Risk & Assurance meetings. These formal meetings have a dedicated Terms of Reference intended to ensure regular detailed senior management oversight of the corporate and directorate risk registers, to reflect on feedback from Committee and to develop corporate oversight of risk and key independent assurances.
- 4.2 The first meeting of the CLT Risk & Assurance group was held on the 4th October 2022. Subsequent meetings have taken place on 5th January, 8th March and 5th July 2023.
- 4.3 Risk is also considered at general CLT meetings. In line with the Risk Management Toolkit, escalation of urgent and emerging risks should not be delayed by the quarterly cycle of CLT Risk & Assurance meetings, and urgent items on risk can be taken at any regular meeting of CLT.

5. Directorate Risk Registers

- 5.1 Directorate Management Teams maintain their own risk registers and formally consider risk on a regular basis. Directorate risk registers are due to be reported to the relevant Committee on a routine basis, and are also scrutinised at CLT Risk & Assurance meetings.
- 5.2 Following the major Council restructure in 2022/23, there have been some significant changes to Directorate Risk Registers, including:
- The People & Communities Risk Register has been split into two separate risk registers, one for Children's and one for Adults. Each new register has been reviewed and updated by the relevant service.
 - A Risk Register for the new Strategy & Partnerships directorate has been developed with the assistance of the Internal Audit & Risk Management team, following individual risk workshops with all of the services which have moved into the new directorate.
 - The Place & Sustainability Risk Register has been significantly reviewed and revised with support from the Internal Audit & Risk Management team.

6. Risk Management System

- 6.1 The Council's current corporate risk management system is GRACE (Governance, Risk & Control Evaluation), which is a system shared with other Councils that were formerly part of the shared LGSS Internal Audit & Risk Management service. GRACE is a specialist risk management and audit software which was developed for use within the UK public sector. This system is relatively low cost, and the Council has a corporate license permitting unlimited number of user licenses for the system.
- 6.2 At a meeting of the Strategy & Partnerships (S&P) directorate to discuss development of the new risk register, it was identified that historically some services within the new S&P directorate have been using the Council's POWA system (Project Online Web Application) as part of their directorate risk management processes. Following this meeting, the risk management team committed to formally review the possibility of using POWA for corporate risk management, and using this to replace GRACE.
- 6.3 The Internal Audit & Risk Management team identified a core service specification of key requirements that the POWA system would need to meet for it to be viable as a corporate replacement for GRACE. This covered reporting requirements, configuration of the relationship between risks, controls and triggers, minimum levels of information that would need to be captured and an audit trail requirement.

- 6.4 The risk management team met with staff within ITDS to explore the current use of the POWA system for project risk reporting and to discuss the risk system specification. The outcome of this was confirmation from ITDS that they are not able to configure the POWA system to meet the Council's requirements, and therefore in order to achieve a move to corporate risk management on POWA, it would need development by a third party developer.
- 6.5 As GRACE is currently meeting the Council's needs and is cost-effective, the corporate decision has been taken to retain GRACE as the Council's corporate risk management system holding the Corporate and Directorate Risk Registers for the immediate future. This may be revisited at a future date alongside further development of corporate risk, performance and project management systems.

7. Role of Internal Audit & Risk Management service

- 7.1 The Head of Internal Audit & Risk Management at Cambridgeshire County Council has a role encompassing both Internal Audit and Risk Management support. Responsibility and accountability for implementing risk management activity is retained by management at Cambridgeshire County Council, including the assessment, control and mitigation of risk. The role of the Internal Audit & Risk Management service is to provide advice, support and facilitation for this process, rather than to undertake risk management activity directly, in order to maintain its independence.
- 7.2 As such, throughout 2022/23 the Internal Audit & Risk Management service has provided advice and guidance to services across the organisation on risk management, supported the update of risk registers and has facilitated risk workshops and the CLT Risk and Assurance meetings.
- 7.3 In addition to this, a new process of risk assurance reviews has been implemented by the Internal Audit & Risk Management team in 2022/23.
- 7.4 The Risk Register Assurance process is a subjective piece of consultancy work which aims to review and challenge individual risks on the Council's Corporate Risk Register, and to provide an independent assurance over the control of the risk. At the end of the process, a report on the risk is provided to the corporate Risk Owner and the CLT Risk & Assurance group, and the expected outcome is for the risk owner to update the Corporate Risk Register and as part of this, to develop an Action Plan to further strengthen corporate control of the risk, based on findings and recommendations from the review.
- 7.5 In 2022/23, two risk assurance reviews were carried out, which covered:
- Risk 8: "Failure of key contracts or partnerships" (report issued July 2022).

- Risk 9: “The Council is a victim of cyber crime” (report issued March 2023).

8. Risk Maturity Assessment

- 8.1 As part of the Audit Plan 2022/23, the Internal Audit & Risk Management team undertook an assessment of the Council’s risk maturity against an established risk maturity model published by the Institute of Internal Auditors (IIA).
- 8.2 This approach involved benchmarking the Council’s risk management processes against a model framework, to identify any gaps in current arrangements as well as to help plan and prioritise actions to further enhance and embed effective risk management at Cambridgeshire.
- 8.3 The table below shows the maturity of current risk management arrangements at Cambridgeshire County Council, as identified by the Risk Maturity Assessment:

Risk Stages	Definition	No. areas at this level
1. Risk enabled	<i>Risk management and internal controls fully embedded into the operations.</i>	9 (56%)
2. Risk managed	<i>Enterprise approach to risk management developed and communicated.</i>	0
3. Risk defined	<i>Strategy and policies in place and communicated. Risk appetite defined.</i>	6 (38%)
4. Risk aware	<i>Scattered silo approach to risk management.</i>	1 (6%)
5. Risk naive	<i>No formal approach defined to risk management.</i>	0

- 8.4 From testing the key areas of the Council risk management processes, the majority of areas reviewed were classed as ‘risk enabled’, while most other areas were ‘risk defined’. The one area that had a reduced opinion of ‘risk aware’ related to the lack of co-ordinated training on risk management for Council officers and members.
- 8.5 Internal Audit drafted an Action Plan to address the different parts of the Council that have been assessed as risk defined and risk aware, and move these areas towards a risk enabled approach. This has now been incorporated into a new Risk Management Strategy for 2023/24.

9. Looking Forward and Next Steps:

- 9.1 The next steps for further developing and enhancing the effectiveness of risk management activity at Cambridgeshire County Council are set out in the new Risk Management Strategy, which is attached at Annex C. The elements of Cambridgeshire County Council’s Risk Strategy are aligned to the five key principles set out in the document *The Orange Book: Management of Risk – Principles &*

Concepts (April 2023) published by the UK Government. These principles are: governance and leadership; integration; collaboration and best information; risk management process; and continuous improvement.

9.2 Some of the key actions for implementation in the 2023/24 year include:

- Development of an e-learning module on risk management which can be made available to all staff. Once completed this will be publicised internally via the intranet and to targeted staff.
- Re-introduction of the quarterly Corporate Risk Group meetings with Risk Champions from each service area.
- A full internal audit review of risk management to be undertaken in 2023/24.

9.3 Progress with implementation of the Risk Strategy will be reported to CLT Risk and Assurance meetings and on to Strategy & Resources and Audit & Accounts Committee. Implementation of the actions outlined in the Risk Strategy will support the Council in moving towards a consistently 'risk enabled' approach to risk management.

Risk		01. ASC - Council's arrangements for safeguarding vulnerable adults fail									
Likelihood	5										
	4										
	3									X/T	
	2										
	1										
		1	2	3	4	5					
		Consequence					Risk Owners		Patrick Warren-Higgs		
							Current Score		15		
							Target Score		15		
							Previous Score		15		
							Triggers		Likelihood Factors (Vulnerability)		Potential Consequences
							1. Inability to recruit, train and retain experienced staff 2. Inherent weaknesses in governance arrangements 3. Poor quality of practice not delivering statutory responsibilities, non- compliance with policies & practice guidance 4. Ineffective management oversight 5. High caseloads/demand on service 6. Internal organisational change 7. External system/regulatory changes 8. Major incident results in spike in demand for services and/or inability to access Council systems, records or buildings.		1. Decrease in government funding 2. Failure/handback from commissioned providers 3. Increased expectations on local government 4. Increase in demand for services 5. Current Directorate restructure underway 6. Inflation and cost of living crisis		1. Vulnerable adult is seriously harmed 2. People lose trust in Council services and/or commissioned services 3. Council is judged to have failed in statutory duties 4. Requires improvement or inadequate CQC outcome

Controls	Adequacy	Critical Success	Assurance
01. Continuous process of updating practice and procedures, linking to local and national trends, including learning from local and national reviews such as Safeguarding Adult Reviews.	Good	Regular reporting	Eastern Region Sector Led Improvement Programme Adults practice governance board. LGA Peer Review and associated Improvement Plan in readiness for CQC inspection in the next 12 months
02. Comprehensive and robust safeguarding training, ongoing development policies and opportunities for staff, and regular supervisions that monitor and instil safeguarding procedures and practice	Good	High quality supervision and support. Professional staff are able to continue registration with their professional bodies	SAB multi agency policies and procedures in place. Themed audits re safeguarding and associated learning and development. Robust training programme in place Adults practice governance board and practice guidance.
03. Clear 'People in Position of Trust' policy and guidance in relation to Adults Provide training, SAB	Good		Appropriate training provided.
04. Multi-agency Safeguarding Boards and Executive Boards provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity. Coordinated work between multi-agency partners. In particular Police, County Council, Health and other agencies who are key members of the Board and subgroups.	Good	Regular reporting	SAB annual report highlighting progress against priority areas shared with Adults & Health Committee.
05. Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance	Good	Regular auditing and reporting	Monthly Management Audits. Annual programme of Themed Audits. Adults practice governance board. Agreed Improvement Plan with Senior Responsible

			Agreed improvement plan with senior responsible Leads.
06. Regular monitoring of social care providers and information sharing meetings with other local organisations, including the Care Quality Commission. Implementation of provider of concern process as required.	Good	Regular auditing and reporting	Contracts monitoring team, care home support team & provider of concern process
07. Coordinated work between multi-agency partners for both Adults and Childrens. In particular Police, County Council and other agencies including supporting young people transitions to adulthood, with the oversight of the Safeguarding Boards	Good	Effective and safe implementation	SAB and key statutory partners
08. Continue to work with the CQC to share information.	Good	Regular reporting	Contracts monitoring team
09. Managing increasing demand and acuity to ensure adults receive right support at the right time. Regular DMT's to discuss and escalate issues.	Good		Escalation to CLT as required.

Action Plans	Assurance	Responsibility	Target Date
1. Performance Improvement Plan DOLs in CCC, threshold assessments for people in care homes in CCC, adults and autism historical back log, OT waiting list. LD Health waiting lists linked to section 75 agreements, care and support plan delays, including brokerage of increases or changes to care packages, financial assessment and financial data entry delays.	Good progress has been made on reviews due to the use of the external agency to tackle the long waiters. This will be an ongoing process		31/08/2023
2. Adults Workforce Strategy forecasting future need, setting out recommendations and actions to retain, succession plan and ensure pipelines of future workers.	Drafted and due for approval and agreement to CLT.		30/06/2023

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		02. CSC - Failure of the council's arrangements to safeguard vulnerable children & young people (as at March 2023)														
Likelihood	5															
	4															
	3									X/T						
	2															
	1															
		1	2	3	4	5										
Consequence																
Risk Owners		Martin Purbrick N.B. Risk presented as at March 2023; currently under review by CLT					Current Score		15		Last Review		13/03/2023			
							Target Score		15		Next Review		ONGOING			
							Previous Score		15							
Triggers							Likelihood Factors (Vulnerability)					Potential Consequences				
1. High caseloads in Children's Social Care. 2. Systems and processes fail to support an accurate assessment of risk in relation to child and family circumstances. 3. Non-compliance with safeguarding processes and procedures. 4. Inability to recruit and retain experienced Social Workers. 5. Level of need outstripping market capacity. 6. Failure to secure a positive outcome from Ofsted inspection. 7. Major incident results in inability to access Council systems, records or buildings. 8. Changes in regulatory requirements for children's social care. 9. Ineffective management oversight.							1. Children's social care case loads are too high in some areas due to issues with recruitment and retention. 2. Inaccurate assessment of risk in relation to children & the family circumstances. 3. Dedicated Schools Grant High Needs Block overspending. 4. Difficulty procuring sufficient capacity for children's placements and Home to School Transport. 5. Cost of living crisis may create increased demand for services. 6. Uncoupling of Children's directorate from former joint People directorate. 7. New quality standards and Ofsted inspection regime for unregulated supported accommodation for 16- and 17-year old looked after children and care					1. Harm to child or young person awaiting or receiving services from the Council. 2. Reputational damage to the Council. 3. Financial impact. 4. Legal challenge or government intervention.				

Controls	Adequacy	Critical Success	Assurance
1. Multi-agency Safeguarding Boards and Executive Boards. Provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity specific safeguarding situation between partners.	Good		
2. Information-sharing and coordinated work between multi-agency partners, providers, and regulators. In particular Police, County Council and other agencies to identify child sexual exploitation, including supporting children and young people transitions to adulthood, with the oversight of the Safeguarding Boards. Regular monitoring of social care providers and information sharing meetings with other local organisations, including the Care Quality Commission.	Good		
3. Comprehensive and up-to-date Safeguarding Policies, Procedures and Practice Standards. Continuous process of updating practice and procedures, linking to local and national trends, including learning from local and national reviews such as Serious Case Reviews.	Good		
4. Safeguarding Training & Development Comprehensive and robust safeguarding training, ongoing development opportunities for staff, and regular supervisions monitor and instil safeguarding procedures and practice.	Good		

5. Quality Assurance Framework. Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance.	Good		
6. Clear processes for reporting concerns. Whistleblowing policy, robust Local Authority Designated Officer (LADO) arrangements and complaints process inform practice.	Good		
7. Family Safeguarding Approach Family Safeguarding involves multi-disciplinary teams in children's social care, to keep families together and ensure children and adults services work jointly for the best outcome for the family.	Good		
8. Role of Schools Intervention Service & Schools Causing Concern. The Council's Schools Intervention Service supports good governance in maintained schools and conducts regular reviews of safeguarding and safe recruitment practice in schools. The Schools Causing Concern process enables concerns about school safeguarding practice to be escalated, monitored and managed by the County.	Good		

Action Plans	Assurance	Responsibility	Target Date
1. Corporate response to Ofsted focused visit. Rapid improvement work responding to the Ofsted focused visit will be led by the Director for Children's Services.			31/03/2023
2. Children's Workforce Programme. The Children's Workforce Programme is a 12-month programme launched in September 2022 and led by the Chief Executive, to support recruitment and retention of the Children's social care workforce and to create an environment in which social care can flourish.			30/09/2023
3. DSG HNB Safety Valve. The Council is working with the Department for Education to seek to agree Safety Valve funding to resolve the current deficit in Dedicated Schools Grant High Needs Block Funding.		Jonathan Lewis	31/03/2023
4. Children's Safeguarding Rapid Review. A rapid review into a serious incident involving a young person will be concluded by 31st January 2023 and the action plan resulting from the review will be implemented by the 31st March 2023.			31/03/2023
5. Children's Placement Sufficiency. Work to manage the local market with support from Commissioning services is underway to support placement sufficiency for Cambridgeshire. This action is likely to remain ongoing.			31/12/2023

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		03. The Council does not have enough budget to deliver agreed short and medium term corporate objectives													
Likelihood	5						Risk Owners	Michael Hudson	Current Score	12	Last Review	15/06/2023			
	4					Target Score							9	Next Review	13/09/2023
	3			T	X										
	2					Triggers	Likelihood Factors (Vulnerability)	Potential Consequences							
	1								1. The Council spends more resources than it has by the end of the year and does not have sufficient reserves to cover cumulative variances 2. No clear policies, procedures or governance framework for budget setting and monitoring 3. Non-compliance with corporate processes 4. Poor demand management of services 5. Inflationary pressures 6. staff without appropriate s/k/e 7. The Council is a victim of major fraud and corruption 8. Adverse outcome from Safety Valve process - Council has to fund DSG High Needs deficit	1. Increased demand for services 2. Economic/market conditions - shortage of supply of services 3. Economic conditions - reduced income from fees/charges or taxation 4. Changes to government funding 5. Legislative and regulatory changes 6. Economic conditions Inflationary pressures - increased prices 7. Partnership risks - additional costs or reduced funding in collaborations 8. Industrial Emissions Directive and the Best Available Techniques conclusions (BATc) 9. Current challenges in the Waste and Home to School Transport markets	1. Council issues a s114 notice or requires capitalisation direction 2. The Council does not deliver its statutory responsibilities 3. People do not receive the services to which they are entitled or require, and may be harmed as a result 4. Reputational damage				
		1	2	3	4	5									
		Consequence													

07. Budget challenge and independent advisory: Finance and budget managers at all levels of the organisation to track exceptions and identify remedial actions	Good	Meeting of financial targets and deadlines. Political engagement and approval	
08. Rigorous treasury management system plus tracking of national and international economic factors and Government policy	Good		
09. Rigorous risk management discipline embedded in services and projects	Good		
10. Adequate reserves	Good	Reserves held at recommended level as per section 25 statement (4%)	
11. Integrated Financial Monitoring Report	Good	Received quarterly at S&R	
12. Anti-fraud and corruption policy	Good	Organisational awareness campaigns	
13. whistleblowing policy	Good	Organisational awareness campaigns	
14. Internal control framework	Good	Organisational awareness campaigns	
15. Fraud detection work undertaken by IA, Counter Fraud	Good	Organisational awareness campaigns	
16. Awareness Campaigns	Good	Organisational awareness campaigns	
17. Anti money laundering policy	Good	Organisational awareness campaigns	
18. Publication of spend data	Good	Organisational awareness campaigns	

Action Plans	Assurance	Responsibility	Target Date
01. Engagement, development and submission of credible revenue and capital plans into safety valve process	Safety Valve secured and regular reporting will now be presented as part of the Budget Monitoring reports. This position will continue to be reviewed but from the perspective of Financial Planning the next key date is the assessment of risk to inform the S151 s25 assurance of reserves.	Tom Kelly Jonathan Lewis	31/01/2024
02. Capital Programme Board and RIT full scrutiny and supervision of proposal and savings plan development.	These committees continue to meet and will inform the s151 Officer s25 risk assessment of reserves.	Michael Hudson	31/01/2024

03. Programme management of financial reporting, as well as continued strengthening of the budget monitoring and setting	Provide assurances over the robustness of estimates and forecasts.	Michael Hudson	31/01/2024
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Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		04. A serious incident occurs, preventing services from operating and /or requiring a major/critical incident response.									
Likelihood	5										
	4										
	3										
	2										
	1										
		1	2	3	4	5					
		Consequence									
							</				

6. Corporate Emergency Plan	Reasonable		Corporate Emergency Plans put into operation through recent incidents (2020/21 and 2021/22) including Flooding and Severe Weather. The CCC Emergency Management Plan is currently being updated (June 2023) to reflect organisational changes.
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Action Plans	Assurance	Responsibility	Target Date
Business Continuity Plan Testing Once the corporate review of BCPs is complete, the Emergency Planning team will re-implement a programme of service-level testing of BC plans and a corporate BC testing exercise.		Stewart Thomas	01/04/2024
Corporate review of Business Continuity Plans.	The Emergency Planning Team maintain a tracker of corporate and service BCPs and are now reviewing and updating this to understand current completion and quality levels of service BCPs. BC Awareness sessions for Team Managers were launched in February 2023 to re-establish contact with BC leads and sessions are currently booked in with Directorates to December 2023. The Emergency Planning Team took part in Worldwide 'Business Continuity Awareness Week' in May 2023 run by the Business Continuity Institute with internal communication & promotional material sent to staff.	Stewart Thomas	31/01/2024
Emergency Planning Team supporting service Business Continuity leads to review Business Continuity Plans.			
IT Disaster Recovery Exercise		Sue Grace	31/03/2023

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		05. Failure of corporate governance										
Likelihood	5						Risk Owners	Emma Duncan	Current Score	10	Last Review	15/06/2023
	4								Target Score	15	Next Review	15/09/2023
	3								Previous Score	10		
	2						Triggers	Likelihood Factors (Vulnerability)	Potential Consequences			
	1											
		1	2	3	4	5						
	Consequence											
</												

		impact.	
09. Roles of Statutory Officers inc. Head of Paid Service, Section 151 Officer, Director of Adult Social Services, Caldicott Guardian, etc.	Good	Active postholders for all statutory roles for the Council.	
10. Statutory Officers Group Statutory Officers Group meetings to discuss corporate governance arrangements and issues, and to reflect on recurring themes relating to Council improvement.	Good	Regular scrutiny of corporate governance by senior officers.	
11. Performance Management Framework Performance management is a tool that allows us to measure whether we are on track to achieve our corporate priorities. If we are off-track, we change our activities to improve service delivery, value for money and the outcomes people experience.	Reasonable	Clear information on organisational performance against objectives provided in a timely way to decision-makers.	Performance reporting to Committees and CLT.

Action Plans	Assurance	Responsibility	Target Date
01. Corporate Response to the Covid Public Inquiry.			31/03/2023
02. Self-Assessment of the effectiveness of the Audit & Accounts Committee.		Mairead Claydon	30/09/2023
03. Appointment of independent non-voting Members to the Audit & Accounts Committee.		Mairead Claydon	30/09/2023
04. Implement Action Plan from Annual Governance Statement.	Implementation to be reviewed on an ongoing basis by Statutory Officer Group.	Emma Duncan	31/03/2024
05. Governance Review.		Emma Duncan	31/03/2024

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		06. The Council's workforce is not able to meet business need												
Likelihood	5													
	4													
	3									X/T				
	2													
	1													
		1	2	3	4	5								
Consequence														
Risk Owners							Janet Atkin		Current Score		15	Last Review		02/03/2023
									Target Score		15	Next Review		04/06/2023
									Previous Score		15			
Triggers							Likelihood Factors (Vulnerability)					Potential Consequences		
1. Skills shortage in key areas including partners. 2. Employee retention beneath optimal leading to unhealthy level of turnover. 3. Low levels of employee engagement. 4. Failure to achieve a healthy organisational culture and environment. 5. Ineffective or inadequate workforce planning. 6. Financial pressures mean the Council is not able to offer pay in line with the market. 7. Decline in Council's reputation as an employer. 8. High absence levels. 9. Inability to train, recruit and develop staff 10. Organisational change 11. Working days lost to strike action/ industrial action							1. Cost of living is increasing at a rate that is causing major concern for many of our workforce. 2. Acute skills shortage in key areas including partners 3. EU exit impact on employment market 4. Increased challenges across all areas of the council's functions in recruiting. 5. Changing expectations regarding how and where staff want to work. 6. The extent and scale of change programmes being undertaken across the Council in the first part of 2023 including the separation of services across CCC and PCC is heightening the likelihood of disruption and challenge with motivation and engagement. 7. Significant demand in services. 8. Increased workplace expectations of employees.					1. The Council is unable to recruit & retain staff with the right skills and experience. 2. Failure to deliver effective services or Council objectives. 3. Reputational damage to the Council. 4. Low morale and negative impact on staff wellbeing. 5. Expenditure on costly interims or agency staff. 6. Workforce lacks relevant skills, knowledge and training and is not continually developed.		

Controls	Adequacy	Critical Success	Assurance
A. Fair Recruitment Policy. Recruitment and Retention Board meets bi-monthly, focused on social care. This meeting continues to focus on key areas of challenge and concern, engaging with our providers of agency workers as well around hard to fill posts to identify opportunities to improve candidate attraction.	Good	Staffing levels support service delivery.	Outcomes of actions from Recruitment and Retention Board.
B. Regular Employee Engagement Surveys established to identify and respond quickly to emerging issues and concerns. A number of key topics have been covered and going forward will be revisited annually including Wellbeing; Equality, Diversity and Inclusion, and How We Work. The results of these engagement surveys are discussed with CLT for an action plan to be signed off and published on Camweb clearly setting out the organisational commitment to matters raised	Good	Employee Engagement is demonstrated through employees seeing the value of and therefore contributing to these opportunities to shape the organisation as an employer.	CLT see results of engagement surveys and agree action plans to respond to the survey.
C. 5 year People Strategy, endorsed by Members with accompanying action plan to ensure the right focus on recruitment, retention and talent management. New People Strategy has been launched and has a clear focus on the shifting employment market and employment challenges that the Council faces, to establish clear plans for the workforce.	Good	Clear workforce plan in place for the Council.	Success of the People Strategy is measured through employee engagement surveys and feedback from key services/exit interviews. Additionally, an annual report is presented to Staffing and Appeals Committee.
D. Dedicated Recruitment Team supporting the whole Council. Targeted recruitment campaigns and new e-recruitment system.	Good	The Council is able to recruit staff with the right skills and experience.	Impact of recruitment campaigns is reviewed by the Recruitment Board. Decisions on spending on

The team engage with services to understand the specific and differing challenges that they face and target recruitment campaigns accordingly, as well as maximising usage of social media channels. A new e-recruitment system has been implemented (in last 12 months).			major recruitment campaigns are approved by the Board. Ongoing recruitment project has an emphasis on recruiting managers acting as Council ambassadors and not just focusing on their own area/vacancy, to improve attractiveness of Council
E. Appraisal system linked to performance management	Good	Staff retention is enhanced.	Directorate-level review of outcomes followed by CLT review of appraisal and performance outcomes
F. Role of HR Business Partners. HR Business Partners work with services to anticipate and meet demands within service areas. BPs attend management meetings and meet Service Directors regularly.	Good	Services are supported in successful recruitment, engagement, development and retention of staff.	Feedback from HR Business Partners regarding organisational engagement.
G. Annual report to Staffing and Appeals Committee Reports are delivered to Staffing and Appeals Committee in February each year setting out a clear review of the workforce profile and activity during the year as well as key policy changes, employee engagement activity and an update around employee wellbeing.	Good	Impact of workforce policies and engagement is measured and evaluated to inform future policy development.	Report is taken to Committee in February.
H. Report on quarterly basis to management teams on workforce and performance. Quarterly dashboard reports on workforce matters including absence and turnover are provided to Directorate Management Teams for them to keep a focus on their workforce profile and any emerging or potential concerns.	Good	Directorate Management teams are able to identify and address any emerging or potential concerns.	Reports are provided to DMTs quarterly.
I. Use of Consultants Policy and Interim & Agency Workers Policy.	Reasonable	Hiring managers use appropriate and compliant routes to market to obtain interim, agency staff and consultants.	Regular reporting on use of consultants, interims and agency staff to CLT and Audit & Accounts Committee. Internal Audit review of Use of Consultants & Interims planned for 2023/24. Consultancy policy ownership has transferred to Procurement. Head of Procurement and Head of HR have been attending Management Team meets within services to raise awareness of these policies and to discourage any procurement of
J. Agency Staff framework with Opus.	Good	Hiring managers use Opus as an accessible and cost-effective route to market for agency staff.	HR team manage Opus contract. Opus reporting has improved significantly with implementation of weekly returns for Social Care, Adults and Children's and monthly returns for other services. HR Advisory have introduced a reconciliation of returns to services to confirm accuracy of reports
K. Well established consultative framework with trade unions.	Good	Well established and positive relationships enable constructive discussions with trade union colleagues around any challenging workforce related matters, as well as an opportunity to gain valuable insights and contributions to help shape policy development	

L. New Learning & Development platform and work of the Learning & Development team.	Good	Staff are able to access targeted learning and development opportunities and the Council can monitor training undertaken.	Rates of training completion.
M. Equality Diversity & Inclusion Working Group. EDI Working Group meets fortnightly to tackle EDI issues and engage staff across the organisation.	Good	The Council has a strong culture of equality, diversity and inclusion which supports staff engagement and retention.	Staff feedback in EDI engagement surveys and exit interviews.
N. Employee Wellbeing offer and new Employee Engagement & Wellbeing Manager post.	Good	Staff are supported to maintain wellbeing, reducing staff absence and supporting employee engagement and retention.	Staff feedback in Engagement Surveys and exit interviews.

Action Plans	Assurance	Responsibility	Target Date
Children's Workforce Improvement Programme. Programme to address challenges in children's workforce retention and recruitment, launched in September 2022 and led by Chief Executive. This piece of work has broadened in scope. Target date revised to reflect this - March 24.		Janet Atkin	30/03/2024
The values and behaviours framework will be reviewed in line with the next iteration of the People Strategy. This now du		Janet Atkin	31/10/2023
Work with the service directors to create a comprehensive L&D framework to support the wider People Strategy. Can only be completed once People strategy in place and agreed therefore target date to be aligned – October 23.		Janet Atkin	31/10/2023

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		07. Failure to Deliver Key Council Services									
Likelihood	5										
	4										
	3										
	2										
	1										
		1	2	3	4	5					
							Risk Owners		Stephen Moir		
							Current Score		10		
							Target Score		15		
							Previous Score		10		
							Triggers		Likelihood Factors (Vulnerability)		Potential Consequences
							01. This risk may be triggered by the realisation of any of the other risks on the Corporate Risk Register: - Failure of safeguarding arrangements (Risks 1 and 2) - Failure of financial management (Risk 3) - Impact of a major/critical incident (Risk 4), cyber attack (Risk 8) or climate change (Risk 12) - Failure of corporate governance (Risk 5), key contracts (Risk 10) or partnership and collaborative working (Risk 11) - Insufficient workforce (Risk 6) - Failure to comply with Information Governance legislation (Risk 9) 02. Changing county demography and high levels of growth create pressure on Council resources and increase the risk that funding does not match demand; this may also be exacerbated by weak demand management process within the Council. 03. Failure to identify changing policy or legislation, or an inability to respond to changes in policy or legislation. 04. Failure to develop, effectively communicate and implement clear Council strategies and service plans, including the Business Plan. 05. Insufficient corporate oversight of performance. 06. Non-compliance with corporate policies and procedures. 07. Failure of arrangements for health and safety		01. Changes to local authority finance and funding regime. 02. High levels of growth in Cambridgeshire outstripping predictions and creating increased demand for key services. 03. Global pandemic 04. Current high rate of organisational change and consultations in Adults, Children's and Strategy & Partnerships. 05. Long-term Brexit implications 06. Local Elections		01. Harm or risk to vulnerable people. 02. Statutory penalties. 03. Reputational damage to the Council. 04. Government or regulatory intervention. 05. Financial consequences.

Controls	Adequacy	Critical Success	Assurance
1. Role of the Corporate Leadership Team (CLT) CLT have a leading role in ensuring that the Council delivers key services and legislative requirements. Individual directors have performance plans setting out required service delivery in their areas.	Good		Council Directors complete Directors Assurance Statements for the Annual Governance Statement providing assurance over the control of risk and compliance with corporate governance requirements in their area
2. Strategic Framework & Business Plan A clear corporate strategy and strategic framework feeding down into service plans, medium term financial strategy etc.	Reasonable	The Council's Strategic Framework should clarify the Council's aims with regards to service delivery to officers and Members.	
3. Role of Council Committees Cross-party decision-making in Council Committees provide oversight and challenge to decision-making, policy-making and performance of Council services.	Good		

4. Systems providing oversight of Council performance and service delivery. The Council's Performance Framework and Key Performance Indicators, along with associated systems for identifying performance issues such as the Complaints Procedure and Feedback Policy, provide corporate oversight of performance and delivery of key services.	Reasonable	Senior management and Members have accurate and timely overview of Council performance.	
5. Demand forecasting. The Council operates forecasting mechanisms to inform budget setting and long-term planning. This includes placement sufficiency processes to inform provision of school and early years places.	Good	The Council has an accurate view of likely demand for services in the short and long term.	

Action Plans	Assurance	Responsibility	Target Date
1. Consultation and restructure within Strategy & Partnerships directorate. Key outcomes from the restructure will include the review of responsibilities for Business Planning and Performance.		Sue Grace	30/06/2023
2. Consultation and restructure within People's Services.		Elaine Redding	30/06/2023
3. Redevelopment of the Council's Performance Framework.		Sue Grace	31/12/2023
4. Review of corporate approach to Business Planning and budget planning, Strategic Framework and service planning.		Sue Grace	31/12/2023

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		08. The Council is a victim of cyber crime.												
Likelihood	5			X										
	4													
	3									T				
	2													
	1													
		1	2	3	4	5								
	Consequence													
Risk Owners		Michael Hudson					Current Score		15		Last Review		16/06/2023	
							Target Score		15		Next Review		14/09/2023	
							Previous Score		15					
Triggers							Likelihood Factors (Vulnerability)				Potential Consequences			
01. Data loss 02. Denial of IT services 03. Malware attack 04. Phishing attack 05. Ransomware attack 06. Telephone Toll Fraud 07. Major vulnerability 08. DR for IT Services 09. Data mishandling/breach 10. Training arrangements fail 11. Password attack 12. SQL injection attack 13. Monitoring does not identify threats 14. In-house expertise/resource is stretched/reduced 15. Outdated or unpatched systems							01. Increasing malicious attempts from various sources 02. Malicious Emails to staff increasing 03. Non-compliance by staff or partners with IT Security policies				01. Regulatory breach subject to ICO action, reputational harm to the Council and disclosure of private information. 02. Inability or degradation in the ability of Council staff to access any computer based service hosted outside of the Council network. It will most likely also impact any services that the council hosts for access by the public. Finally it would also impact any VOIP services operated by the council. 03. Infection of Council systems by malware, causing a degradation of Council systems. 04. Credentials and/or data being made available to unauthorised third parties. This could result in ICO action, reputational damage to the Council and the unauthorised release of confidential information. 05. Loss of access to Council data, a financial ransom to recover access, reinstallation and restore operations to recover access, release of confidential data, reputational harm and ICO action. The exact impact will depend on how well mitigation reduce the impact of the attack. 06. Financial loss for the Council. The Council may also suffer reputational damage or information loss risks if the breacher of the system attempts to impersonate the Council. 07. Systems are exploited by using known\unknown vulnerabilities. 08. There is a risk that the functionality of the new DR solution has not taken place since implementation in August 2021 November 2021 and a retest will be required to provide assurances following platform changes. The consequence of not retesting is that if there is an incident which requires DR to be invoked it will be testing the solution during			
Controls							Adequacy		Critical Success			Assurance		
01. Phishing detection and prevention controls							Good		Phishing attempts are prevented or detected and dealt with.			The service confirmed that multiple layers of Phishing detection are in place and these will delete or mark messages as appropriate. External		

			<p>delete or mark messages as appropriate. External messages are also marked as such as they contain a higher risk of Phishing.</p> <p>Multifactor authentication is used to reduce the likelihood of successfully exploiting Phished credentials.</p> <p>A simulation phishing exercise was completed in May 2022 which resulted in 178 users entering their password/credentials, which equates to 2.47% of the total delivered emails. Targeted</p>
02. Vulnerability detection and mitigation controls	Good	Vulnerabilities are identified internally and externally and patched in a timely manner – 14 days for vulnerabilities rated high or critical on the CVSS scoring system.	<p>Firewall, Email, Website access and end-device technical controls are used to eliminate or reduce the risk on known/unknown vulnerabilities from being exploited. NCSC Early Warning, WARP and other third-part intelligence source are used to identify vulnerabilities as soon as possible. There has been no action required or vulnerabilities detected from last 6 Months of WARP Threat Roundups. No NCSC Early Warning threat has been received since 16/12/2021. Other information and web sources are also monitored by the service on a regular basis to identify potential vulnerabilities.</p> <p>Additional assurances can be provided via progression of PSN Remediation Action Plan and outcomes of DLUHC (Department of Levelling Up)</p>
03. Disaster Recovery Testing	Reasonable	Schedule of DR testing and reporting of outcomes.	<p>The last DR test occurred as part of the data centre move in November 2021. A failover was successfully completed in March 2022 at Sand Martin House Data Centre.</p> <p>If DR is invoked systems will be available however platform system changes will require DR to be retested to ensure performance and functionality is</p>
04. Robust policies and procedures including the new IT Strategy and the existing Information Management & Governance policy framework.	Good	Accessibility and awareness of comprehensive, up-to-date IT and Cyber security policies and guidance.	<p>Upcoming implementation of the new IT Strategy, toolkit materials and review of current policy suite. New IT strategy is being based on the National Strategy and will show how the service will support the 5 objectives: Manage, Protect, Detect, Minimise and Develop.</p> <p>A new toolkit has also recently been procured - ISO27001, PCI DSS and Cyber Essentials and</p>
05. Staff training on the correct handling of private data, and to use technical controls available to the Council to enable this.	Good	Completion of e-learning and delivery of sessions at Council wide sessions, such as Cambridgeshire Conversations	<p>Cyber Security E-learning has sufficient coverage, but completion levels require improvement. A council wide one-hour Cyber Griffin session is planned to be delivered by the City of London</p>

			planned to be delivered by the City of London Police on the 22nd March 2023. Up to 1,000 staff can join the training session
06. Use multiple layer of anti-malware protection on Firewalls, email and end-points to prevent malware with frequent signature updates.	Good	Anti-malware protection	Malware protection is provided by Trend Micro Apex One (contract ends 23/3/24), Microsoft 365 (rolling Monthly Contract) and PaloAlto (MLL Eastnet Contract).
07. Use technical controls to limit access to the Council VOIP system to the UK only.	Good	VOIP system access control and usage reports	Normal usage is monitored by the provider and Council staff so that any deviation from normal use patterns can be identified and alerted.
08. Use the automated denial of service mitigation service provided by our wide area network provider MLL. This will inform us of any denial of service attempts and mitigation activities.	Good	MLL monitoring notifications	The service has never received a DOS or DDOS warning from MLL since established there was a process in place.
09. Cyber Security Board and Technical Group	Good	Regular meeting and reporting on cyber security	The purpose of the Cyber Security group is to ensure that IT best practice security is monitored and managed uniformly across CCC and PCC, defining the secure use and management of our IT systems
10. Information Governance Management Board	Good	Regular meeting and reporting on cyber security arrangements and actions.	The IMB provides advice and guidance on all elements of IM/IG. This includes leading on cyber security arrangements.
11. ITDS Recruitment Campaigns	Good	The service retains and develops workers with IT specialisms.	Team currently has 3 qualified CISP officers and apprenticeship routes are established.
12. IT Business Continuity Planning processes	Reasonable	BCP in place for IT and service specific IT risks are considered in other service's BCP	An LGSS IT BCP from 2018 was provided to audit by Emergency Planning. No current version is in place but work is ongoing with Emergency Planning to get in place.
13. ICT Security Procurements	Reasonable	Due diligence processes are adhered to when making IT procurements to ensure the Council's IT security systems are not compromised	RFQ sets out standard procurement requirements however this process is under review.
14. Information Risk Owner role; Data Protection Officer role; Caldicott Guardians	Good	Defined responsible officers are in place	Defined within the Information Governance Framework.
15. Performance monitoring – corporate IT KPIs on IT Security	Good	Performance Monitoring is regularly undertaken to ensure IT security arrangements are sufficient	No assurances at present. TBC.
16. Communication strategy	Good	Ad-hoc communications and publicity work to raise awareness of IT security	Internal engagement team publishes ad-hoc and reactive comms regarding IT security. Further comms work include Cambridgeshire Conversations sessions.
17. Limitations to FOI requests	Good	Limitations on details the Council can release in FOI answers in relation to council system infrastructure	New process established to restricting level of detail given in FOI requests in regards to Council IT infrastructure as not to expose Council to cyber risk.

Action Plans	Assurance	Responsibility	Target Date
01. Creation and finalisation of IT Strategy; including archiving of out-dated policies and working guidance	Owned by Executive Director, Finance & Resources and Assistant Director of Customer & Digital Services	Michael Hudson Sam Smith	30/09/2023
02.Business Continuity Plan for IT services to be developed with Emergency Planning	Currently in progress	Sam Smith	30/03/2024
03.Corporate IT Security KPIs and reporting to be developed – such as Cyber Security and IG e-learning training complet	Currently in progress, however initial perspective is that there will be a single KPI on training. With additional reporting and dashboards being produced to report on the estate as this is a continually moving feat.		30/03/2024
04.Cyber Treatment Plan, completion of all outstanding actions	Last few items remain, on target to complete		30/09/2023
05.PSN Remedial Plan, completion of all outstanding actions	Last few items remain, on target to complete		30/09/2023
06.DR retesting to be scheduled	Will be scheduled in once SAN replacement procurent has been finalised and will be included in one of the tasks within the implementation	Michael Hudson Sam Smith	30/12/2023
07. Ensure DPIAs are completed for all systems (where they have not already been completed)		Ben Stevenson	31/03/2024
08. Review partnership arrangements where data is either being processed or controlled on our behalf, or where we are ho		Sam Smith	31/03/2024
09. Create a partnership directory to understand our relationships with partners and the responsibilities of either part		Sam Smith	31/03/2024
10. Apply lessons learnt from recent cyber attack.			31/03/2024

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		09. The Council fails to comply with Information Governance legislation and industry standards														
Likelihood	5															
	4															
	3															
	2															
	1															
		1	2	3	4	5										
	Consequence															
Risk Owners		Emma Duncan					Current Score		12		Last Review		06/03/2023			
							Target Score		15		Next Review		04/06/2023			
							Previous Score		12							
Triggers							Likelihood Factors (Vulnerability)					Potential Consequences				
1. High staff turnover and use of agency and interim staff. 2. Out of date IT systems or staff failure to install patches. 3. Cybercrime and phishing attacks. 4. Lack of training/awareness among staff. 5. Insufficient physical security of buildings. 6. Staff removing physical records from the office.							This risk is closely linked to Risk 08, 'the Council is a victim of cybercrime', and IT security vulnerabilities will increase the likelihood of a breach of Information Governance legislation.					There is a risk that a lack of oversight and control of information management leads to information being mis-handled, which would expose the organisation to: * Legal action/Information Commission Officer involvement. * Damage to the reputation of the council and adverse publicity. * Complaints. * Data subjects suffer loss, detriment and distress as result of poor management of data. This will include records management, contractual obligations, case management, training and awareness.				

			Committee and Joint IM Board. Six monthly report to CLT.
8. FOI responses issued within the statutory timeframe.	Good	Targeting compliance rate of 90% FOIs completed within statutory timeframe.	Quarterly report of progress towards 90% within statutory timeframe to both Strategy & Resources Committee and Joint IM Board. Six monthly report to CLT.

Action Plans	Assurance	Responsibility	Target Date
Awareness and communications regular updates via Cambweb, DMTs and conversations to keep awareness levels up	Visibility on Cambweb	Ben Stevenson	31/03/2024
Completion of NHS DSP Toolkit Ensures areas of compliance considered and how met for Public Health and Adult	Publication of toolkit and any audits	Ben Stevenson	30/06/2023
Implement learning from incidents Ensure that processes are reviewed and trends analysed	Lack of repeat incidents in service areas where processes are reviewed and changed	Ben Stevenson	31/03/2024
Mandatory training Training to be delivered annually to all staff, relevant to services and councils	BI reports to identify non completers Raised with directors and CLT to ensure completion Annual training	Ben Stevenson	31/12/2023
Review of IG policies Annual review of policies and updating to ensure best practice shared	Published policies approved by IM board	Ben Stevenson	30/09/2023

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		10. Failure of key contracts.															
Likelihood	5						Consequence	Risk Owners	Michael Hudson	Current Score	12	Last Review	15/06/2023				
	4													Target Score	9	Next Review	13/09/2023
	3																
	2																
	1																
		1	2	3	4	5											
	Triggers									Likelihood Factors (Vulnerability)				Potential Consequences			
<p>01. Different partnership arrangements and/or contracts have conflicting aims or priorities.</p> <p>02. Large scale handback / collapse of major suppliers for economic/profitability reasons</p> <p>03. Supply chain failure and/or significant cost increases in supply chain or CPI.</p> <p>04. The Council fails to identify key/business-critical contracts.</p> <p>05. Lack of robust, formally agreed contract documents to set deliverables, performance and governance arrangements for all key contracts.</p> <p>06. Failure to compliantly procure key contracts leads to legal challenge.</p> <p>07. Contracts lack clear corporate owners; or contract owners have a conflict of interest between their CCC role and external interests.</p> <p>08. Contracts fail to drive desired deliverables/outcomes through appropriate penalties/rewards.</p> <p>09. Lack of in-house contract management expertise.</p> <p>10. Third party fraud committed by or against suppliers and/or internal fraud or corruption in collusion with suppliers.</p> <p>11. Relationship breakdown with key contractors, potentially leading to a legal dispute.</p> <p>12. Heavy reliance on single suppliers leading to lack of a diversified supply chain.</p> <p>13. Policy or leadership changes in central government.</p> <p>14. This Land unable to adhere to business plan:</p> <ul style="list-style-type: none">- timescales and programme slippage, assumptions about further land acquisition & promotion- assumptions and expectations, housing downturn/economics/inflation reduce profitability								<p>01. This Land - arms length/commercial risk. Planning delays to date. Loan to value depleting but improved cashflows</p> <p>02. Uncertainty and major change programmes underway within the Council.</p> <p>03. Significant economic and inflationary volatility.</p> <p>04. Industrial Emissions Directive and the Best Available Techniques conclusions (BATc).</p>				<p>01. Financial impact of credit loss or default on monies owed.</p> <p>02. Revenue impact of increased costs or reduced income returns.</p> <p>03. Interruption to outcomes and service delivery.</p> <p>04. Construction quality and health & safety matters.</p> <p>05. Reputational damage.</p> <p>06. Failure to fulfil statutory duties.</p>					
Controls								Adequacy		Critical Success		Assurance					
01. Contract Procedure Rules and associated guidance and training.								Good									
02. Grants to Voluntary Organisations Policy.								Good									
03. Contracts Register.								Good									

04. Procurement Governance Board.	Reasonable		
05. Head of Diligence & Best Value role.	Reasonable		
06. Business Continuity Planning processes.	Poor		
07. Corporate due diligence processes.	Good		
08. Declarations of Interest processes within the Codes of Conduct for officers and members	Reasonable		
09. Corporate process for identifying key partnerships and contracts.	Reasonable		
10. Budget monitoring and forecasting processes.	Good		
11. Contract Management Toolkit in place. Contract management training is delivered to key contract managers via the Government Commercial Function.	Good		

Action Plans	Assurance	Responsibility	Target Date
01. This Land next steps. Receipt and review of monitoring surveyor reports, scrutiny of / challenge to next iteration of business plan & programme progress, confirmation of completion of enhancements to financial model functions.	This is reported to S&R Committee in July showing an improved position.	Tom Kelly	30/09/2023
02. Implement the new Sustainable Procurement Strategy		Clare Ellis	31/12/2024
03. Business Continuity strengthened	This should be carried out by all service managers with support and constructive challenge from Procurement & commercial and Emergency Planning.	Stewart Thomas	31/12/2023

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		11. Failure of collaborative working.									
Likelihood	5						Risk Owners Sue Grace; Simon Parker	Current Score 12 Target Score 12 Previous Score 12	12	Last Review 19/06/2023 Next Review 17/09/2023	
	4			T							
	3				X						
	2										
	1										
		1	2	3	4	5					
	Consequence										
						Triggers	Likelihood Factors (Vulnerability)		Potential Consequences		
						01. Different partnership arrangements have conflicting aims or priorities. 02. The Council fails to identify and manage key/business-critical partnerships. 03. Lack of robust, formally agreed partnership agreements or equivalent to set scope, deliverables and governance arrangements for all key partnerships. 04. Partnerships lack clear corporate owners; or partnership owners have a conflict of interest between their CCC role and external interests. 05. Partnership agreements fail to drive desired deliverables/outcomes. 06. Relationship breakdown with key partners, potentially leading to a legal dispute. 07. Policy or leadership changes in central government or local partnership organisations. 08. Lack of transparency regarding the operation of key partnerships.	1. Uncertainty and major change programmes underway within CCC and partner organisations. 2. Restricted budgets across sector, coupled with significant economic and inflationary volatility. 3. Current negotiations regarding LD pooled budgets.		01. Financial impact of partnership failure particularly where budgets are pooled. 02. Revenue impact of increased costs or reduced income returns. 03. Interruption to outcomes and service delivery. 04. Reputational damage. 05. Failure to fulfil statutory duties.		

Action Plans	Assurance	Responsibility	Target Date
01. Review and update Partnerships Advice & Guidance document linking in to the Appointments to Outside Bodies Process.		Simon Parker	31/10/2023
02. Conduct a fact-finding exercise to review our key partnerships, engagements and collaborative work.		Simon Parker	31/10/2023
03. Identify opportunities for collaborative working around shared ambitions with our key partners	This action will follow on from the fact-finding exercise at Action 02.	Simon Parker	31/12/2023

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk		12. Climate Change									
Likelihood	5										
	4					X/T					
	3										
	2										
	1										
		1	2	3	4	5					
							Risk Owners		Frank Jordan		
							Current Score		16		
							Target Score		16		
							Previous Score		16		
							Triggers		Likelihood Factors (Vulnerability)		Potential Consequences
							Consequence				

Controls	Adequacy	Critical Success	Assurance
01. Council policy on the – CCES and action plan in place to guide decarbonisation and nature recovery priorities	Good	CCES approved and first mobilisation plan in place.	Annual review of action plan and CCES targets
02. Implementation of the Phase 1 Net Zero Enabling Programme to improve knowledge, skills, governance and Resource Capacity	Good	Governance established feeding directly in Corporate Leadership Team. Recruitment underway to increase capacity. Phase2 and Phase 3 mobilisation programmes developed	Decarbonisation plans in place for high carbon emitting areas. Improved data integration for dynamic reporting on annual carbon budgets
03. Performance management - Annual Carbon Footprint Report and monitoring of progress against CCES targets	Reasonable	Baseline assessments in place for carbon and biodiversity Forecast annual carbon budget	Annual carbon footprint published. Trajectory to net Zero by 2030 reviewed

04. Quarterly reporting to CLT on progress with the CCES by the Executive Director Place & Sustainability	Reasonable	Reporting template to be agreed and started from October 2022	Quarterly reports on CLT forward agenda.
05. Delivery and Programme Management of the CPCA Climate Change Action Plan	Reasonable	CCC puts in place a delivery programme and CPCA resources in place to deliver the action plan	Reporting to the CPCA Climate Working group and the Independent Commission for Climate
06. Continued involvement in various strategic partnerships/collaborative spaces to feedback information and establish collaborative working approaches. E.g. Local Climate Change Officers Group, UK100, ADEPT, UKPN Innovation Teams, Biodiversity Officers group, Fenland SOIL etc	Reasonable	Sharing Best Practice for policy and delivery improvements.	To be discussed
07. Climate and Environment Training Programme to all staff, consisting of e-learning module(s) and Carbon Literacy Training for all senior staff (& members)	Good	20 Members and 50 Officers trained, including majority of corporate Leadership Team.	Achieving equivalent of Gold CLT standard All Senior Managers to P4 to attend training Aspire towards 80% of Members trained
08. Maintaining a watching brief on governmental policy, legislative and funding positions to enable pro-active responses to emerging changes	Good	Increase external funding success for decarbonisation projects	£1.2m of external funding to deliver CCES
09. Corporate Performance Outcome agreed to cover Climate Change and Sustainability. All staff will have a corporate outcome regarding Climate Change and Sustainability included in their outcomes and impacts targets as part of the corporate Our Conversations process.	Good	Services, teams and individual staff consistently work towards achieving the Council's Climate Change strategy and aims.	Services, teams and individual staff consistently work towards achieving the Council's Climate Change strategy and aims.

Action Plans	Assurance	Responsibility	Target Date
01. Delivery of the Climate Change & Environment (formerly Enabling Net Zero) Programme of work	CCES Action Plan - Risk Approach	Sheryl French	31/10/2023
02. Delivery of CPCA Action Plan areas led by CCC	Programme monitoring via the Net Zero Programme Board	Frank Jordan	30/09/2023
03. Delivery of CPCA Action Plan areas led by CCC	Quarterly progress reports to the CPCA Officer Board and Member Board	Maggie Pratt	30/09/2023
04. Integration of climate and environment into procurement strategy and frameworks e.g. Climate Change Charter, implementation of the Social Value toolkit, training and support for commissioning officers	The Climate Charter is live and being used for all procurements valued over £100,000. The Council's Sustainable Procurement Strategy was agreed in February and is starting to be delivered. Social value is considered in all procurements valued over £100,000. Further work is being done on considering how to reduce carbon in existing contracts.	Clare Ellis	30/09/2023
05. Corporate Asset Management Strategy	The updated Asset Management Strategy (when this is completed and published)	Chris Ramsbottom	30/09/2023

Incorporation (and delivery) of carbon reduction and biodiversity improvements into CCC management approaches and to use CCC assets to drive net zero system change	delivered).		
06. Climate / environment integrated into CCC operations and systems Including Carbon Valuation; Net Zero by Design; Triple bottom Line; integrated impact assessments	Monitoring of Capital Programme Board papers to ensure papers include carbon valuation.	Sarah Wilkinson	30/09/2023
07. Identification of annual targets to report progress and risk position against Including carbon budgets under development by CUSPE	Quarterly reporting to Committee on Net Zero targets as part of the Council's performance framework	Rachel Hallam	31/07/2023
08. Engagement and awareness campaign To deliver behavioural change and empower individuals, communities and businesses to act independently of the Council: a) internal and b) external	Assurance is via the annual comms service and campaigns plan (and reports back to the Net Zero board) signed off by CLT and Chairs & Vice Chairs and monitored quarterly.	Christine Birchall	30/09/2023
09. Market development/skills/Cleantech	via the CPCA Climate Action plan and its wider skills work		31/12/2023
10. Annual Carbon footprinting – New data to fill known data provision gaps	Annual publication of the Council's carbon and area footprints for publication on the Council's website.	Rachel Hallam Sarah Wilkinson	31/12/2023
11. Funding & financing for net zero 2030	Via Workstream 3 of the Climate Change and Environment Programme	Sheryl French Stephen Howarth	31/12/2023
12. Funding and Financing Framework for 2045	Via Workstream 3 of the Climate Change and Environment Programme	Sheryl French Stephen Howarth	31/12/2023

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

CAMBRIDGESHIRE COUNTY COUNCIL

Risk Management Policy

The aims of this policy and the supporting Risk Management Toolkit are to:

- Outline Cambridgeshire County Council's approach to risk management, including the identification, assessment, monitoring and mitigation of risk.
- Ensure that good practice in risk management is embedded across the Council throughout 'business as usual' policies, processes and activity.
- Help Council staff understand the key principles of effective risk management and risk management roles and responsibilities across the organisation.
- Establish the Council's corporate risk appetite and guide staff in managing risk in a consistent and proportionate way.
- Outline a clear corporate escalation process for new and emerging risks.
- Signpost officers to further detailed guidance and support on risk management.

Policy Owner
Name: Mairead Claydon Post: Head of Internal Audit & Risk Management Email: Mairead.Claydon@cambridgeshire.gov.uk

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1. BACKGROUND AND CONTEXT

- 1.1 There are many factors which might prevent Cambridgeshire County Council achieving its plans. We therefore adopt a risk management approach which is embedded throughout the entire organisation, with the aim of identifying, assessing and managing any key risks we might face. This approach is defined in this Risk Management Policy and the supporting Risk Management Toolkit.
- 1.2 Risk management is a fundamental element of the Council's Code of Corporate Governance, which enhances our organisation's strategic planning and prioritisation, supports us in achieving our objectives and strengthens our ability to be agile in response to challenges faced.
- 1.3 This Risk Management Policy is fully supported by the Council, the Chief Executive and the Corporate Leadership Team (CLT) who are accountable for the effective management of risk within the Council.
- 1.4 On a daily basis, all officers of the Council have a responsibility to recognise and manage risk in accordance with this Policy. Detailed information on roles and responsibilities for risk management is outlined in the Risk Management Toolkit (Section 3), along with in-depth guidance on how to implement this policy in practice.

2. WHAT IS RISK MANAGEMENT?

- 2.1 Risk can be defined as "an **uncertain** event which, should it occur, will have an effect on the achievement of objectives."
- 2.2 Risk management is the process by which the Council seeks to:
 - **Identify** possible risks it may face;
 - **Assess** the severity and likelihood of these risks, in order to **prioritise** them;
 - Identify proportionate actions to minimise, monitor and **control** possible risks (or to maximise possible opportunities).

3. RISK MANAGEMENT OBJECTIVE

- 3.1 The objective of this Policy is to define a systematic corporate approach to risk management, which ensures that risks which might impact upon the achievement of the Council's objectives are identified and managed on a timely basis and in a proportionate manner.
- 3.2 Along with the associated Risk Management Toolkit, this Policy clarifies risk management roles and responsibilities across the organisation and seeks to ensure that

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good practice on risk management is embedded in everyday policies, processes and activity.

4 RISK MANAGEMENT APPROACH

4.0.1 The risk management approach adopted by the Council is based on identifying, assessing, managing and monitoring risks at all levels across the Council.

4.0.2 Detailed guidance on the application of the risk management approach is set out in the Council's Risk Management Toolkit. The Toolkit document can also be located on the staff intranet by searching for 'Risk Management'.

4.1 Identifying Risks:

4.1.1 The first step of risk management is to identify risks, factors, events or circumstances which could impact on the organisation's ability to achieve its objectives. For example, the Council not having enough budget to achieve its objectives, or the Council being a victim of cyber crime are risks that we always face.

4.1.2 When risks are identified, the possible triggers of each risk should also be articulated. A trigger is an event or condition that causes a risk to occur; identifying triggers therefore assists in identifying any controls or mitigating actions necessary to prevent the risk occurring, or to recover quickly should a risk occur. Finally, the owner of each risk should be identified, preferably at an individual officer level (post title).

4.1.3 Section 4.1 of the Risk Management Toolkit provides additional guidance and prompts to support officers in identifying the types of risk they may be facing. Further guidance and support on the risk identification process, including facilitation of workshops, can be obtained from the Internal Audit & Risk Management service.

4.2 Assessing Risks:

4.2.1 The risk should next be assessed to identify the likelihood of the risk occurring as well as the potential consequences if the risk should occur. This is done by assigning a 'risk score' to each risk and identifying the arrangements in place to manage the risk or reduce the chance of it occurring.

4.2.2 The Council maintains a Risk Scoring Matrix ([Appendix A](#)) to ensure officers across the Council can take a consistent approach to assessing risks. Risk scores are calculated using the Matrix by scoring both the likelihood and potential impact of the risk on scales of 1-5, and multiplying those figures to get the risk score.

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- 4.2.3 The risk should be initially scored, using the Risk Scoring Matrix, as if there were no arrangements in place to manage or mitigate the risk. This is known as the **inherent risk level**. Identifying inherent risk in this way benefits the organisation by providing a listing of all major risks faced, regardless of how well they are being managed in practice.
- 4.2.4 Next, officers should identify the key controls which are already in place to manage or mitigate against the risk. Risk can be managed or mitigated in the following ways:
- **Avoid:** The Council could decide not to start or continue with the activity which gives rise to the risk.
 - **Transfer:** The Council can seek to transfer the consequences of a risk occurrence (for example, via insurance).
 - **Reduction:** The likelihood of a risk occurring, or the impact if it does occur, could be reduced via policies and procedures in our everyday business processes. For example, our safeguarding policies and procedures seek to reduce the risk that a child or vulnerable adult comes to harm.
 - **Recovery:** The Council can seek to reduce the impact of risks when they do occur through effective business continuity planning.
- 4.2.5 The risk should then be re-scored using the Risk Assessment Matrix, taking account of the key controls which are in place. This is the **residual risk level**.
- 4.2.6 The outcomes of this process of identifying and assessing risk should be captured in a Risk Register (see also Section 4.4, below). By following these steps, the Council ensures that it has a documented control framework for the management of all major risks. Further guidance may be found in Section 4.2 of the Risk Management Toolkit.
- 4.3 Managing Risks and Risk Appetite:**
- 4.3.1 The residual risk score should be evaluated and an assessment made if this level of risk is appropriate, or if further action is required to reduce the risk in addition to the controls already in place.
- 4.3.2 The Council has defined its **maximum risk appetite** as not accepting a residual risk score of 16 or more unless actions are planned to reduce the score to below this level on a timely basis. In exceptional circumstances, the Strategy and Resources Committee can approve a residual risk in excess of the risk appetite if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Leadership Team (CLT) before being presented to the Strategy and Resources Committee.

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4.3.3 If the residual risk is too high, a documented action plan must be designed to reduce the risk to below the risk appetite in a timely way. Individual actions must be assigned to a named owner, and an achievable specified target date for completion set. It is not acceptable to set a target date of 'ongoing' for actions, as this does not facilitate the effective management of action delivery.

4.3.4 Further guidance on managing risks may be found in Section 4.3 of the Risk Management Toolkit. If officers feel they are not able to identify achievable actions to reduce the risk to an appropriate level in a timely way, this should be escalated through the management line.

4.4 Recording Risks:

4.4.1 Once identified, risks should be recorded in a Risk Register. Under this policy, as a minimum the Council is required to maintain:

- A **Corporate Risk Register (CRR)** capturing the organisation's key corporate risks that could threaten the Council's operations as a whole. The CRR is held on GRACE, the Council's corporate risk management system; is managed and overseen by the Corporate Leadership Team (CLT); and is reported to Strategy & Resources Committee.
- **Directorate Risk Registers (DRR)** identifying risks that could threaten day-to-day operational activities within each Directorate. DRRs must be held on GRACE; managed and owned by Executive Directors; and are reported to the relevant Service Committee.

4.4.2 Individual services and sub-directorates should also consider their arrangements for identifying, recording and managing risks. Individual services, projects and programmes which manage significant risks on behalf of the Council as a whole should ensure that they maintain sufficient documented risk management records.

4.4.3 Below the Directorate level, there is no corporate requirement to use the GRACE risk management system for risk registers. Officers seeking to use the GRACE system should contact the Internal Audit & Risk Management team internal.audit@cambridgeshire.gov.uk to obtain system access and training.

4.4.4 Services/projects are able to use whatever risk register format suits their needs, provided it can be demonstrated that this facilitates effective risk management in line with the principles of this policy. Specific services or business areas (such as project management, contract management, etc.) may set their own requirements for risk management processes, and officers should consult the relevant policies/procedures to ensure they are familiar with any such requirements. Further guidance may be found in Section 4.4 of the Risk Management Toolkit.

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4.5 Risk Monitoring & Reporting:

- 4.5.1 The frequency of risk monitoring should take into consideration the speed at which risks are emerging and the level of their materiality, rather than being determined by organisational administrative cycles. However, a full formal review of risk should be undertaken on at least a quarterly basis at all levels of management (i.e. CLT, directorate, service, etc.). Guidance on what these reviews should cover as a minimum is provided in the Risk Management Toolkit, Section 4.5.
- 4.5.2 Managers should have regard to potential risks at all times and should use the risk management approach to help them analyse and manage risks at the point they are identified. Officers should not wait for the next formal quarterly review to escalate concerns or serious emerging risks, but should escalate via normal management reporting lines (see also Section 5, below).
- 4.5.3 Directorate Risk Registers should be reported to the relevant Committee at least every six months, and more frequently if there is a significant change in risk profile. The Corporate Risk Register will be reported to Strategy & Resources Committee and Audit & Accounts Committee on at least a six monthly basis, or more frequently to reflect any significant changes in the corporate risk profile.

5. RISK ESCALATION PROCESS

- 5.0.1 A key principle is that risk should be managed at the lowest appropriate level of management. The risk management process should enable emerging or worsening risks to be escalated to more senior levels of management for awareness and effective action planning. Conversely, where risk levels are reducing, risks should be de-escalated accordingly.

5.1 Escalation to the Directorate Risk Register:

- 5.1.1 There may be times when a risk that has been identified/managed within a service, project or programme needs to be escalated to the Directorate Risk Register (DRR). This should be managed through Directorate Management Team (DMT) meetings. Risks with a score of 16 or higher must be escalated to the DRR and on to the Corporate Risk Register; but below this, it will also be appropriate to escalate risks based on the best judgement of officers rather than a specific risk score.
- 5.1.2 Examples of situations when it may be appropriate to escalate risks, and additional guidance on escalation processes, are set out in Section 5 of the Risk Management Toolkit.

5.2 Escalation to the Corporate Risk Register:

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5.2.1 Identified risks within Directorate Risk Registers may need to be escalated for inclusion into the Corporate Risk Register. Risks will need to be escalated if:

- The risk remains red (above the agreed risk appetite) according to the Risk Scoring Matrix in [Appendix A](#) after all available mitigations have been implemented, and;
- The relevant director deems the risk to be a significant risk to the organisation as a whole.

5.2.2 To escalate a risk to the Cambridgeshire Corporate Risk Register: first the relevant Directorate Management Team must agree that the risk meets the escalation criteria above and recommend it goes forward to be included within the Cambridgeshire Corporate Risk Register. A paper outlining the risk should be taken to the next available CLT meeting and, if agreed, escalated from that meeting on to Strategy & Resources Committee.

6. PARTNERSHIPS AND CONTRACTS

6.1 This policy applies to all of the Council's core functions. Where Cambridgeshire County Council enters into joint working arrangements or partnerships, the principles of risk management established by this Policy and supporting guidance should be considered as best practice and applied where possible.

6.2 It is also expected that the Council's key contractors have risk management arrangements at a similar level, which should be established and monitored through commissioning processes and contract management arrangements.

6.3 Officers engaged in partnership working or contract management should ensure there are clear routes for risks to be communicated from partners/contractors to the Council and escalated onto Cambridgeshire risk registers where appropriate, in line with the principles set out at Section 5, above.

6.4 Further guidance on risk management within contracts, partnerships, projects and other business processes can be found in the Council's detailed Risk Management Toolkit, Section 3.2.

7. TRAINING and DEVELOPMENT

7.1 The Council recognises that the effectiveness of its risk management approach will be dependant upon the degree of knowledge of the approach and its application by officers and councillors. This will be supported through the delivery of formal training programmes, risk workshops, briefings and internal communication channels.

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- 7.2 This Risk Management Policy will be subject to regular review, with updates to be approved by CLT and the Strategy & Resources Committee at least once every three years.

CAMBRIDGESHIRE COUNTY COUNCIL

RISK MANAGEMENT SCORING MATRIX

The Council's Risk Management Scoring Matrix and supporting guidance seeks to ensure that officers across the Council take a consistent approach to assessing risks as part of the risk management process. Risk scores are calculated using the Matrix below, by scoring both the likelihood and potential impact of the risk on scales of 1-5, and multiplying those figures to get the risk score.

In assessing the **impact score**, officers should consult the Risk Impact Descriptors table at [Appendix B](#) of this document. In assessing the **likelihood score**, officers should consult the Risk Likelihood Descriptors table at [Appendix C](#) of this document.

Officers are also encouraged to consult the Council's Risk Management Toolkit, Section 4.2, for detailed guidance on the application of the Risk Management Scoring Matrix.

VERY HIGH	5	10	15	20	25
HIGH	4	8	12	16	20
MEDIUM	3	6	9	12	15
LOW	2	4	6	8	10
NEGLIGIBLE	1	2	3	4	5
IMPACT LIKELIHOOD	VERY RARE	UNLIKELY	POSSIBLE	LIKELY	VERY LIKELY

Once **residual risk scores** have been agreed, they should be approached as follows:

Red: (scores 16 – 25) In excess of Council's risk appetite. Must be escalated to CLT (and on to Strategy & Resources Committee if CLT agree with the risk assessment). Officers must seek to manage the risk down to an acceptable level as a matter of urgency.

Amber: (scores 12 – 15) On the borders of the Council's risk appetite. Management should ensure that they are closely monitoring these risks and that they have arrangements in place to provide assurance over the effectiveness of the controls in place to manage these risks.

Yellow: (scores 5 – 10) Risks should be recorded and reviewed quarterly to assess any increases in the risk score.

Green: (scores 1 – 4) Minimal risk. Monitor as necessary. No actions required.

RISK IMPACT DESCRIPTORS TABLE

The following descriptors are designed to assist officers in scoring the impact of a risk, to ensure a consistent approach across the Council. The descriptions are a guide and there may be exceptions depending on the specific nature of the risk:

	Negligible (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Legal and Regulatory	Minor civil litigation or regulatory criticism.	Minor regulatory enforcement.	Major civil litigation and/or local public enquiry.	Major civil litigation setting precedent and/or national public enquiry.	Section 151 or government intervention or criminal charges.
Financial cost (per annum)	Less than £0.5m.	Less than £1 million.	Less than £5 million.	Less than £10 million.	More than £10 million.
Service provision	Insignificant disruption to service delivery.	Minor disruption to service delivery.	Moderate direct effect on service delivery.	Major disruption to service delivery.	Critical long term disruption to service delivery.
Safeguarding and Health & Safety	No injuries.	Low level of minor injuries.	Significant level of minor injuries of employees and/or instances of mistreatment or abuse of individuals for whom the Council has a responsibility.	Serious injury of an employee; and/or serious mistreatment or abuse of an individual for whom the Council has a responsibility.	Death of an employee or individual for whom the Council has a responsibility; and/or serious mistreatment or abuse resulting in criminal charges.
Reputation	No reputational impact.	Minimal negative local media reporting.	Significant negative front page reports/editorial comment in the local media.	Sustained negative coverage in local media or negative reporting in the national media.	Significant and sustained local opposition to the Council's policies and/or sustained negative media reporting in national media.
Environment	No or insignificant environmental damage.	Minor local environmental damage.	Moderate local environmental damage.	Major local environmental damage.	Major national or international environmental damage.

CAMBRIDGESHIRE COUNTY COUNCIL

RISK LIKELIHOOD DESCRIPTORS TABLE

The table below provides guidance to officers on scoring the likelihood of risk occurrences, to support a consistent approach across the Council:

Score	Description
5 Very High (90%+)	Without action, is highly likely to occur. Annual similar occurrences in local government/Council history.
4 Likely (60%-90%)	Strong possibility. Regular similar occurrences known in local government/Council history.
3 Possible (40%-60%)	Might occur. Similar occurrences known in local government/Council history.
2 Unlikely (10%-40%)	Not expected. Rare but not unheard-of occurrence in local government/Council history.
1 Very rare (0%-10%)	Very unlikely to occur. No recent similar instances in local government/Council history.

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Risk Management Strategy 2023 – 26

1. Introduction:

- 1.1 Risk Management is the identification, assessment and prioritisation of risks followed by the coordinated and economical application of resources to minimise, monitor and control the probability or impact of unfortunate events/threats. Risk management can also play an important role in maximising the realisation of opportunities.
- 1.2 Cambridgeshire County Council does not seek to reduce all risk to the minimum possible level, as this would not be a proportionate use of scarce resources. Instead, our risk management processes aim to manage risk in a proportionate manner, relative to the severity of the risk.
- 1.3 Effective risk management is a critical part of good organisational governance, and as such the Council seeks to continually monitor, adapt and improve its risk management framework to address external and internal changes.
- 1.4 While the Council's Risk Management Policy and Toolkit documents define a clear and consistent approach to risk management across the organisation, this Strategy captures the development activity that the Council will undertake to ensure that its policy and procedures for risk management reflect best practice; are communicated effectively across the organisation; and are effectively complied with in practice.

2. Context:

- 2.1 This Strategy and Action Plan has been developed following a Risk Maturity Assessment undertaken by the Cambridgeshire County Council Internal Audit & Risk Management service in April 2023, in line with Institute for Internal Auditors (IIA) guidance.

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- 2.2 This assessment involved benchmarking the Council's risk management processes against a model framework, to identify any gaps in current arrangements as well as to help plan and prioritise actions to further enhance and embed effective risk management at Cambridgeshire.
- 2.3 The table below shows the maturity of risk management arrangements at Cambridgeshire County Council, as identified by the Risk Maturity Assessment in April 2023:

Risk Stages	Definition	No. areas at this level
1. Risk enabled	<i>Risk management and internal controls fully embedded into the operations.</i>	9 (56%)
2. Risk managed	<i>Enterprise approach to risk management developed and communicated.</i>	0
3. Risk defined	<i>Strategy and policies in place and communicated. Risk appetite defined.</i>	6 (38%)
4. Risk aware	<i>Scattered silo approach to risk management.</i>	1 (6%)
5. Risk naive	<i>No formal approach defined to risk management.</i>	0

- 2.4 The assessment identified that while 56% of areas reviewed at the Council were assessed as being 'risk enabled', the highest level of risk maturity in the framework, there was room for further development and improvement of some areas of the Council's risk management processes, particularly with regards to compliance with some areas of corporate risk management policy and the need for co-ordinated risk training for Council officers and members.
- 2.5 This Strategy has been prepared in response to the findings of the risk maturity assessment, with reference to the updated guidance document *The Orange Book: Management of Risk – Principles & Concepts* (April 2023) published by the UK Government. The elements of Cambridgeshire County Council's risk strategy outlined below are aligned to the five key principles set out in the Orange Book.

3. Objectives:

- 3.1 The chief objective of this Risk Strategy is to outline the key actions that will be undertaken by Cambridgeshire County Council to move to a consistently 'risk

enabled' level of risk management maturity, reflecting that 'risk management and internal controls are fully embedded into the organisation's operations'.

- 3.2 These actions are captured throughout the document and in the Risk Management Action Plan at Annex A.

4. Risk Management Strategy

4.1 Key Principles

- 4.1.1 The elements of Cambridgeshire County Council's risk strategy are aligned to the five key principles set out in the Orange Book: governance and leadership; integration; collaboration and best information; risk management process; and continuous improvement.

4.2 Principle 1: Governance & Leadership

"Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels."

- 4.2.1 At Cambridgeshire County Council, roles and responsibilities for risk management are set out in the Risk Management Policy & Toolkit. The CLT Risk & Assurance Group meets quarterly to scrutinise the Corporate Risk Register, and to consider reports on emerging risks and sources of assurance over risk. The Corporate and Directorate Risk Registers are regularly reported to Committee, and risk management activity is owned by management with guidance, advice and support provided by the Head of Internal Audit & Risk Management.

- 4.2.2 The Council has identified the following next steps to strengthen the leadership and governance around risk management:

Action:	Owner:	Due Date:
All Committees should receive a copy of the relevant Directorate Risk Register (DRR) in the first six months of 2023/24.	CLT	30 th September 2023
Internal Audit & Risk Management will develop a risk management e-learning module that can be made available to all staff. This will particularly include guidance on how to escalate risks between different management levels/risk registers. Once this is completed, it will be publicised internally via the intranet and to targeted staff including budget managers.	Head of Internal Audit & Risk Management	31 st March 2024

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A risk management training session will be planned for Members, with all Members encouraged to attend.	Head of Internal Audit & Risk Management	31 st March 2024
Internal Audit will review how corporate risks link into the new Strategic Framework.	Head of Internal Audit & Risk Management	31 st March 2024
An annual communications plan will be developed for risk management, to raise awareness among staff of the existence of the Risk Management Policy and Toolkit via the staff intranet, Friday Focus and other internal communication channels	Head of Internal Audit & Risk Management	31 st March 2025

4.3 Principle 2: Integration

“Risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives.”

4.3.1 At Cambridgeshire County Council, the Risk Management Policy & Toolkit outline how risk management activity should be incorporated into all aspects of organisational decision-making.

4.3.2 The Council has identified the following next steps to strengthen the integration of risk management processes:

Action:	Owner:	Due Date:
The Council should review how risk information is presented as part of decision-making processes and identify any areas for improvement, as part of the development of decision-making guidance to improve quality of report writing.	Service Director: Legal & Governance	30 th September 2023
New project management procedures to include guidance on the routine management of risk for corporate projects.	Service Director Policy & Communities	31 st October 2023
A process should be put in place to ensure all significant new revenue and capital projects are routinely and consistently assessed for risk as part of new project management procedures.	Service Director Policy & Communities	31 st October 2023

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Internal Audit to re-introduce the Corporate Risk Group on a quarterly basis with Risk Champion from each Directorate. This should ensure a wider range of perspectives are brought to bear on the CRR and will re-establish compliance with the Risk Management Toolkit.	Head of Internal Audit & Risk Management	31 st March 2024
The Council should consider integrating the Corporate Risk group with an equivalent network of Performance Champions or similar.	Executive Director: Strategy & Partnerships	31 st March 2025
The Council should consider integrating risk reporting alongside the performance/financial reporting received by Committees, to give a more holistic overview of the Council's performance.	Executive Director: Strategy & Partnerships	31 st March 2025

4.4 Principle 3: Collaboration and Best Information

“Risk management shall be collaborative and informed by the best available information and expertise.”

4.4.1 At Cambridgeshire County Council, the Risk Management Policy and Toolkit set out guidance on managing risk across partnerships, contracts and other relationships with third party organisations.

4.4.2 The Council has identified the following next steps to strengthen the risk management processes around collaborative, partnership and third party working and to ensure risk management is informed by the best available information:

Action:	Owner:	Due Date:
Review the guidance set out in the Risk Management Policy and Toolkit to update the guidance provided on managing risk across partnerships, contracts and other relationships with third party organisations.	Head of Internal Audit & Risk Management	COMPLETE
Corporate risk owners to review their risks to ensure all controls include details of the way(s) in which the risk owner obtains assurance that controls are a) in place and b) operating effectively. Where there are no assurances, these areas should be targeted for additional review to provide assurance that controls are indeed operating as expected.	CLT	31 st March 2024

Risk management arrangements for partnerships and collaborative working arrangements to be set out in the updated Partnerships Advice & Guidance document following review.	Service Director Policy & Communities	30 th September 2023
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4.5 Principle 4: Risk Management Processes

“Risk management processes shall be structured to include:

- a) risk identification and assessment to determine and prioritise how the risks should be managed;*
- b) the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level;*
- c) the design and operation of integrated, insightful and informative risk monitoring; and*
- d) timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.”*

4.5.1 At Cambridgeshire County Council, the Risk Management Policy and Toolkit set out a clear approach to identifying and assessing risk, treating risk, and risk monitoring and reporting. The Council has set a defined risk appetite and risk matrix to support a consistent approach to risk across the organisation. The Policy and Toolkit are reviewed regularly and approved by the Strategy & Resources Committee. Risk assurance reviews are conducted by staff from within the Internal Audit & Risk Management service.

4.5.2 The Council has identified the following next steps to further develop Cambridgeshire County Council’s risk management processes:

Action:	Owner:	Due Date:
Risk Management Policy and Toolkit to be reviewed and updated. Specifically this will include: incorporating the role of the new CLT Risk and Assurance workshops, and including a copy of the Terms of Reference for the group; reducing the requirement for Directorate Risk Register reporting to Committee to six monthly; updating guidance on the use of a single corporate system for risk management; and updating documentation where job titles/organisational structures have changed.	Head of Internal Audit & Risk Management	COMPLETE

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The Strategy and Resources Committee has previously suggested that there should be a mechanism outside the current system to differentiate the severity of risks ranked on the 5x5 risk matrix. The Head of Internal Audit and Risk Management in consultation with CLT to reconsider other matrices, which includes weighting and other factors to help assess severity and importance.	Head of Internal Audit & Risk Management	31 st March 2024
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4.6 Principle 5: Continual Improvement

“Risk management shall be continually improved through learning and experience.”

4.6.1 At Cambridgeshire County Council, the Head of Internal Audit & Risk Management prepares an annual report on risk management which is presented to CLT, Strategy and Resources Committee and the Audit & Accounts Committee. This considers the risk management environment at the Council and areas for further improvement and development.

4.6.2 This Risk Strategy document outlines the Council’s planned approach to developing and improving its risk management framework over the next three years, and all the actions outlined in this Strategy support this principle. In particular, the following key actions are highlighted as supporting the principle of continuous improvement of risk management practice:

Action:	Owner:	Due Date:
A full audit of risk management will be undertaken in 2023/24. This will include a detailed review of Directorate Risk Registers (DRR); consideration of how risk management processes serve to communicate risks from partners and suppliers; looking at how risk management performance is assessed; and a staff survey to gain a deeper understanding of how embedded risk management is across the organisation.	Head of Internal Audit & Risk Management	31 st March 2024
Follow-up Risk Maturity Assessment to be conducted in 2024/25, to assess the development of the organisation’s risk maturity in light of the implementation of key actions from this Strategy.	Head of Internal Audit & Risk Management	31 st March 2025
Council to consider commissioning an external review of risk management arrangements.	CLT	31 st March 2026

Full review and refresh of the Risk Strategy to be undertaken.	Head of Internal Audit & Risk Management	31 st March 2026
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5. Implementation of the Strategy

- 5.1 The implementation of the Action Plan outlined in this Strategy document will be reported by the Head of Internal Audit & Risk Management to Corporate Leadership Team Risk and Assurance meetings on a six-monthly basis. The implementation of actions will also be reflected in the Annual Risk Report to Strategy & Resources Committee and Audit & Accounts Committee.
- 5.2 The Risk Management Strategy is not intended to be a static document. The Strategy and Action Plan will be informally updated on an ongoing basis by the Head of Internal Audit & Risk Management, taking into account the findings of internal audit reviews, the developing risk environment, and feedback from management and Members.
- 5.3 A full formal refresh of the Strategy will be undertaken in 2025/26 at the latest, at which point it will be re-presented to CLT, Strategy and Resources Committee and the Audit & Accounts Committee.

Full Risk Management Action Plan 2023 - 2026

Principle 1: Governance & Leadership	Owner:	Due Date:
All Committees should receive a copy of the relevant Directorate Risk Register (DRR) in the first six months of 2023/24.	CLT	30 th September 2023
Internal Audit will develop a risk management e-learning module that can be made available to all staff. This will particularly include guidance on how to escalate risks between different management levels/risk registers. Once this is completed, it will be publicised internally via the intranet and to targeted staff including budget managers.	Head of Internal Audit & Risk Management	31 st March 2024
A risk management training session will be planned for Members, with all Members encouraged to attend.	Head of Internal Audit & Risk Management	31 st March 2024
Internal Audit will review how corporate risks link into the new Strategic Framework.	Head of Internal Audit & Risk Management	31 st March 2024
An annual communications plan will be developed for risk management, to raise awareness among staff of the existence of the Risk Management Policy and Toolkit via the staff intranet, Friday Focus and other internal communication channels	Head of Internal Audit & Risk Management	31 st March 2025
Principle 2: Integration	Owner:	Due Date:
The Council should review how risk information is presented as part of decision-making processes and identify any areas for improvement, as part of the development of decision-making guidance to improve quality of report writing.	Service Director: Legal & Governance	30 th September 2023
New project management procedures to include guidance on the routine management of risk for corporate projects.	Service Director Policy & Communities	31 st October 2023

A process should be put in place to ensure all significant new revenue and capital projects are routinely and consistently assessed for risk as part of new project management procedures.	Service Director Policy & Communities	31 st October 2023
Internal Audit to re-introduce the Corporate Risk Group on a quarterly basis with Risk Champion from each Directorate. This should ensure a wider range of perspectives are brought to bear on the CRR and will re-establish compliance with the Risk Management Toolkit.	Head of Internal Audit & Risk Management	31 st March 2024
The Council should consider integrating the Corporate Risk group with an equivalent network of Performance Champions or similar.	Executive Director: Strategy & Partnerships	31 st March 2025
The Council should consider integrating risk reporting alongside the performance/financial reporting received by Committees, to give a more holistic overview of the Council's performance.	Executive Director: Strategy & Partnerships	31 st March 2025
Principle 3: Collaboration and Best Information	Owner:	Due Date:
Review the guidance set out in the Risk Management Policy and Toolkit to update the guidance provided on managing risk across partnerships, contracts and other relationships with third party organisations.	Head of Internal Audit & Risk Management	COMPLETE
Corporate risk owners to review their risks to ensure all controls include details of the way(s) in which the risk owner obtains assurance that controls are a) in place and b) operating effectively. Where there are no assurances, these areas should be targeted for additional review to provide assurance that controls are indeed operating as expected.	CLT	31 st March 2024
Risk management arrangements for partnerships and collaborative working arrangements to be set out in the updated Partnerships Advice & Guidance document following review.	Service Director Policy & Communities	30 th September 2023

Principle 4: Risk Management Processes		Owner:	Due Date:
Risk Management Policy and Toolkit to be reviewed and updated. Specifically this will include: incorporating the role of the new CLT Risk and Assurance workshops, and including a copy of the Terms of Reference for the group; reducing the requirement for Directorate Risk Register reporting to Committee to six monthly; updating guidance on the use of a single corporate system for risk management; and updating documentation where job titles/organisational structures have changed.		Head of Internal Audit & Risk Management	COMPLETE
The Strategy and Resources Committee has previously suggested that there should be a mechanism outside the current system to differentiate the severity of risks ranked on the 5x5 risk matrix. The Head of Internal Audit and Risk Management in consultation with CLT to reconsider other matrices, which includes weighting and other factors to help assess severity and importance.		Head of Internal Audit & Risk Management	31 st March 2024
Principle 5: Continual Improvement		Owner:	Due Date:
A full audit of risk management will be undertaken in 2023/24. This will include a detailed review of Directorate Risk Registers (DRR); consideration of how risk management processes serve to communicate risks from partners and suppliers; looking at how risk management performance is assessed; and a staff survey to gain a deeper understanding of how embedded risk management is across the organisation.		Head of Internal Audit & Risk Management	31 st March 2024
Follow-up Risk Maturity Assessment to be conducted in 2024/25, to assess the development of the organisation's risk maturity in light of the implementation of key actions from this Strategy.		Head of Internal Audit & Risk Management	31 st March 2025
Council to consider commissioning an external review of risk management arrangements.		CLT	31 st March 2026
Full review and refresh of the Risk Strategy to be undertaken.		Head of Internal Audit & Risk Management	31 st March 2026

Internal Audit Progress Report

To: Audit & Accounts Committee

Meeting Date: 28th July 2023

From: Mairead Claydon, Head of Internal Audit and Risk Management

Electoral division(s): All

Outcome: The role of Internal Audit is to provide the Audit & Accounts Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. The outcome of this report is to provide an update on the main areas of audit coverage for the period to 30th June 2023 and to present a revised Internal Audit Plan 2023/24.

Recommendation: Audit & Accounts Committee is requested to review and comment on the proposed revised Internal Audit Plan for 2023/24, outlined at Section 6 of the report.

Officer contact:

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Member contacts:

Names: Councillors Wilson and Gay
Post: Chair/Vice-Chair
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nick.gay@cambridgeshire.gov.uk
Tel: 01223 699831

1. Background

- 1.1 The role of Internal Audit is to provide the Audit & Accounts Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.
- 1.2 The annual Audit Plan is split out into two elements: the 'core' plan, comprising key areas of assurance that are reviewed every year and audit support work (e.g. to working parties or panels) which is ongoing throughout the year; and the 'flexible' plan, i.e. the areas of audit coverage that vary from year to year, with planned coverage based on a risk assessment process.
- 1.3 More information on this approach is available at Section 6 of the main report, which presents the proposed flexible Audit Plan for 2023/24. The Plan has been significantly revised to reflect changes in the risk environment since its original drafting in February 2023, and also to identify a minimum required level of audit coverage due to the current resource within the Internal Audit team.

2. Outstanding Audit Actions

- 2.1 Annex B details all 61 outstanding audit recommendations as at 30th June 2023. Narrative updates on actions where the current target date is after 30th June have not been followed-up by Internal Audit in this reporting cycle and will be reported in the next Progress Report.
- 2.2 There are two current outstanding 'Essential' recommendations, both within IT & Digital Services. These recommendations relate to the Council re-obtaining Public Services Network (PSN) certification and implementing the ability to urgently remove IT access out-of-hours.
- 2.3 See Section 7 of the report for more details.

3. Investigations Caseload

- 3.1 Section 9 of the Progress Report summarises the open whistleblowing cases currently under review by the Internal Audit Team, as well as updates on other counter-fraud work and a recent investigation into interims.

4. Outstanding Audit Actions

- 4.1 As set out at Section 10 of the Progress Report, the delivery of the internal audit reviews of the Payroll, Pensions and ERP IT Access Controls by colleagues at West Northamptonshire Council (WNC) has been delayed. WNC has confirmed that the audits will be completed in July 2023.

3. Alignment with ambitions

- 3.1 Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes
- 3.2 Travel across the county is safer and more environmentally sustainable
- 3.3 Health inequalities are reduced
- 3.4 People enjoy healthy, safe, and independent lives through timely support that is most suited to their needs
- 3.5 Helping people out of poverty and income inequality
- 3.6 Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised
- 3.7 Children and young people have opportunities to thrive

5. Significant Implications

5.1 Resource Implications

There are no significant implications within this category.

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

5.3 Statutory, Legal and Risk Implications

The Accounts & Audit (England) Regulations 2015 require the authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. This report gives an overview of the Council's Internal Audit activity to date in 2023/24 and the forward plan for internal audit to the end of the financial year.

5.4 Equality and Diversity Implications

There are no significant implications within this category

5.5 Engagement and Communications Implications

There are no significant implications within this category

5.6 Localism and Local Member Involvement

There are no significant implications within this category

5.7 Public Health Implications

There are no significant implications in this category

5.8 Environment and Climate Change Implications on Priority Areas

There are no significant implications in this category

Have the resource implications been cleared by Finance? Not applicable

Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the Head of Procurement? Not applicable

Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or Pathfinder Legal Services?
Not applicable

Have the equality and diversity implications been cleared by your EqIA Super User?
Not applicable

Have any engagement and communication implications been cleared by Communications?
Not applicable

Have any localism and Local Member involvement issues been cleared by your Service Contact? Not applicable

Have any Public Health implications been cleared by Public Health?
Not applicable

6. Source documents

6.1 Corporate Risk Register (copy provided as Annex A to this document)

6.2 Annual Governance Statement
[Statement of accounts - Cambridgeshire County Council](#)

Internal Audit & Risk Management

Cambridgeshire County Council

Update report

As at 30th June 2023

Section 1

1 INTRODUCTION

- 1.1 A summary of the content of the key sections of this report is provided below, for reference:

SECTION 1: Introduction

SECTION 2: Internal Audit Reporting Process

SECTION 3: Finalised Assignments

SECTION 4: Summaries of Completed Audits with Limited or No Assurance

SECTION 5: Internal Audit Activity

SECTION 6: Audit Forward Planning: 2023/24

SECTION 7: Follow Up of Agreed Audit Actions

SECTION 8: Risk Management

SECTION 9: Fraud and Corruption Update

SECTION 10: Key Financial Systems Update

ANNEX A: Internal Audit Plan Progress 2023/24

ANNEX B: Outstanding Agreed Actions

2 INTERNAL AUDIT REPORTING PROCESS

2.1 THE REPORTING PROCESS

- 2.1.1 This quarterly report provides stakeholders, including Audit & Accounts Committee and CLT, with a summary of internal audit activity for the first quarter of the 2023/24 financial year.

2.2 HOW INTERNAL CONTROL IS REVIEWED

- 2.2.1 There are three elements to each Internal Audit review. 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.
- 2.2.2 However, controls are not always complied with, which in itself will 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 element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.
- 2.2.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.
- 2.2.4 At the conclusion of each audit, Internal Audit assigns three opinions. The opinions will be:
- Control Environment Assurance
 - Compliance Assurance
 - Organisational Impact
- 2.2.5 The following definitions are currently in use:

	Compliance Assurance	Control Environment Assurance
Substantial Assurance	The control environment has substantially operated as intended although some minor errors may have been detected.	There are minimal control weaknesses that present very low risk to the control environment

Good Assurance	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
Moderate Assurance	The control environment has mainly operated as intended although errors have been detected.	There are control weaknesses that present a medium risk to the control environment.
Limited Assurance	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment OR it has not been possible for Internal Audit to provide an assurance due to lack of available evidence.

2.2.6 Organisational impact is reported as major, moderate or minor. All reports with major organisation impacts are reported to CLT, along with the appropriate Directorate's 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 FINALISED ASSIGNMENTS

3.1 Since the last Internal Audit Report in **May 2023**, the following audit assignments have reached completion, as set out below in Table 1.

Table 1: Finalised Assignments

No.	Directorate	Assignment	Systems Assurance	Compliance Assurance	Organisational impact
1.	Children's	In House Fostering Payments	Moderate	Moderate	Minor
2.	Children's	External Fostering Payments	Moderate	Moderate	Minor
3.	Finance & Resources	Accuracy of Coding	Moderate	Moderate	Minor
4.	Strategy & Partnerships	Freedom of Information & Subject Access Requests	Good	Good	Minor
5.	Children's	Interims Investigation (Case 118)	Investigation report issued		

3.2 Summaries of any finalised reports with limited or no assurance (excluding individual school audits) which have been issued as final since our last Progress Report in February 2023 are provided in Section 4.

3.3 The following audit assignments have reached draft report stage, as set out below in Table 2:

Table 2: Draft Reports

No	Directorate	Assignment
1.	Finance & Resources	Client Funds & Deputyships
2.	Strategy & Partnerships	Risk Strategy
3.	CCC-wide	Key Policies & Procedures
4.	Finance & Resources	Treasury Management

3.4 Further information on work planned and in progress may be found in the Audit Plan, attached as Annex A.

4 *SUMMARIES OF COMPLETED AUDITS WITH LIMITED OR NO ASSURANCE*

4.1 VAT

- 4.1.1 Cambridgeshire County Council is required to submit VAT returns to HMRC on a monthly basis through HMRC's Making Tax Digital (MTD) process. An audit was carried out to provide assurance that VAT returns are complete, accurate and made in line with timescales.
- 4.1.2 Based on the findings of the audit, a 'limited' system assurance was given in along with a 'moderate' compliance opinion Whilst returns were done on a monthly basis, the audit identified some issues with the process for completing VAT returns. This included a lack of documented procedures/guidance; reconciliations of purchase VAT not being undertaken in sufficient detail to identify potential inaccuracies; and a risk that where invoices have been received late, the relevant VAT amounts may not be recognised by the new 'Making Tax Digital' system and therefore the VAT may not be reclaimed.
- 4.1.3 Although the recommendations from the VAT audit are not yet overdue, progress has already been made in implementing the agreed actions. The Head of Finance confirmed that a retrospective review has been undertaken which identified VAT that had not been reclaimed, and that this has now been reclaimed from HMRC. The Head of Finance has also confirmed that since the reclaim, an improved monthly reconciliations process as now been put in place and the first month's reconciliation under the new process has now been undertaken. Internal Audit will be following up the recommendations in July 2023, reviewing evidence, and assessing the implementation status.

4.2 GOVERNMENT PURCHASE CARDS (GPC)

- 4.2.1 An audit review was undertaken to provide assurance over governance processes in place to manage purchase card usage across the Council and maintained schools. The audit gave a limited system assurance opinion, primarily due to a lack of central oversight and monitoring and a lack of guidance provided to schools using purchase cards.
- 4.2.2 The audit gave a moderate compliance assurance opinion due to areas of non-compliance which were identified, including failures to declare VAT on GPC spend, inconsistent approval of GPC spend, and 9 purchase cards with no recorded approver. However, audit sample testing of expenditure in categories which are normally prohibited for purchase card spend identified that in the majority of cases these purchases were confirmed to have been reasonably made in a work capacity to support service users, and supporting receipts/invoices were evidenced to Internal Audit. It should also be noted that total expenditure on GPC in 2021/22

was £669,430 and therefore the financial risk associated with GPC usage at the Council is relatively low.

- 4.2.3 A range of recommended actions were agreed for implementation to strengthen the control environment around GPC usage. This includes issuing reminders to staff to prompt them to review and approve transactions; developing clear guidance for schools using GPC; and undertaking a review of internal guidance documentation.

4.3 TRANSPARENCY CODE

- 4.3.1 The Local Government Transparency Code (2015) requires local authorities to publish certain sets of data in specific timeframes, as part of a drive to improve transparency in local government. An audit review of Cambridgeshire County Council's compliance with the Transparency Code gave limited assurance to the system design and limited assurance on compliance with the Transparency Code. The audit identified a number of areas where data was not being published correctly and within the timescales set by the Transparency Code.
- 4.3.2 In response to the audit findings, a range of audit recommended actions have been agreed. This includes developing and implementing an Information Management Strategy to establish how information should be produced and published within the timescales outlined in the Transparency Code, and to establish a process for reporting on compliance with the Code. As part of this, it was also agreed to establish clear lines of responsibility for the central team responsible for requesting, collating and publishing the data, and the individual data owners who supply each dataset to the central team, as well as identifying the checks to be undertaken on each dataset to verify its accuracy.

5 *INTERNAL AUDIT ACTIVITY*

5.1 COVID INQUIRY

- 5.1.1 The Internal Audit team has been engaged with the corporate team managing the Council's response to the Covid-19 Inquiry. This has included providing a range of information and evidence on the work of the audit team during the pandemic, particularly relating to the review and certification of the Council's use of Covid-19 related grant funding, as well as meeting with the Inquiry team.

5.2 ADVICE & GUIDANCE:

- 5.2.1 Internal Audit also provide advice, guidance and support to the organisation on governance, assurance and related issues. This work is undertaken on an ad-hoc basis as and when required. Some of the key areas of support provided since the previous Progress Report include:

- Responding to a number of corporate Freedom of Information Requests.
- Providing advice to the Client Funds Team regarding mileage claims from care providers.
- Development of grant advice sheet to give guidance to services on the records required, particularly relevant staff costs, to support efficient review and sign off of eligible grant expenditure.
- Providing advice and documentation to support the review of the Council's Partnerships Advice & Guidance.

6. *AUDIT FORWARD PLANNING: 2023/24*

- 6.0.1 Core audit work is progressing in line with the agreed Audit Plan 2023/24. Progress on work underway is detailed at Annex A to this report.
- 6.0.2 The Internal Audit team has conducted a full review and refresh of the Internal Audit Plan 2023/24. This has included revising and updating current risk assessments with new Directors who have taken up their posts at Cambridgeshire following the development of the original proposed Audit Plan for 2023/24. It also includes a significant reduction in planned audit days, taking into account the current level of resourcing within the Internal Audit team. As discussed at the May 2023 meeting of Audit & Accounts Committee, the team are exploring options to address the resourcing challenge, including procuring external support to deliver the Audit Plan.
- 6.0.3 The reductions have been proposed following a detailed risk assessment and are set out at Section 6.2, below. The proposals have been discussed and agreed with the Council's Statutory Officers Group and CLT.

6.1 Approach to Audit Planning:

- 6.1.1 At Cambridgeshire County Council, Internal Audit has recognised that the Annual Internal Audit Plan essentially comprises two key elements:

The "Core" Audits: This is the part of the Plan which remains largely unchanged from year-to-year. It comprises key areas of assurance which are reviewed every year, such as Key Financial Systems, grant compliance audits, strategic risk management, and core governance reviews, as well as allowances of time for ongoing areas of work including reporting to the Audit Committee and senior management, and following-up on the implementation of agreed actions from previous audit reviews. However, it must be recognised that completion of these core audits alone would not give sufficient assurance to fully inform the Chief Audit Executive's annual opinion.

The "Flexible" Audits: This is the part of the Plan which varies significantly from one year to the next, comprising audits of areas which are identified as being high-risk through the Internal Audit risk assessment process. Equally, the broader themes within the flexible audits remain largely consistent; for example, each year it is expected that a significant resource would be directed towards the audit of contracts, although the specific contracts under review varies according to the risk assessment.

- 6.1.2 In practice, this means that the 'core' element of the Plan is set annually, while the 'flexible' element of the Plan is presented as a series of rolling quarterly Audit Plans, based on current risk assessments. Quarterly risk assessments ensure that the timing of planned audits is always actively informed by an up-to-

date assessment of the areas of highest risk, and that the flexible plan is subject to regular challenge and comment by both CLT and the Audit and Accounts Committee.

6.2 Audit Plan 2023 – 24 Assurance Summary and Resources:

- 6.2.1 As previously reported to Committee, the Internal Audit team faces resourcing challenges in a challenging recruitment market. Work has therefore been undertaken within the team to identify a reduced Audit Plan which represents the minimum level of resource required to provide sufficient assurance for the annual Chief Internal Auditor opinion. The Internal Audit plan needs to include an appropriate and comprehensive range of work which is sufficiently robust to inform the annual audit opinion of the Head of Internal Audit. In line with Public Sector Internal Audit Standards, this must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 6.2.2 This re-phased Internal Audit coverage for 2023/24 is proposed as 1,425 days, a reduction of 325 days from the 1,750 days the Plan was originally set at. This reduction is split across the 'core' and 'flexible' plans as follows:
- 'Core' Plan: now 715 days proposed (reduction of 215 from 930 days)
 - 'Flexible' Plan: now 710 days proposed (reduction of 110 from 820 days)
- 6.2.3 The reduction in days has primarily come from cutting elements of the core plan which are not critical to the assurance opinion, such as time allowances for risk management, advice and guidance, fraud investigations and grants.
- 6.2.4 As a result, while the proposed changes to the Plan still permit for sufficient audit coverage to provide the annual assurance opinion, they do significantly reduce the Internal Audit & Risk Management service's contingency budgets for unplanned work. Consequently, should the service experience a high level of whistleblowing referrals or several particularly complex cases, or high volumes of advice and guidance requests, FOI requests etc., this will create a pressure and the need to agree how such additional work can be resourced. See Sections 6.3 and 6.4 for full details.
- 6.2.5 The exercise to review and update the Internal Audit Plan 2023/24 resulted in significant changes to the Plan as previously proposed in February 2023. The extent of proposed changes is such that these will not be set out in detail in this report, and includes both new areas of assurance being added to the Audit Plan and existing reviews being deferred to later quarters or removed from the current plan.

6.2.6 However, effort has been made to retain balanced coverage of different Council activities and risk areas in the revised plan. The change in days across key 'assurance blocks', which each provide an opinion over key elements of the risk and control environment, is presented below:

Table 3: Analysis of Proposed New Audit Plan by Assurance Block:

Assurance Block / Risk Area	Original Days	New Days	Variance	Original %	New %	Variance
Advice & Guidance/FOI/Follow Ups	103	83	-20	5.9%	5.8%	-0.1%
Business Continuity	20	40	20	1.1%	2.8%	1.7%
Financial Governance	305	250	-55	17.4%	17.5%	0.1%
Fraud & Corruption	185	145	-40	10.6%	10.2%	-0.4%
Governance	132	132	0	7.5%	9.3%	1.7%
ICT and Information Governance	120	80	-40	6.9%	5.6%	-1.2%
Procurement & Commissioning	300	250	-50	17.1%	17.5%	0.4%
Project Management & Transformation	100	60	-40	5.7%	4.2%	-1.5%
Reporting	75	75	0	4.3%	5.3%	1.0%
Risk Management	215	110	-105	12.3%	7.7%	-4.6%
Safeguarding	75	125	50	4.3%	8.8%	4.5%
Value For Money	120	75	-45	6.9%	5.3%	-1.6%
	1,750	1,425	-325			

6.2.7 Full detail of the proposed coverage is set out below, in sections 6.3 and 6.4.

6.3 'Core' Internal Audit Plan 2023/24

6.3.1 It is proposed to reduce the 'Core' Plan for 2023/24 by 215 days. The proposed reduction in days has primarily come from cutting elements of the core plan which are not critical to the Internal Audit assurance opinion. The key changes are:

- 100 days cut from risk management;
- 30 days cut from fraud investigations contingency;
- 20 days cut from advice and guidance contingency;
- 20 days cut from schools audits, reducing the number of schools audits to 7 (from 12 – 14 in previous years);
- 45 days cut from grants budgets including grants contingency.

6.3.2 The detail of the proposed plan can be found at Table 4, below:

Table 4: Proposed 'Core' Internal Audit Plan 2023/24:

Audit	Directorate	Category	Days	Why
Total Days in the Core Internal Audit Plan:			715	
Annual Audit Reviews of Key Financial Systems			110	
Accounts Receivable	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; conducting transactional testing across core systems.
Purchase to Pay	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; conducting transactional testing across core systems.
Payroll	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; conducting transactional testing across core systems.
Treasury Management	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; conducting transactional testing across core systems.
Debt Recovery	CCC	Financial Governance	20	Annual assurance over Key Financial Systems; conducting transactional testing across core systems.
Pensions	CCC	Financial Governance	10	Annual assurance over Key Financial Systems; conducting transactional testing across core systems.
Grant Certification Work Required In-Year			60	
Supporting Families	P&C	Financial Governance	25	Annual cycle of grant certification requirement.
Local Transport Capital Block Funding (Highways Maintenance)	P&E	Financial Governance	5	Annual cycle of grant certification requirement.
Pothole and Challenge Fund	P&E	Financial Governance	5	Annual cycle of grant certification requirement.
Disabled Facilities Grant	P&C	Financial Governance	5	Annual cycle of grant certification requirement.
Basic Needs Funding	P&C	Financial Governance	10	Annual cycle of grant certification requirement.
A14 Grant	PH	Financial Governance	10	Grant certification required.
Rough Sleepers Grant	PH	Financial Governance	0	CANCELLED - Grant certification no longer required.

Grant Certification Contingency	PH	Financial Governance	0	CANCELLED - Contingency in case of additional requests for testing on Covid-related grant expenditure.
Annual Allowance for Fraud Investigations & National Fraud Initiative			145	
Fraud Investigations	CCC	Fraud & Corruption	85	Receive whistleblowing referrals and allocation of time to investigate alleged fraud or theft. Budget reduced by 30 days.
Pro-active Counter Fraud Work	CCC	Fraud & Corruption	20	Allowance of time for pro-active Counter Fraud work. In 2023/24 this will include developing eLearning modules on Whistleblowing and Money Laundering for Council staff.
Council Tax NFI Project	Resources	Fraud & Corruption	10	Providing support to the Council Tax NFI project with the District Councils.
National Fraud Initiative	CCC	Fraud & Corruption	30	Management of statutory National Fraud Initiative.
Strategic Risk Management and Assurance			110	
Annual Assurance on Risk Management	CCC	Risk Management	5	Reporting to stakeholders and providing an annual assurance over the Council's Risk Management framework.
Risk Management	CCC	Risk Management	55	Strategic risk management processes, workshops and reporting.
Risk Assurance Reviews	CCC	Risk Management	50	A programme of compliance checks on key controls mitigating the Corporate risks and top Directorate-level risks to provide assurance on whether critical controls are routinely complied with in practice. Reduced by 100 days to focus solely on a sample of key risks.
Core Procurement & Commissioning Audit Work			40	(plus contract reviews in flexible Audit Plan)
Procurement Compliance	CCC	Procurement & Commissioning	20	Review of sample of invoices, to provide assurance over risk that best value is not being achieved across all Council procurement. Once invoices have been selected, the review will work backwards through the commissioning process to confirm compliance and VFM.

Procurement Governance	CCC	Procurement & Commissioning	20	Review covering policies and procedures governing procurement processes, and arrangements for monitoring compliance with procurement policies. Assurance over risk that best value is not being achieved across all Council procurement.
Contract Reviews	CCC	Procurement & Commissioning		A minimum of 200 days is committed to review of contracts and commissioning. The specific reviews undertaken will be identified through the quarterly risk assessment process and included in quarterly planning.
Annual Core Governance Reviews			92	
Annual Governance Statement/Code of Corporate Governance	CCC	Governance	15	Annual Governance Statement/Code of Corporate Governance.
Corporate Key Performance Indicator Framework	CCC	Governance	20	Providing an annual assurance over the effectiveness of the Council's corporate Key Performance Indicator framework.
Annual Key Policies & Procedures Review	CCC	Governance	5	Following previous year audit reviews of core policies and procedures, this review will provide assurance that key policies are reviewed, updated and accessible to staff.
Whistleblowing Policy Annual Review	CCC	Governance	15	Work to review the whistleblowing policy, conduct awareness-raising activities across the organisation, and produce the annual report on whistleblowing cases.
Public Sector Internal Audit Standards (PSIAS) Review	CCC	Governance	5	Annual review to verify compliance with PSIAS
Information Management Board	CCC	Governance	2	Attending panel to provide support on information management and security issues
Schools Assurance Auditing	P&C	Governance	30	Annual assurance over key risks in schools, with a focus on financial governance and payroll risks. Reduced by 20 days to audit 7 schools in 2023/24 rather than 12 – 14.
Advice & Guidance Work			83	
Advice & Guidance	CCC	Advice & Guidance	30	Providing support and guidance to staff on ad-hoc queries. Reduced by 20 days.

Freedom of Information Requests	CCC	Advice & Guidance	8	Allowance of time to respond to FOI requests received in-year.
Follow-Ups of Agreed Actions	CCC	Advice & Guidance	45	Confirming agreed actions have been implemented to reduce key organisational risks.
Management & Committee Reporting and Planning			75	
Committee Reporting	CCC	Reporting	25	Reporting to Audit and Accounts Committee.
Management Reporting	CCC	Reporting	25	Reporting to JMT.
Audit Plan	CCC	Reporting	25	Development of the Internal Audit Plan and in-year revisions/updates.

6.4 'Flexible' Internal Audit Plan 2023/24:

- 6.4.1 The 'flexible' Internal Audit Plan has been reduced by 110 days. The reduction in days has taken place across a range of risk areas and has been balanced to ensure that the revised Audit Plan still represents a cross-cutting assurance across the entire control environment of the Council. The coverage for 2023/24 is provided at Table 5 below, and for reference the current proposal for the 1st quarter coverage of 2024/25 is provided at Table 6. This reflects the usual approach of the team to plan four quarters' ahead on a rolling basis.
- 6.4.2 This programme of work is indicative only, and remains subject to change to ensure that the Audit Plan can be reactive as well as proactive about providing assurance over emerging risk areas. The team will continue to progress each quarter's work as outlined below at Table 5:

Table 5: 'Flexible' Internal Audit Plan 2023/24:

Audit	Directorate	Category	Days	Why
ALL			710	
Current Proposed Flexible Internal Audit Plan for Q1:			220	
Client Funds & Deputyships	Children's	Financial Governance	20	Review of client funds and deputyships arrangements which have been brought back in-house following disaggregation from LGSS.
Schools Capital Programme	Children's	Procurement & Commissioning	20	Review of this major Design & Build contract with an annual value of £100m.
Street Lighting PFI Variations	Place & Sustainability	Procurement & Commissioning	10	Review of variations to the Council's Street Lighting PFI contract.

Climate Change & Environment Strategy	Place & Sustainability	Governance	20	Review of the Council's Climate Change and Environment Strategy; how the aims of this strategy are reflected in broader corporate policies and governance processes; and progress with action plans within the strategy.
Procurement Waivers & Direct Awards Approval Compliance	Finance & Resources	Procurement & Commissioning	20	Review of compliance with the new requirement for directly-awarded contracts to be approved by the Central Procurement Team.
ICT Security	Finance & Resources	ICT and Information Governance	20	Review of ICT security strategy and compliance with key measures such as PSN etc.
ICT Records Management	Finance & Resources	ICT and Information Governance	20	Review of records management controls within the Council's IT systems, in particular focusing on controls relating to: starters/leavers; systems access and the associated management arrangements and controls; and compliance with information governance and records management policies and requirements within the IT system.
Client-side Review of Pathfinder Legal Services	Strategy & Partnerships	Procurement & Commissioning	20	Client-side review of Cambridgeshire's Pathfinder Legal Services contract for legal provision.
Lifestyle Services Contract	Public Health	Procurement & Commissioning	30	A review of this key contract with an annual value of £3.1m across Cambridgeshire and Peterborough.
FOI and SAR	Strategy & Partnerships	ICT and Information Governance	10	Freedom of Information & Subject Access Requests are legally required to be completed by the Council within set timescales. This review will provide assurance over processes in place to ensure the Council complies with its statutory responsibilities.
ICT Incident & Problem Management	Finance & Resources	ICT and Information Governance	10	Review of policies, procedures and compliance with managing identified incidents, issues and problems with ICT systems and services.
Capital Project Management	Place & Sustainability	Project Management & Transformation	20	Review of implementation of new project management processes within the Major Infrastructure Delivery team, to verify implementation of key Internal Audit recommendations and management of key risks. This will give assurance that the Project Assurance Group has implemented the key actions agreed.

Current Proposed Flexible Internal Audit Plan for Q2:

185

Statutory Health & Safety Property Inspections	Resources	Safeguarding	40	Confirm that statutory inspections of property for health and safety are up to date, carried out, and compliant with relevant legislation. Confirm that recommendations are implemented and implementation is monitored.
Street Lighting PFI Contract	Place & Sustainability	Procurement & Commissioning	30	Review of this major Council PFI contract, following on from 2022/23 work looking at contract variations.
Management of Consultants	Strategy & Partnerships	Procurement & Commissioning	20	Review of the use of consultants at the Council to gain assurance over compliance with contract procedure rules, appropriate use of employment status, and effective contract management.
Client-side review of OPUS People Services	Strategy & Partnerships	Procurement & Commissioning	20	Client-side review of Cambridgeshire's Pathfinder Legal Services contract for interim and agency staff provision, including a review of spend on interims outside the Opus Contract
Safe Employment	CCC	Safeguarding	20	Review of Council-wide safer recruitment policies for both staff and volunteers, and assessing compliance with the policies in practice.
Dedicated Schools Grant Safety Valve	Children's	Value For Money	15	Embedded assurance review of the Council's response to the DSG Safety Valve agreement including a review of progress with implementing planned actions and programme management.
Energy Contract	Place & Sustainability	Procurement & Commissioning	20	Review of private electricity network contract.
Asset Valuations for Statement of Accounts	Finance & Resources	Financial Governance	15	Review of the production of asset valuations for the Council's statement of accounts, to provide assurance that the process is timely, efficient and effective.
Review of draft Financial Regulations	Finance & Resources	Financial Governance	5	Review of re-draft of Financial Regulations
Current Proposed Flexible Internal Audit Plan for Q3:			140	
Unregulated Placements	Children's	Safeguarding	20	Review of the use of unregulated placements in Children's Social Care and Commissioning, to provide assurance that the Council is compliant with statutory requirements for placements.
Commissioning Governance	Adults	Procurement & Commissioning	20	Review of high-level governance arrangements in the Commissioning directorate.
Council Owned Companies	Finance & Resources	Governance	20	High level review of the governance of Council owned companies to provide assurance that the risks associated with

				these companies are managed appropriately.
Section 106 Funding	Place & Sustainability	Value For Money	20	Review to provide assurance that the Council has appropriate governance arrangements in place to track when Section 106 payments become due and the processes by which payments are allocated to works. This will cover arrangements for historic projects as well as those for incoming s106 contributions.
Business Continuity Planning	Strategy & Partnerships	Business Continuity	20	Provide assurance that the Council has appropriate Business Continuity Planning procedures in place, and that these are complied with in practice, to reduce the impact on the Council if business disruption and/or a major incident occurs.
Establishment Control	CCC	Financial Governance	20	Reviewing processes for establishment control to ensure that workforce information is accurate; employees are bona fide and reporting lines are accurate; appointments are only made to established posts with funding and approval to recruit.
Multi Agency Safeguarding Hub (MASH)	Children's	Safeguarding	20	Review to provide assurance that MASH arrangements effectively mitigate safeguarding risks, information security risks and the risk of non-compliance with statutory requirements.
Current Proposed Flexible Internal Audit Plan for Q4:			165	
Quality Assurance in Children's Social Care	Children's	Safeguarding	25	Review of quality assurance arrangements in Children's to ensuring that key safeguarding risks are mitigated through appropriate monitoring of practice.
Social Care Debt	Adults	Financial Governance	20	Reviewing Council management of social care debt.
Capital Programme Projects Assurance	Place & Sustainability	Project Management & Transformation	20	Review of a sample of individual capital programme projects, to provide assurance over compliance with the project management controls agreed by the MID Project Assurance Group.
Project Management Framework and Project Assurance	Strategy & Partnerships	Project Management & Transformation	20	Review of the implementation and development of Council-wide project management framework and project assurance arrangements.
Grants to Voluntary Organisations	CCC	Value For Money	20	Review of the Grants to Voluntary Organisations Policy and compliance with the policy in practice.

Policy & Compliance				
LD Supplier Resilience Reviews	Adults	Business Continuity	20	Review of a sample of key strategic suppliers, with a focus on suppliers of care and transport to vulnerable service users, to identify assurances in place over supplier resilience and continuity planning.
Rental Income	Finance & Resources	Value For Money	20	Ensuring that the Council maximises the value of its property, including farms and other properties. Deferred to the first quarter of 2022/23 due to staff vacancies in the service.
Mosaic System Uploads, Data Integrity and Key Controls	Adults	ICT and Information Governance	20	A review of key controls in the Mosaic system with regards to security and payment controls, and how data integrity is maintained from feeder systems and uploads.

Table 6: 'Flexible' Audit Plan for Q1 2024/25:

Current Proposed Flexible Internal Audit Plan for Q5:				140
Budget Setting and Demand Forecasting	Finance & Resources	Financial Governance	20	Review of processes for forecasting high demand demographically-driven budgets across People & Communities to ensure processes are robust and budget setting is accurate.
Investment Properties	Finance & Resources	Value For Money	20	The Council holds a number of investment properties. This would review management of investments, income streams etc. Reputational risk area.
Direct Payments	Adults	Financial Governance	20	Review of direct payments policies and procedures and compliance with procedures in practice, to provide assurance that direct payments are managed in a way that safeguards public funds and ensures that they achieve best value.
Early Years Funding Process	Children's	Value For Money	20	To provide assurance that robust and efficient processes are in place to ensure payments to Early Years providers are timely and accurate and there are appropriate controls in place to reduce the risk of fraud.
Contract Management Policies & Compliance	Finance & Resources	Procurement & Commissioning	20	Noted as a risk area. This would review contract management guidance and training available to managers in the organisation, and implementation of contract management processes. High impact area.

Contract Price Variations	Finance & Resources	Procurement & Commissioning	20	Sample testing for compliance with the Council's guidelines for agreeing price variations in contracts, to provide assurance that cost increases are controlled appropriately
Asset Management Strategy	Finance & Resources	Value For Money	20	Review of the Council's asset management strategy to provide assurance that the Council's assets are managed to deliver value for money.

7. FOLLOW UP OF AGREED AUDIT ACTIONS

- 7.1 The outstanding management actions from Internal Audit reports as at 30th June 2023 are summarised in table 7 below. This includes a comparison with the percentage implementation from the previous report (bracketed figures).
- 7.2 Internal Audit reporting on closed recommendations includes recommendations that have been closed in the previous 12 months as at the reporting date. This provides a more accurate up to date position regarding the implementation of recommendations and ensures that recommendations closed more than a year ago do not skew the statistics to give a falsely positive impression.

Table 7: Implementation of Recommendations

	Category 'Essential' recommendations		Category 'High' recommendations		Category 'Medium' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total	Number	% of total
Implemented	0 (0)	0% (0%)	20 (18)	13.70% (12.24%)	65 (74)	44.52% (50.34%)	85 (92)	58.22% (62.59%)
Actions due within last 3 months, but not implemented	1 (0)	0.68% (0.00%)	6 (8)	4.11% (5.44%)	5 (9)	3.42% (6.12%)	12 (17)	8.22% (11.56%)
Actions due over 3 months ago, but not implemented	1 (1)	0.68% (0.68%)	5 (4)	3.42% (2.72%)	20 (10)	13.70% (6.80%)	26 (15)	17.81% (10.20%)
Capital Programme Actions¹ due over 3 months ago, but not implemented	0 (0)	0.00% (0.00%)	0 (0)	0.00% (0.00%)	23 (23)	15.75% (15.64%)	23 (26)	15.75% (15.64%)
Totals	2		31		113		146	

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¹ These 23 actions related to a review of capital project management. Internal Audit is currently conducting a full follow-up audit of these; as such further updates on implementation will not be provided until the audit is complete.

- 7.3 There are currently 61 management actions outstanding. Further detail on outstanding actions is provided at Annex B.
- 7.4 There are currently two outstanding 'Essential' recommendations:
- One of these passed its target date at the end of November 2021. This relates to the Light Touch ICT Security Healthcheck review issued in May 2021, which identified that the Council's Public Sector Network (PSN) Certification had lapsed. The Council's ICT Service has been preparing to apply for re-certification throughout 2022/23, with regular updates provided to the Audit & Accounts Committee. The proposal for the IT Health Check is with procurement, with some clarification questions currently being responded to. The IT service's intention is to schedule the ITHC as soon as possible and start work on the remediations. The ITHC itself will take at least two weeks to do the testing and compile the required remediation access plan. Once the number of remediations required is known, IT will be able to put a plan together to reduce actions to a number acceptable to the Cabinet Office team for a PSN application.
 - The other recommendation relates to improving the system for removing IT access for employees and contractors, to ensure that there is out of hours support; requests to disable user account access are flagged as high priority; and the process is communicated to officers via CamWeb. This recommendation only became overdue on 30th June 2023. The Head of Operations for Customer and Digital Services has confirmed that they will be publishing details on Camweb in the week beginning 3rd July 2023 as to the process and who to contact out of hours for emergency account disabling. The service is also working on an automated approach that will enable managers to disable accounts directly.
- 7.5 There are two recommendations relating to open-book accounting in Public Health contract management. The question of whether quarterly open-book accounting should be adopted in the Public Health directorate has been escalated to conversations at the corporate procurement board. Internal Audit considers open book accounting as a key contract management control which provides important assurance to stakeholders and is awaiting the outcome of these discussions.
- 7.6 There are two recommendations from the Fire Risk Assessment audit that are closely linked; both concerned with establishing definitive list of all properties for which the Council is required to undertake fire risk assessments. The service has recently provided Internal Audit with detailed updates and revised target dates which has deferred the implementation date of these actions to 31st March 2024. Full details of the progress updates can be seen in Annex B.
- 7.7 Table 8, below shows the number of outstanding recommendations in each directorate.

Table 8: Outstanding Actions By Directorate

Directorate		Outstanding recommendations
Children's		4
Adults, Health and Commissioning		1
Place and Sustainability	<i>Capital Programme</i>	23
	<i>Other</i>	0
Finance and Resources Directorate	<i>Key Financial Systems</i>	3
	<i>Other</i>	18
Public Health		5
Strategy and Partnerships		7

8.0 *RISK MANAGEMENT*

- 8.1 The Audit & Accounts Committee will receive the Annual Risk Management report at its meeting on 28th July 2023 and this will provide a full update on Risk Management activity.

9 FRAUD AND CORRUPTION UPDATE

9.1 FRAUD INVESTIGATIONS

9.1.1 The current Internal Audit caseload of investigations is summarised below in Table 7. As at the 30th June 2023, Internal Audit has received 6 whistleblowing referrals in the 2023/24 financial year. In comparison, in 2022/23, the team had received 5 referrals by the same point in the year, and 3 referrals by this point in 2021/22.

Table 9. Current Internal Audit Investigations Caseload

Open Cases From 2022/23 Carried Forward		Open	Closed	Total
Fraud and Theft	Conflict of Interest	1	0	1
Total		1	0	1
All Cases Reported in 2023/24 To Date		Open	Closed	Total
Fraud and Theft	Conflict of Interest	0	1	1
Governance	Internal Governance Issue	1	0	1
	Schools Governance	1	0	1
Safeguarding and Health & Safety	Safeguarding	1	2	3
Total		3	3	6

9.1.2 It should be noted that the Internal Audit team records all whistleblowing referrals we receive; however Internal Audit normally act as the investigating service only for referrals relating to theft, fraud, corruption and governance concerns. Where whistleblowing referrals relate to e.g. safeguarding or HR issues, the referrals are passed on to the appropriate service to investigate and respond.

9.1.3 Summaries of the current open whistleblowing and investigation cases are provided below:

- **Conflict of Interest (1 open case)** – Internal Audit is currently investigating one case relating to conflicts of interest involving persons working for CCC, which has been carried forward from last year and is still under investigation.
- **Safeguarding (1 open case)** – One case of a safeguarding concern raised by a member of the public is currently open, which is being investigated by Children's Social Care.

- **Schools Governance (1 open case)** – A member of the public has raised concerns surrounding schools governance at a Cambridgeshire school, which are being investigated by the Schools Intervention Service.
- **Internal Governance (1 open case)** – Internal Audit are currently investigating one case of internal governance concerns. This investigation is in its initial information-gathering stage utilising liaison with the service involved.

9.2 WHISTLEBLOWING, ANTI-FRAUD AND ANTI-MONEY LAUNDERING E-LEARNING

- 9.2.1 Following the implementation of the new Anti-Fraud and Corruption Policy and new Anti-Money Laundering Policy which both came into force in 2022, Internal Audit is undertaking, in conjunction with the Learning and Development team, to create two e-learning modules to support the embedding of these new policies for both existing and new staff.
- 9.2.2 The first e-learning module is intended to be compulsory for all staff, and will cover fraud, bribery, corruption, and the whistleblowing policy. It aims to ensure that all staff have an understanding of the organisation's zero-tolerance approach to fraud or corruption, that staff know what to look for to identify fraud or corruption, and that they feel confident and comfortable to report any such concerns via the Whistleblowing Service.
- 9.2.3 The other module, covering money laundering, will be targeted to services at a higher risk of identifying money laundering activity. This module also aims to embed a culture of zero-tolerance to money laundering across the Council, ensure that staff can identify indicators of money laundering, and how they should deal with them by reporting those concerns to the Money Laundering Reporting Officer.
- 9.2.4 These modules are currently being developed in conjunction with the Learning and Development team, and their release will be supported by an internal communications campaign.

9.3 INTERIMS INVESTIGATION (CASE 118)

- 9.3.1 Internal Audit conducted an investigation into whistleblowing allegations relating to a possible conflict of interest in the appointment of several interims/consultants at Cambridgeshire County Council. The investigation found no evidence that any officer benefited financially from the appointment of these individuals, but did find that corporate policies were not complied with in their engagement. The investigation saw evidence that officers in the Council's HR, Finance and Procurement teams sought to ensure that the appointment of consultants was

carried out in line with policy, and prompted retrospective completion of some key internal controls, such as procurement waivers and consultancy approval forms.

- 9.3.2 As a result of the findings of the investigation, actions have been agreed including that all senior interims/consultants will have an hour-long induction in their first week with their HR and Finance Business Partners to ensure that they are made aware of key corporate finance and HR policies.

9.4 NATIONAL FRAUD INITIATIVE (NFI)

- 9.4.1 The NFI compares different data sets provided nationally by local authorities and partner organisations, for the purpose of detecting and preventing fraud.
- 9.4.2 The current exercise commenced in September 2022 when data was supplied for matching purposes by all relevant parties, including CCC. The matched output was released by the NFI in January 2023. The total number of matches for CCC is 4,200 across 34 reports which have a high or medium risk rating, depending on the nature of the data.
- 9.4.3 As at July 2023, 668 matches have been closed on the NFI portal. Internal Audit is unable to provide an update on the number or value of investigated and closed matches from this NFI exercise at this stage, as all data holders need to update the NFI online portal with the results of their investigations before these figures are available. Internal Audit expects that these figures should become available before the next committee cycle, once data owners have updated the NFI online portal with the outcomes of their investigations.

10 *KEY FINANCIAL SYSTEMS UPDATE*

10.1 2022/23 KEY FINANCIAL SYSTEMS AUDITS

- 10.1.1 The Lead Authority Board agreed in August that for the 2022/23 financial year, Cambridgeshire's Internal Audit team would continue to deliver the Accounts Payable, Income Processing and Debt Recovery audits for the Lead Authority partners. West Northamptonshire's Internal Audit team were due to deliver Payroll, Pensions and an IT Access Controls audit.
- 10.1.4 The delivery of the Payroll and Pensions audits have been delayed. The Head of Internal Audit at West Northamptonshire has confirmed that meetings to discuss findings with clients have been arranged for w/c 10th and 17th of July. It is therefore expected that draft reports for these audits will be issued by the end of July 2023.
- 10.1.5 West Northamptonshire's Internal Audit team's work on the IT Access Controls has been delayed due to staff sickness and as yet a confirmed estimated delivery date has not yet been confirmed.

Annex A

Internal Audit Plan Progress

2023/24

Progress to 30th June 2023 with the core Internal Audit Plan 2023/24 and the agreed Q1 'flexible' plan, on the basis of individual reviews completed, is summarised as follows:

Audit Plan 22/23 Progress In-Year		
Total Completed & Closed Reviews	4	5%
Ongoing Work (i.e. which will not 'close' until the end of the financial year)	19	24%
Draft Report Issued	3	4%
Fieldwork In Progress	19	24%
Reviews at Terms of Reference (ToR) stage and before	8	10%
22/23 Planned reviews yet to start	26	33%
Reviews on hold/paused at Director request	0	0%

Detail of the agreed Core and Q1 'flexible' Internal Audit Plan 2023/24, including progress to 30th July 2023, is provided below:

AUDIT TITLE	Directorate	TYPE OF WORK	PROGRESS
Client Funds & Deputyships	Resources	Audit	Draft Report
Schools Capital Programme	Childrens	Audit	Fieldwork
Street Lighting PFI Variations	P&S	Audit	Fieldwork
Pathfinder Legal Services	S&P	Audit	Fieldwork
Climate Change & Environment Strategy	P&S	Audit	Fieldwork
FOI and SAR	S&P	Audit	Complete
ICT Incident & Problem Management	Resources	Audit	Fieldwork
Capital Project Management	P&S	Audit	Fieldwork
ICT Security	Resources	Audit	Fieldwork
ICT Records Management	Resources	Audit	Fieldwork
Supporting Families	Childrens	Grant	N/A
Local Transport Capital Block Funding (Highways Maintenance)	P&S	Grant	Fieldwork
Pothole and Challenge Fund	P&S	Grant	Fieldwork
Disabled Facilities Grant	CCC	Grant	Fieldwork
A14 Grant	P&S	Grant	Fieldwork
Basic Needs Funding	Childrens	Grant	Fieldwork
Procurement Governance	Resources	Audit	Not Started
Procurement Compliance	Resources	Audit	Fieldwork
Waste PFI Review Support	P&S	Support	Ongoing
Lifestyle Services Contract	Public Health	Audit	Fieldwork
Waivers & Direct Awards Compliance	Resources	Audit	Fieldwork
Street Lighting PFI Contract	P&S	Audit	Fieldwork
Management of Consultants	S&P	Audit	Fieldwork
OPUS People Services & Interims	S&P	Audit	Fieldwork

Energy Contract	P&S	Audit	Not Started
Treasury Management	Resources	Audit	Draft Report
National Fraud Initiative	CCC	Support	N/A
Fraud Investigations Review Process	CCC	Investigations	N/A
Case 111 - Conflict of Interest	Resources	Investigations	Complete
Case 118 - Interims	Childrens	Investigations	Fieldwork
Pro-active Counter Fraud Work	CCC	Investigations	N/A
Development of Anti-Fraud & Corruption Strategy	CCC	Investigations	Ongoing
Counter Fraud Training	CCC	Investigations	N/A
FACT/HACT Follow Up	CCC	Investigations	N/A
Council Tax NFI Project	CCC	Investigations	N/A
Whistleblowing Policy Annual Review	CCC	Investigations	Not Started
Schools Assurance Auditing	Childrens	Audit	Not Started
Information Management Board	S&P	Support	N/A
Annual Governance Statement/Code of Corporate Governance	CCC	Support	Complete
Public Sector Internal Audit Standards (PSIAS) Review	CCC	Support	Not Started
Corporate Key Performance Indicator Framework	CCC	Audit	Not Started
Annual Key Policies & Procedures Review	CCC	Audit	Draft Report
Annual Assurance on Risk Management	CCC	Audit	Complete
Risk Assurance Reviews	CCC	Risk Management	N/A
Development of Risk Strategy	CCC	Risk Management	Draft Report
Risk Management	CCC	Risk Management	N/A
Advice & Guidance	CCC	Support	N/A
Freedom of Information Requests	CCC	Support	N/A
Follow-Ups of Agreed Actions	CCC	Support	N/A
Committee Reporting	CCC	Support	N/A
Management Reporting	CCC	Support	N/A
Audit Plan	CCC	Support	N/A

ANNEX B *Summary of Outstanding Recommendations*

(Recommendation status as at 30.06.2023).

Audit	Risk level	Summary of Recommendation	Target Date	Status
<i>Essential Recommendations overdue - over 3 months</i>				
ICT Touch Security	Light E	<p>A target date for CCC re-obtaining PSN certification is agreed and JMT is kept updated of progress towards this target. In view of management's comments on the draft report, we recommend two separate target dates be agreed:</p> <ul style="list-style-type: none"> • One for the completion of an ITHC and the submission of an appropriate Remediation Plan to PSN (if needed). Perhaps the target for this could be August 2021 • And the other target being for the completion of (at least the high priority elements of) the new Remediation Plan. We suggest this target date could be 3-6 months after the above. 	30/11/2021	<p>The ITHC is with procurement. They have come back with some clarification questions which we are working on a response to now around the network and infrastructure questions.</p> <p>The intention is to schedule the ITHC ASAP and start work on the remediations.</p> <p>The ITHC itself will take at least two weeks to do the testing and compile the required RAP (remediation access plan).</p> <p>Once the service know the number of remediations required, they will be able to put that plan together to get these down to a number acceptable to the Cabinet Office team for a PSN application.</p> <p>Revised target date: 30/09/2023</p>
<i>Essential Recommendations overdue - under 3 months</i>				
Case 97 - interim worker	E	<p>There is no out-of-hours support for urgently removing IT access from employees or contractors and no process to prioritise requests for access removal. (e.g. in the event of fraud)</p> <p>It is recommended that the system for removing IT access for</p>	30/06/2023	<p>The Service will be publishing details on Camweb in the next week as to the process and who to contact out of hours for emergency account disables.</p>

		<p>employees and contractors should be reviewed and revised to ensure that:</p> <ul style="list-style-type: none"> •There is out of hours support for urgently disabling user account access; •Requests to disable user account access are always flagged as high priority; •The system for requesting access to be disabled for user accounts in an urgent situation is communicated to officers via CamWeb. 		<p>The Service are also working on an automated fully auditable approach that will enable managers to disable accounts directly</p> <p>Revised target date: 31 July 2023</p>
<i>High Recommendations overdue - over 3 months</i>				
Consultancy Contracts Assurance	H	Reporting on consultancy expenditure to Committee should include whether or not an e-form has been completed for each separate consultancy assignment, to request approval to use consultants.	31/07/2022	<p>The Head of Procurement & Commercial confirmed that the data for this is now being collected through the new e-form for approving consultancy spend. Information on approved spend will be part of the standard reporting on consultancy and agency spend.</p> <p>Revised target date: TBC</p>
Healthy Child Programme	H	Linked to the previous recommendation, Public Health should conduct an exercise to scrutinise all non-staffing costs in the CCS/Cambridgeshire element of the Section 75 Agreement and seek to bring these more in line with the CPFT costs, with particular challenge to the cost of estates and overheads. The Section 75 Agreement permits the cost of the contract to be varied each year as agreed in the Annual Development Plan, so the service should seek to agree a reduction to non-staffing costs to be implemented in the 2023/24 Annual Development Plan (or sooner if agreement can be reached with the provider).	31/08/2022	<p>Service confirmed that they are now receiving robust 6-month financial reports from the Provider which includes details of non-staffing costs and new reporting enables them to have a more holistic overview of S75 agreement costs. There is ongoing work being conducted within CCS regarding estates costs, which is the main disparity between CCS & CPFT non-staffing costs, however this will not be concluded by the end of the 2022/23 financial year and the service will include it in the 2023/24 Annual Development Plan.</p> <p>Additionally, there are wider conversations</p>

				<p>underway within the ICB to take a more system-wide approach to reviewing estates. There is also inclusion with the 23/24 ADP a commitment to ensure that staffing costs always exceed 75% of total contract value. Inflation and increased cost of living pressures, including rising property maintenance/management costs of buildings also makes it challenging to bring down any estate costs this year.</p> <p>The service are asking CCS to provide updated HCP costs for all bases they are operating out of and a piece of work has already taken place between CCS and Huntingdonshire District Council to negotiate a reduction in rent costs for the most costly building. However, the service are still waiting to hear back on what this means in terms of a reduction in HCP contributions.</p> <p>Revised target date: 31 August 2023</p>
Healthy Child Programme	H	The Authority should seek to vary the Section 75 Agreement to remove the requirement that underspends are ring-fenced for use in the HCP.	31/12/2022	<p>Service confirmed this has been agreed between Provider and Commissioner. A new s75 has been drafted and is currently with the provider for review and signature.</p> <p>New Target Date: 31 August 2023</p>
Integrated Drugs and Alcohol Treatment System Contract	H	Public Health should alter financial monitoring so that, for budget variances as uncovered in the review of SMS reporting within quarterly contract monitoring meetings, are reconciled to prime evidence, as allowed by clauses 34.1 and 34.2 of the contract. This represents a shift to more open book financial reporting.	30/01/2023	<p>Robust quarterly financial reports are received which reflect a detailed breakdown of variances against each pricing element (as per pricing schedule). Variances are scrutinised. The team have received training from the head of diligence to improve knowledge.</p>

		<p>To assist with this Public Health should utilise the detailed pricing schedule which includes a detailed list of allowable costs against each pricing element. This pricing schedule can be the basis for challenge in contract monitoring meetings allowing for efficient detection of budget variances. It will also allow the council to distinguish costs that should be absorbed by CGL. If the Service considers this unfeasible, they should consult with the Head of Diligence and Best Value for advice and guidance on how to implement a more open book financial reporting approach.</p>		<p>The question of whether quarterly open-book accounting should be adopted in the public health directorate has been escalated to conversations at the procurement board. Internal Audit is awaiting the outcome of these discussions and will provide a further update in our next progress report.</p> <p>Revised target date: TBC</p>
Fire Risk Assessments	H	<p>The Property Compliance Team, Estates and Facilities Management should ensure that a review is undertaken to identify a definitive list of all properties for which the Council is required to undertake FRA's. If any such properties identified have not had an FRA in the last three years, the Property Compliance Team Manager should ensure that a FRA is undertaken as a matter of priority.</p>	31/03/2023	<p>The service confirmed the property lists have been reviewed and the definitive 'list' has been created as part of the data entry and data verification processes as part of the new Concerto property database. Once cleansed and verified this will provide the definitive schedule of properties in which CCC has an interest that the property function is aware of. Estimated completion for this is 30 October 2023.</p> <p>Under Corporate Landlord, a further exercise is required to identify property interests taken outside of corporate property processes (i.e. those properties not known or notified to CCC Property). This requires an audit of all services across the council and all risks relating to these sites sit with the appropriate services or functions.</p> <p>Estimated completion date 31 March 2024 subject to additional staff resourcing being provided.</p> <p>Revised target date: 31 March 2024</p>

High Recommendations overdue - under 3 months

Direct Payments Consolidated Report	H	<p>Internal Audit has consulted with staff in social care, Finance and Debt Recovery and drafted a proposed Direct Payments Fraud and Misuse Policy, attached as Appendix A. The Executive Director of People Services and the Service Director of Finance & Procurement should review this policy, make any amendments, and adopt the policy on behalf of the Council.</p> <p>Once the policy is adopted, it should be communicated to staff in social care and finance, alongside an awareness-raising exercise through the Council's internal corporate communication channels.</p>	30/04/2023	<p>The policy is being review by Practice, Governance and Standards for feedback on issues such as family member involvement in Direct Payments. After the policy has been approved (which is expected to take a few weeks) it can then be circulated as the new procedure.</p> <p>Revised target date: 31 August 2023</p>
Purchase Cards	H	<p>As a deterrent measure, consideration should be given to automatically removing limits of any Cardholders who have not reviewed their last 3 transactions. On first missed review, an email reminder should be sent reminding cardholder of their responsibilities and the possible consequences i.e., card suspension or closure. Likewise, any approvers who are consistently not approving transactions on</p> <p>SDOL should have their approver rights suspended for a fixed period or removed. An accurate compliance log should be maintained that tracks monthly compliance and allows for instances of missed review/approval to be recorded to enable the above. Audit understand this to be in early progress.</p>	01/06/2023	<p>This is intended to commence from July 2023. Comms will go out to cardholders and approvers ahead of starting. The compliance log will be maintained by the Finance Team, and emails will come from that inbox.</p> <p>Revised target date: 31 July 2023</p>
Fostering Payments (In-House)	H	<p>There should be proof of exhaustion of in-house options before a decision is made to search IFA in all cases. If this cannot be evidenced, no IFA should be agreed (unless in emergency or exceptional circumstances). Decisions should be formally signed off and recorded on the CYP Chronology notes.</p>	30/06/2023	<p>A Senior Placement Officer (new role) came into post on 3rd July 2023, who will audit compliance with this process once a month. Internal Audit has requested that evidence of compliance checking is provided after the first round of auditing, and advised that the recommendation will be closed after that.</p>

				Revised target date: 31 August 2023
Healthy Child Programme	H	Once a detailed Pricing Schedule has been developed for the contract, the Public Health team should implement quarterly open-book monitoring against the pricing schedule. This should include a detailed breakdown of actual costs incurred by the providers, with this information being reviewed and challenged by the Authority. The service should also ensure the year-end reconciliation of reported costs to actuals takes place in line with the Section 75 Agreement document.	30/06/2023	<p>The question of how the service should approach open book accounting within Section 75 agreements with NHS trusts has been escalated as a larger discussion than just relating to the Healthy Child Programme (via The Head of Diligence and Best Value and the procurement governance board)</p> <p>Revised target date: TBC</p>
Transparency Code	H	<p>An Information Management Strategy (or equivalent) should be produced to establish how information should be produced and published.</p> <p>It should include:</p> <ul style="list-style-type: none"> • A clear process for key officers to check that all required datasets are published correctly and on time ensuring compliance that the information is published quarterly and annually. • A timetable for key officers to get in touch with service contacts who own the datasets, to remind them that publication is due in advance of deadlines. • Guidance for ensuring if any delayed or absent publication is identified that it is discussed to find out the reasons for this with the officers involved and to establish whether there are ongoing issues with timeliness of publication and to identify the root cause. • Processes to ensure that personal information is redacted appropriately. 	30/06/2023	<p>Internal Audit has seen a copy of the draft FOI Publication Scheme & Local Government Transparency Code Policy which is being taken to CLT in September and a revised target date for approval by the new to be CCC Information Management Board in October 2023.</p> <p>Revised target date: 31 October 2023</p>
Transparency Code	H	Key Officers need to be identified in the Council who are responsible for ensuring that the Transparency Code data is published in line with requirements. This should include	30/06/2023	Internal Audit has seen a copy of the draft FOI Publication Scheme & Local Government Transparency Code Policy which is being taken

		<p>identifying, in a written document (such as the Information Management Strategy referenced at Recommendation 1):</p> <ul style="list-style-type: none"> • The central team (i.e. the Information Governance team) with responsibility for requesting data due for publication; collating the data; ensuring that data accuracy checks have been completed; and publishing the data on the Council's external website. • For each individual dataset, identifying which team within the Council is responsible for owning and producing the data and supplying the data to the central team. This should include identifying a named key contact within each team for producing the data. • For each dataset, identifying the checks that should be conducted to verify that the information published is accurate and is compliant with the format requirements of the Transparency Code, by the key officers. This can then be followed consistently when officers change to ensure that the process is consistent. 		<p>to CLT in September and a revised target date for approval by the new to be CCC Information Management Board in October 2023.</p> <p>Revised target date: 31 October 2023</p>
<i>Medium Recommendations overdue - over 3 months</i>				
This Land	M	<p>Governance arrangements:</p> <p>A formal document is produced and presented to C&IC (as Shareholder) containing governance arrangements of:</p> <ul style="list-style-type: none"> • Reporting to Shareholder; • Corporate performance indicators for delivery against the benefits identified; • Business plan; • Financing the company; • Reserved matters; • Risk, Audit, and internal control <p>This could be a development of the drafted Memorandum of Understanding or a separate document which should be discussed and agreed by the committee, with changes made if necessary. Implementation of this recommendation would</p>	01/06/21	<p>The arrangements for reporting to Committee, submission of the annual business plan and financing the company are established. Financing is also governed by loan/security documents (which have recently been updated and reviewed by the external solicitors Freeths). The latest monitoring update to Committee is at S&R on 11 July.</p> <p>Following recent appointments, This Land now has a complete board of directors. The shareholder agreement and articles of association are subject to active review currently, taking account of sector guidance. .</p>

		substantially increase the audit opinion.		<p>The proposed shareholder agreement regulates roles and responsibilities between the Council and the company, its board and sub-committees, describing the governance arrangements for the business and business plan, financial, progress and performance reporting and monitoring, financing and supporting of the business, appointment of auditors, information governance, employment and business conduct. Provision is to be made for assessment and evaluation of the effectiveness of the board and codifying that a shareholder representative (on behalf of the Council) is empowered to request and receive information from the company, including to information relating to assurance and internal controls</p> <p>Revised target date: 31 August 2023</p>
Capital Programme Governance Review	M	There are 23 recommendations in the Capital Programme Governance Review report that became due for implementation on 30 June 2021.	30/06/2021	<p>These recommendations re currently under review as part of an internal audit review. As a result of the work undertaken to date, 3 of the 26 original recommendations have now been marked as 'implemented'. However, the audit work is yet to be completed and the officer conducting the review has now left. This has delayed completion of the review.</p> <p>Revised target date: TBC</p>
General	M	Urgent action is taken in conjunction with the Payroll and HR Transactions Manager to address the weaknesses in the quality	30/09/2021	This action continues to be progressed by the Payroll Team in liaison with Corporate Finance.

Ledger		and accuracy of payroll control accounts.		<p>Aged items are being cleared and there is an action plan in place to address specific issues. The Strategic Finance Manager confirmed that system changes have been implemented that have resolved the root cause issue in relation to two control accounts.</p> <p>Revised target date: While progress has been made Finance Colleagues have confirmed it will take some time to clear the remaining historic transactions. Internal Audit will continue to liaise with Finance and provide a further update as part of our next progress report.</p>
Soham Library Preschool	M	Consideration should be given to the accounting treatment for any Less Than Best lease arrangements (including rent holidays) with the 'cost' of any subsidy being recognised as a nominal cost to a service's accounts to reflect the community benefit invested in these arrangements.	31/10/21	<p>The service has agreed with Finance that the approach will be to compile a list of Less Than Best (LTB) leases, to include details of:</p> <ul style="list-style-type: none"> - When the LTB award was originally made; - When the award/current lease or license etc. expires; - Cost of current lease/license; - Difference between the current cost and the market cost; <p>This will provide a clear record of the level of subsidy provided by LTB leases/licenses, outside of the accounting system.</p> <p>Revised target date: 31 July 2023</p>
DSG - High Needs Block Demand Management	M	The service has indicated that there are already plans to review and update the Personal Budget policy. The service should ensure as part of this update that guidance is clear that where any provision is to be secured by a Personal Budget, Section J of	01/04/2022	The EHCP Improvement Plan Programme of works contains projects such as Personal Budgets, EOTAS and EHE. In addition, Personal Budgets is reflected in the SEND Strategy

		<p>the EHCP should include: details of how the Personal Budget will support particular outcomes; the specific provision it will be used for, including any flexibility in its usage; and the arrangements for any direct payments for education, health and social care.</p>		<p>working groups. However we will need to develop our own Education (SEND) PB Policy. Funding has been secured for a fixed term post for a SEND Policy and Guidance Development Lead. The Job Description is in draft for review and submitting to HR. The aim is to complete this by 31st April 2023 and advertise for recruitment this summer term.</p> <p>Once in post the Lead will undertake a review of current CCC Personal Budget Policy to ensure that we have robust and transparent Policies, so that across the system all services know what Personal Budget means. Clear and Transparent guidance is needed to ensure consistent approach and working practice across all of SEND and key stakeholders. This is also inclusive of EOTA's and EHE with are additional projects where Policy and Guidance will also be developed.</p> <p>The development of the EHCP Template also forms part of the EHCP Improvement Plan Programme of works.</p> <p>The development of a working group for Personal Budgets is in Phase 1 of this project as part of the Discovery, definition and design elements required. This is expected to commence in September 2023</p> <p>Revised target date: 30 September 2023</p>
DSG - High Needs Block Demand Management	M	<p>A detailed written training package should be developed and implemented by the local authority and distributed to schools and special educational needs coordinators (SENCO), with information on how to conduct an annual review meeting and how to amend an EHCP after an annual review has taken place.</p>	01/09/2022	<p>The EHCP Improvement Plan Programme of works is split into two functioning workstreams, Annual Review and EHCP. Under Annual Review we will be conducting extensive research and engagement with our key stakeholders to</p>

		The service should also seek to identify schools which repeatedly supply annual review forms that do not meet the standard requirements expected by CCC and retrain them, in addition to challenging paperwork sent by schools if it is not completed correctly.		<p>understand what a good Annual Review looks like. Research will also include anonymised Quality Assurance Audits of Annual Reviews. This will feed into the development of work required to improve the Annual Review process and develop bespoke Training Packages for delivery across the whole system.</p> <p>Seconded SENCOS have been resourced with initial sessions being held alongside the Quality Assurance Lead and SEND Transformation Programme Lead after the Easter Break. The Annual Review workstream will run until, at minimum, end of 2025.</p> <p>Revised target date: 31 January 2025.</p>
Overall Schools Report	M	The School Finance Team should amend existing CCC regulations for schools to clearly specify areas where schools need to formulate their own internal policies in addition to the CCC regulations for schools. These include a Scheme of Financial Delegation and the other policy areas listed in Annex A to this report.	30/09/2022	School Finance Team is currently still implementing the new budgeting and reporting tool (EMS), which will be implemented by the end of the term but is taking the team capacity. This is on the services priority list for after the implementation of EMS as they want to ensure corporate documentation and guidance reflects requirements from the new system.
Overall Schools Report	M	<p>Where CCC regulations for schools allow for varying proportionality of controls such as separation of duties, the Schools Finance Team should consider clarifying in what situations it is acceptable to deviate from best practice, and to what degree. This could include setting a financial threshold above which schools must be able to evidence separation of duties in purchasing.</p> <p>It should also be made clearer in the regulations what constitutes sufficient separation of duties at different stages of the purchasing process. For example, can the same person approve a purchase order and then raise it on the system (such</p>	30/09/2022	Revised target date: 30 September 2023

		as the Headteacher)		
Overall Schools Report	M	The School Finance Team should amend CCC regulations for schools to state that the Payroll Costing Report and Previous Pay Comparison Report should be used to identify all variances and illustrate the full cost of the payroll to be signed off. If these two reports are used, the Payroll Validation Reports and EPM Variance reports are not necessary and schools are able to conduct more detailed scrutiny of their payroll.	30/09/2022	
Overall Schools Report	M	The School Finance Team should consider amending CCC regulations for schools to include a requirement that a second officer must authorise individual payroll amendments. This would require schools to apply separation of duties in all individual payroll amendments, which if not demonstrated increases the risk of payroll fraud.	30/09/2022	
Key Policies and Procedures	M	The Partnership Governance Advice and Guidance to be allocated an owner, reviewed depending on the last review date and published on Camweb.	30/11/2022	<p>Responsibility for this action has transferred to a different officer: the Service Director of Policy and Communities. As such further time is needed to implement this recommendation.</p> <p>The Service Director of Policy and Communities has confirmed this task has now been assigned to a Policy and Strategy Officer who will be undertaking the review which will be completed by September 2023.</p> <p>Revised target date: 30 September 2023</p>
AR Income 21/22	M	Documented procedures should be created to govern the future ongoing use of the fortuitous income codes. These procedures should include clear criteria that should be met prior to a	31/12/2022	This action was delayed due to the IMS project implementing a new income system – in part as

		<p>suspense item being moved to an income code.</p> <p>These procedures should also cover the process of moving transactions from customer accounts to a fortuitous income code. Once developed, the procedures should be agreed with the S.151 officers.</p>		<p>changes resultant from the new system had to be considered.</p> <p>A draft process has now been developed in respect of how the fortuitous income code will be operated. As the Income Processing Service is a shared service the paper outlining the new process needs to be reviewed / approved with the S151 officers across each Partner organisation to obtain approval.</p> <p>A review of CCC will data be completed by 31-08-23 when Income Processing will be migrating the contents of ZIC02 suspense account to the new HeyCentric (new IMS system) Suspense Account. Once this is complete (and subject to approval from S151 Officers) the new process can be implemented and relevant transactions can be transferred to the fortuitous income code.</p> <p>Revised target date: 31 October 2023</p>
AR Income 21/22	M	<p>A policy should be developed to govern how credit only customer accounts should be treated and managed. The policy should include at what point in time a credit only account should be considered as aged. For example, an aged account could be defined as one that has not had any invoices raised for 6 months. The policy should include a check to ensure that a credit only account is not due to failure on behalf of the Council to raise an invoice prior to any further action being taken.</p> <p>Once this policy has been developed, exception reporting should be developed to identify aged credit only accounts so</p>	31/12/2022	<p>Although credit only accounts is a situation that spans all customer groups, the bulk of such situations is predominantly within the Adult Social Care (ASC) sphere. Bearing this in mind, principles on how to deal with credit-only customer accounts will be drafted in conjunction with ASC to ensure that we limit the impact to vulnerable customers and their financial representatives.</p> <p>ASC credit only accounts have been referred to Adults Directorate to work through and advise of refunds to be processed to Debt/Income</p>

		<p>that action can be determined and taken in line with the policy.</p> <p>Data on credit only accounts should be incorporated into the current reporting regime and in conjunction with unapplied items reporting (recommended above) and should include:</p> <ul style="list-style-type: none"> • The number of credit only accounts • The value of transactions on credit only accounts • The volume of transactions on credit only accounts • Narrative on any issues and action taken in relation to clearing transactions from credit only accounts. 		<p>This review will also consider the recommendation within the 2022/23 audit of Income Processing, in respect of a small difference write-off / write-on where the account balance is minimal and therefore further actions would not be cost effective.</p> <p>A Draft Process Policy has been created which, if agreed by partners, should be put in place start of Q4.</p> <p>The target date has been revised to 2023/24 Q3 to allow for the new Income system to be embedded across all Partner organisations.</p> <p>Revised target date: 31 October 2023 for partner approval and 31 January for implementation in practice.</p>
Insurance Fund	M	The Claims Handling Manual should be updated following implementation of an Insurance Strategy, this should ensure that the service goals and objectives are supported by operational processes which target management resource accordingly. This could also include: current reporting review processes, betterment circumstances.	31/12/2022	<p>Head of Insurance advised workings of the revised document are in progress, although the implementation of this recommendation relies to some extent on the Insurance Strategy being finalised. The strategy has not been formally approved and is under review by the s151 Officer.</p> <p>Revised target date: 01 December 2023</p>
Insurance Fund	M	An Insurance Strategy is developed to provide a clear framework for the service goals and objectives including a structured approach to the Councils insurance arrangements. For example, this could include the following information: The	01/01/2023	Head of Insurance advised that this action has been delayed due to service pressures, however work has now commenced to form an insurance strategy and an initial framework for the

		strategic aims of the service, a breakdown of the risks the council self-insures and policies the council holds with external insurance providers, the process for projecting future risk profile, management and recharging arrangements, claims management processes and processes for reviewing the insurance strategy.		document is with S151 for consideration and feedback. The strategy will then need to go to Lead Authority Board as the document will support all councils the Insurance Service supports. Revised target date: 01 December 2023
Money Laundering Risk Assessment	M	<p>“The content on money laundering in the Fraud Prevention eLearning should be updated to include:</p> <ul style="list-style-type: none"> • Updated information on money laundering laws. • Examples of the type of higher-risk transactions that staff might see in a CCC context. • Case studies with more of a public sector focus. • Reporting Procedure. • Customer Due Diligence process. <p>Key teams in areas at highest risk of money laundering (i.e. Finance Operations, Property and social care finance) should be targeted to encourage them to complete the eLearning.</p> <p>The Council should consider introducing a separate Anti-Money Laundering training module which could be offered as targeted or even mandatory training for staff in higher risk teams. “</p>	31/01/2023	<p>The creation of e-learning modules on money laundering, and on fraud, bribery, corruption and whistleblowing is underway. Completion currently impeded by resourcing issues and other Internal Audit work.</p> <p>Revised target date 31 July 2023</p>
Purchase Cards	M	GPC Team should change permitted spend to £0 for any cards whose cardholder or approver is listed on the Leavers report. Limits can be reapplied if officer is mistakenly listed/confirmation is received post Leavers report that confirms usage required.	31/03/2023	<p>On receipt of the leaver report the GPC Team will automatically change permitted spend of the cardholder to £0. The leavers report is sent to the GPC Team from Payroll, where it is sent on a monthly basis. The GPC Team have reported this action has been implemented.</p> <p>In addition the leavers report will be automated from Q2 following a change request that is being implemented within Business Systems.</p>

				Revised target date: IA will contact the GPC Team and review evidence to confirm implementation.
Healthy Child Programme	M	The Delegation & Partnering Agreement should be reviewed and updated to permit underspends to be carried forward within the HCP as specified in the Section 75 Agreement, rather than being repaid to PCC as currently required by the Delegation & Partnering Agreement. The updated document should include a clear governance process setting out how the use of any underspend on the PCC side of the contract should be approved (for instance, this could specify approval by the Director of Public Health). As part of this, the service should also consider whether it is practical to include more flexible provisions in the Delegation & Partnering Agreement around financial contributions, so that the Agreement does not have to be completely re-written and re-signed if the financial contributions are indexed or uplifted during the course of the partnership. This should include a clear governance route for approval of changes to the contract value (for instance, approval from the Director of Public Health).	31/03/2023	<p>The service has liaised with Legal who have agreed to review and update the Delegation & Partnering agreement to reflect the changes to the s75 agreement and to also adjust the wording around financial contributions.</p> <p>Revised target date: 31/08/2023</p>
Fire Risk Assessments	M	<p>Once a definitive list has been identified of all council properties requiring FRAs, a column should be added to the corporate portfolio spreadsheet to indicate where a FRA needs to be completed for a property, so the Compliance Team can regularly reconcile against their own FRA compliance spreadsheet to ensure they are carrying out required FRAs.</p> <p>An area of good practice would be to add another column for the rationale if a FRA is not required, as this would prevent the need to duplicate work if staff move on. The live corporate portfolio list should then be made available to all Teams to ensure that they are aware of when new properties are added or when properties are deleted.</p>	31/03/2023	<p>The service confirmed progress has been made on this recommendation but it is not yet complete. This work is being prioritised alongside other key H&S tasks and is linked to the work on compiling a verified list of properties.</p> <p>Revised target date: 31 March 2024</p>

DR 21/22	M	<p>Regular reviews of aged debts should be undertaken with the aim of reducing existing aged debt. These reviews should be targeted to ensure they are proportionate to resources and focus on aged debts that may not have been reviewed recently or on a regular basis. Reviews should include:</p> <ul style="list-style-type: none"> • Identifying any aged debts where no manual recovery activity has been undertaken. • Identifying any aged debts where no manual recovery activity has been undertaken for a significant period. • Determining whether action from the service who raised the invoice is required • Determining What recovery activity should be undertaken • Whether the debt is considered unrecoverable and should be written off <p>Given that the portfolio prioritisation of high value debts means it is less likely that lower value aged debts are regularly as part of existing processes, it is recommended that these debts are subject to regular targeted reviews.</p> <p>Reviews could be undertaken by redistributing existing resources for a limited period</p>	31/03/2023	<p>Aged debts are reported as part of the monthly reporting pack which is distributed and discussed at Service Review meetings.</p> <p>Data shows that the majority of aged debt lies within the ASC sphere, where recovery of charges can be complicated due type of service, client base and other government bodies which elongate timeframes for resolution which are outside of the Authorities control.</p> <p>Improvements have been made by the introduction of statement style invoicing during 2022/23 for ASC debts so that all outstanding invoices are reminded to address low value debts that may not have been prioritised within portfolios. In addition, a one-off exercise that looked at low value aged debts against dormant accounts was undertaken.</p> <p>A review of Debts over 6 months old is being undertaken to identify any with no complaint codes recorded s to ensure that actions have been taken and debt statues are more accurate to aid reporting. Also changes have been made to Debt Status assignment within monthly Debt reporting to more accurately reflect debts with no complaint codes after 90 days to show that these are with the Debt Team to manage rather than still in Dunning Cycle.</p> <p>ASC Debt Improvement Project set-up during Q3 of 2022/23 with the aim to improve all aspects of the customer journey, and the debt position.</p>

				<p>The outcomes of the review will be implemented during 23/24.</p> <p>Further update will be provided in the second half of 2023/24 once the outcome of the Improvement project is known and changes implemented.</p> <p>Revised target date: Internal Audit will re-engage with the Debt Recovery Service to assess progress with this in September 2023</p>
Purchase Cards	M	Analysis Reports should be shared to the Information Governance team to be uploaded onto Insight to ensure CCC is complying with statutory Transparency Code requirements	01/04/2023	<p>Format of data sets agreed with Professional Finance, GPC Team providing retrospective absent data sets with the process then being embedded as part of BAU with data sets to be published monthly. Procedure guides and all data sets to be published July 2023.</p> <p>Revised target date: 31 July 2023</p>
<i>Medium Recommendations overdue - under 3 months</i>				
Chartwell Assurance	M	Finance staff should investigate any nil returns in the Related Parties process where previous declarations have been made, to confirm that there has been a change of circumstances and not an oversight/error in completing the declaration.	01/06/2023	<p>IA is awaiting an update from the service.</p> <p>Revised target date: TBC</p>
Chartwell Assurance	M	To maximise transparency, it is recommended that a checking mechanism is included within Project Management Office (PMO) gating or within project commissioning working procedures, that requires commissioning officers/project managers to consider whether related party and/or conflict of interest declarations apply to their project and, if they do, document a plan for managing this.	01/06/2023	<p>Guidance for this recommendation has been written up in new PPM Guidance and PPM Framework documents - these have been drafted but not yet formally introduced. Full launch and implementation was put on hold earlier this year due to the restructure of PDD</p>

		Declarations and linked management plans can be reported to and governed by the relevant project boards/groups. This may include the Capital Programme Board and Corporate Leadership Team for larger scale projects.		into the new PIP Service. Revised target date: TBC
Purchase Cards	M	It is recommended that the CCC FAQ document is used as the primary guidance for acceptable use. As an internal document, it can be tailored to be consistent with the policies of CCC. The RBS User Guidance provides a more general guidance, and details of the responsibilities of Cardholders, Approvers and the GPC team. The User Guide, CCC FAQ Document and Travel and Expenses Policy should be consolidated and updated to ensure that guidance on staff subsistence is clear and consistent to all staff, including those in Client Funds and Social teams where exceptions may be permitted.	01/06/2023	The GPC Team are working on new guidance documentation including the CCC FAQ and update to be consistent with the policies of CCC. This will include unacceptable use, Procurement contact details and retention of receipts. Updated guidance will be added to websites. Guidance to include uploaded of receipts. This will allow for one user guide/policy for CCC to negate an ambiguity Revised target date: 30 September 2023
Transparency Code	M	A process should be introduced for reporting on compliance with the Transparency Code to the Information Management Board and/or senior management to include any issues with production of or access to data.	30/06/2023	Internal Audit has seen a copy of the draft FOI Publication Scheme & Local Government Transparency Code Policy which is being taken to CLT in September and a revised target date for approval by the new to be CCC Information Management Board in October 2023. Revised target date: 31 October 2023
Transparency Code	M	The process that the Information Governance Team undertakes for correcting published data which is subsequently identified as inaccurate is not documented. The process that the Information Governance Team undertakes for correcting wrongly published data should be documented so it is consistent.	30/06/2023	Internal Audit has seen a copy of the draft FOI Publication Scheme & Local Government Transparency Code Policy which is being taken to CLT in September and a revised target date for approval by the new to be CCC Information Management Board in October 2023.

				Revised target date: 31 October 2023
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Audit and Accounts Committee Forward Agenda Plan

Updated 20th July 2023

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Action Log
- Financial Reporting and Related Matters Update – Monitoring at each meeting, covering Integrated Finance Monitoring Report. Lead officers: Tom Kelly/Stephen Howarth/Michelle Parker/Eleanor Tod.
- Internal Audit Progress Report including progress of Implementation of Management Actions, Internal Audit Plan Update, Update on the value of the National Fraud Initiative and Risk Register. 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. Lead Officer: Mairead Claydon
- Agenda Plan/Training

Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
28/07/23 (20/07/23)	Draft Cambridgeshire County Council Statement of Accounts 2022-23	Annual	Service Director: Finance & Procurement	Tom Kelly
	Annual Risk Management Report	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	Co-option of an Independent Non-Voting Member to the Audit & Accounts Committee	-	Head of Internal Audit & Risk Management	Mairead Claydon
28/09/23 (20/09/23)	Audit & Accounts Committee Annual Report 2022-23	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	Annual Whistleblowing Report 2022-23	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	Audit & Accounts Committee Review of effectiveness	-	Head of Internal Audit & Risk Management	Mairead Claydon
	External Audit Plan for Cambridgeshire County Council 2022-23	Annual	External Auditor/ Head of Finance	Mark Hodgson/ Stephen Howarth
	Debt Management Update	Six monthly	Head of Revenue & Benefits	Alison Balcombe

01/12/23 (23/11/23)	Consultants and Agency Worker Data	Six monthly	Head of Procurement and Commercial	Clare Ellis
	Cambridgeshire County Council Statement of Accounts 2022-23 and Audit Results Report	Annual	External Auditor/ Head of Finance	Mark Hodgson/ Stephen Howarth
	External Audit Plan for Cambridgeshire Pension Fund 2022-23	Annual	External Auditor/ <i>Investments and Fund Accounting Manager - Pensions</i>	Mark Hodgson/ Ben Barlow
	Pension Fund Annual Report and Statement of Accounts 2022-23	Annual	Investments and Fund Accounting Manager - Pensions	Ben Barlow/ Fiona Coates
01/02/24 (24/11/24)	External Audit Annual Plan	Annual	Ernst Young	Mark Hodgson
	Debt Management Update	Six monthly	Head of Revenue & Benefits	Alison Balcombe
28/03/24 (20/03/24)	Draft Internal Audit Plan 2024/25		Head of Internal Audit & Risk Management	Mairead Claydon
Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
30/05/24	Consultants and Agency Worker Data	Six monthly	Head of Procurement and Commercial	Clare Ellis
	Draft Annual Governance Statement 2022-23	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	Annual Procurement Report	Annual	Head of Procurement and Commercial	Clare Ellis
	Annual Risk Management Report	Annual	Head of Internal Audit & Risk Management	Mairead Claydon

+ = indicates Exempt report