# AUDIT AND ACCOUNTS COMMITTEE

## Date:Tuesday, 25 July 2017

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

Shire Hall
Castle Hill
Cambridge
CB3 0AP

## <u>14:00hr</u>

## Room 128
## Shire Hall, Castle Hill, Cambridge, CB3 0AP

# AGENDA

**Open to Public and Press**

| | | |
|---|---|---|
| 1. | **Apologies for absence and declarations of interest**<br>*Guidance on declaring interests is available at [http://tinyurl.com/ccc-conduct-code](http://tinyurl.com/ccc-conduct-code)* | |
| 2. | **Audit and Accounts Minutes 30th May 2017** | **5 - 22** |
| 3. | **Committee Action Log**<br>to follow | |
| 4. | **Schools Safeguarding and Safer Recruitment update** | **23 - 26** |
| 5. | **Registration of Land Purchased for Highways Purposes** | **27 - 34** |

**6. Children's Social Care Case-Loads Quarterly Update 35 - 38**

**7. Annual Risk Management Report 39 - 58**

**8. Audit and Accounts Terms of reference - Feedback from Constitution and Ethics Committee report 59 - 66**

**9. Internal Audit Progress Report to 31st May 2017 67 - 92**

**10. Integrated Resources and Performance Report for May 2017 93 - 166**

**11. Draft Statement of Accounts 2016-17 167 - 350**

**12. Audit and Accounts Committee Training Programme 351 - 354**

**13. Forward Agenda Plan update 17th July 2017 355 - 368**

**14. Date of Next Meeting - 19th September**

This will be preceded by a confidential briefing from 1.00- 1.45 p.m. to bring Members, (especially new members) up to date with issues concerning the Guided Busway.

The public meeting will commence from 2.00 p.m.

The Audit and Accounts Committee comprises the following members:

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

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

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

Clerk Name: Rob Sanderson

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Public speaking on the agenda items above is encouraged. Speakers must register their intention to speak by contacting the Democratic Services Officer no later than 12.00 noon three working days before the meeting. Full details of arrangements for public speaking are set out in Part 4, Part 4.4 of the Council's Constitutionhttps://tinyurl.com/CCCprocedure.

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## AUDIT AND ACCOUNTS COMMITTEE: MINUTES

**Date:** 30th May 2017

**Time:** 2.00 – 4.33 p.m.

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

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

**Apologies:** Councillor: D Wells

**Action**

### 1. APPOINTMENT OF CHAIRMAN/WOMAN AND VICE-CHAIRMAN/WOMAN

Councillor Williams nominated and Councillor Hudson seconded that Councillor Shellens should be re-appointed as the Chairman of the Committee. There being no further nominations,

it was resolved unanimously:

> To appoint Councillor Shellens as the Chairman of the Audit and Accounts Committee for the Municipal Year 2017-18.

Councillor Hudson nominated and Councillor McGuire seconded that Councillor Rogers be appointed as the Vice-Chairman of the Committee. There being no further nominations,

it was resolved unanimously:

> To appoint Councillor Rogers as the Vice Chairman of the Audit and Accounts Committee for the Municipal Year 2017/18.

### 2. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies received from Councillor David Wells.

There were no declarations of interest.

### 3. MINUTES OF THE MEETING HELD ON 21st MARCH 2017

The minutes of the meeting held on 24th January 2017 were confirmed as a correct record and were signed by the Chairman.

Matters arising:

a) **Minute 286 – Matters arising from Minutes 24th January 2017 Minute 277 - Ely Archives** - **officers highlight to Members that capital projects required a margin of error to be built in as**

**part of the member training induction programme post-election**

It was confirmed that it would be included as part of one of the three Finance seminars. **Confirmation of the date to be provided for the next meeting.** **Tom Kelly**

b) **Minute 292 Draft Internal Audit Report – second bullet Section 106 / Community Infrastructure Levy (CIL) audit**

The Chairman asked when this would be reported back. It was indicated that it would come back to the November Committee. **Action: ensure it was highlighted for the November Internal Audit Progress Report** **Rob Sanderson**

c) **Minute 292 Draft Internal Audit Report – Delayed Transfers of Care (DTOC) - Request for Cross Cutting Review on the processes involved in the multi-agency provision of Home Care / the Care Home sector (and whether recommendations could be made aimed at improving a whole systems approach).**

It was indicated that an update on progress and suggestions for the review would be provided as part of the July Internal Audit Progress Report. **Action: there was a request to update the forward plan accordingly.** **Rob Sanderson**

d) **Minute 294 Ely Archives – Update on Action Plan Progress - Request to provide the name of the Ely Archives Transformation Project Manager**

This information had been provided in an e-mail to the Committee on 6th April with the officer identified as Amanda Phillips.

In answer to a question it was confirmed that Corporate Leadership workshop to clearly map the responsibilities to ensure the compliance with policies and procedures for projects across the authority had taken place in April.

## 4. AUDIT AND ACCOUNTS MINUTE ACTION LOG FOR MAY 2017 COMMITTEE MEETING

**A) Page 23 Item 1 Minute 214 Registration of land purchased for Highways purposes –revised timetable – further progress report requested for the July meeting**

*Note: in a conversation with Democratic Services before the meeting the Chairman queried that the further progress report was not currently showing on the forward agenda plan. It was clarified that action had been taken and the lead officer was aware of the need for a report to the July meeting.* **RVS to add to agenda plan**

**B) Page 26 Item 6 Trading Units Update - Council Recruitment Processes being the main barrier to successful recruiting to the Music service**

**A further update was requested on the 17th May updates included indicating that;**

**RVS to contact M Gunn**

i) The finance proposal for managing traded reserves was still being progressed by Matthew Gunn with Amanda Askham and Kerry Newson.

**ii)** The Service was awaiting to see what improvements transpired in respect of recruitment practice once the new system came into operation in the Autumn.

**C) Page 28 Item 10 Minute 287 Audit and Accounts Minute Action Log a) - Risk 9 on Corporate Risk Register - Further response on definition of what would represent sufficient Infrastructure Funding**

On the response provided and the wording at the end of the response reading

"…. This risk reflects the fact that there is a significant chance that over time, the available funding will not be sufficient to meet all stated needs"

the Chairman commented that as there was a need for continued new infrastructure to meet the needs of the growing County, **if there was insufficient funding, what other funding options could there be? Action: It was agreed a further response would be provided outside of the meeting.**

**Tom Kelly /Tom Barden**

**D) Page 33 – Item 13 Risk Management Report - Risk 21 Response to Business Disruption Targets**

On the response provided, **Action: the Chairman asked if he could receive more details outside of the meeting on the Council's Business Continuity Plan in the event of major disruption.**

**Tom Barden**

**E) Page 36 Item 13 Risk Management Report - Risk 26 Increasing manifestation of Busway Defects**

With reference to the response and the offer from Bob Menzies to meet the Chairman to provide him with a **confidential briefing**, it was suggested that **this should be extended to the whole of the new Committee,** especially now that there were new Members.

**RVS to contact Bob Menzies.**

**F) Page 45 Action Log appendix 3 - Capital Programme Slippage details last line reading: "We do not yet have a breakdown of the 2016-17 underspend to show what value was due to slippage on schemes and what was a true underspend ….". Action: The Chairman requested an email update.**

**Tom Kelly**

Subject to the above,

**It was resolved**:

To note the Minutes Action log update.

## 5. PROPOSED REVISIONS TO THE TERMS OF REFERENCE FOR THE AUDIT AND ACCOUNTS COMMITTEE

Further to this Committee at its 16th June meeting agreeing to cease oversight of the Assurance Framework, as this change required an amendment to the Terms of Reference and a report to go to the Constitution and Ethics Committee, the opportunity had been taken to undertake a complete review. The report presented proposed changes taking into account best practice guidance issued by the Chartered Institute of Public Finance and Accountancy and for greater clarity, grouping the responsibilities under four distinct headings.

In discussion:

- David Eagles the Pension Fund External Audit Engagement Lead highlighted the need in paragraph 1.7 to replace the words "External Auditor's annual Inspection letter" with the deleted previous wording reading "Annual Audit letter" explaining that the Audit Commission had stopped undertaking Inspection work in 2010 (*Note: which was when they abolished the Relationship Manager roles and the joint audit/inspection working*) and as a result, there had not been an "Audit and Inspection Letter" since that date. The phrase "Annual Audit Letter" reflected solely the work of the External Auditor and no other parties. **Action change to be made** **M Kelly**

- **The Chairman noted that there was no reference to "Economy, Efficiency and Effectiveness".** In response, it was explained that this was implied under other wording but could be added. **Action: The Chairman asked that he should be provided with the proposed wording outside of the meeting.** **M Kelly**

- Regarding Paragraph 1.3 and the reference to the 'Head of Audit' on querying why this was not shown as 'Head of Internal Audit' it was explained that this was the legal definition.

- Regarding a query on paragraph 1.11 on why the inspection agencies referred to were not listed, this was due to the number of different agencies involved, of which examples were provided.

- Regarding the wording 1.12 reading "to suggest work for Internal and External Audit" a query was raised regarding whether Internal Audit could refuse a request from the Committee. It was explained that the Service was duty bound to carry out the work if there was a formal resolution, but that before it reached this stage, the officers would provide valid good reasons why a particular request might not be possible.

That having commented, subject to the above amendments suggested,

**It was resolved:**

a) To endorse the revised Terms of Reference ahead of submission for the consideration of the Constitution and Ethics Committee.

b) To agree to delegate to the Chief Internal Auditor and the Chairman the authority to make minor wording modifications outside of the meeting.

## 6. UPDATE ON THE IMPLEMENTATION OF REVISED PROGRAMME AND PROJECT MANAGEMENT PROCESSES

This report provided the Committee with progress being made on the implementation of the revised project management processes, including the new project management Office system named ‘Verto’ and the new approaches to Governance which would be aligned to it.

It was highlighted that each project on the new system would have a single, ‘Senior Responsible Officer’ (SRO) and a single day - to - day decision maker, these roles are usually held by Head of Service level or above.

In discussion questions raised included:

- Querying the timetable for implementation. It was clarified that testing was being undertaken between May and June and the system was expected to go live in September with training of SRO’s taking place between September and December.

- At what stage would it become apparent that a project would not be able to deliver its goals? It was explained that the score analysis at the Business Case stage should highlight this information and at that stage during the project, the Business Case could be refreshed. It was clarified that a project could be stopped at any stage if it was not able to deliver its objectives, with the SRO having the authority to make the decision to stop the project.

The Committee having commented on the progress update

**Resolved:**

To note the update and request a further update on the progress with Verto at the November Committee meeting.

**Julia Turner / Amanda Askham**

## 7. CAMBRIDGESHIRE COUNTY COUNCIL WORKFORCE STRATEGY

This report provided the Committee with a draft of the Workforce Strategy now titled ‘Cambridgeshire People Strategy’ which was also to be shared with Executive Management Teams and SMT before being presented to General Purposes Committee in June, with final approval sought from Full Council in July. The Audit and Accounts Committee was invited to review and comment on the draft.

It was explained that following a progress report to the November 2016 Audit and Accounts Committee, the LGSS Workforce Planning and Strategy team had carried out a comprehensive workforce assessment process as detailed in the report and after extensive consultation had developed the current People Strategy as included as an appendix to the Report.

The People Strategy outlined the approach the Council intended to take to attract, deploy, develop and engage a workforce to deliver current and future priorities. The proposal was that the new 'People Strategy' would span the same timeframe as the current Medium Term Financial Strategy and further to a query raised, it was clarified that like that document, the intention was that it would continue to be a rolling programme document. The Strategy would be accompanied by an Action Plan to be available from October, that would pull together all of the people implications of existing programmes, initiatives and projects undertaken across Cambridgeshire. The Action Plan would be a rigorous document with clear accountability for projects to be reviewed on a quarterly basis. The intention was that it would focus on the first two years of the Strategy and would be divided into the following six strategic themes to reflect the categories in the Strategy:

- Resourcing
- Skills and Behaviours
- Engagement
- Wellbeing
- Organisational Design
- Reward and Recognition

The intention was to have 3-5 priorities each year with the Strategy designed to be flexible where commitments required to be changed.

In discussion, the following issues were raised:

- The view was expressed by several Committee members that they would have liked to have seen more detail on how to achieve the challenges ahead and targets provided, as the Strategy as presented, was written in such a way that no one would disagree with it and was effectively no more than a wish list. It was explained that the detail would be provided in the Action Plan which would contain identified actions, action owners and measurable outcomes.

- In respect of skills and behaviours in the diagram showing how the various elements of the fitted together there was no link to reward and recognition.

- A question was raised regarding the percentage of employees who left the Council who were aged 24 and under. In response it was indicated that the figure was 50%. This represented modern trends of people wishing to move around more often and that fact that with short term contracts people did not expect to stay in the same job as would have been the case in the past. In addition, in some cases, people's decisions to leave would be influenced by their work colleagues, the management style and the working environment. A recent CIPD Survey suggested that the average length of service was now seven years. HR officers would be looking carefully at those areas where turnover was high, to seek to target specific remedies where practicable and desirable.

- Linked to the above was a query on whether, if training had been provided, there was a requirement to pay this back when leaving in such a short time scale. This was confirmed to be the case.

- **The Chairman suggested that the Strategy should make specific reference to the action plan providing the detail of how to address the issues of retention of council staff in a difficult local government recruitment environment. Further to this he suggested that there should be a specific reference to the fact that the Council was likely to need to significantly reduce the current number of staff due to the budget reductions still to be made in the next few years.** **L Fulcher / A Bretherton**

- **Action: A number of references in the draft Strategy had missing figures which required to be added before the Strategy was submitted to General Purposes Committee and Council.** These included: **L Fulcher / A Bretherton**

  - A figure to be inserted in the fourth paragraph on the introduction and strategic context page reading "With over XX% of our total budget being spent on employees…."

  - A figure to be inserted on the 'Our People' page for both sickness and average salaries and if necessary, providing a distribution to reflect clerical / manual employees to ensure that those on the very lowest salaries for non-managerial employees were captured, including school secretaries / caretakers (if employed by the County Council).

**The Chairman requested the following details to be provided by e-mail outside of the meeting:** **L Fulcher / A Bretherton**

- the current number of / percentage of agency staff and what if any the target was and any plans to reduce the dependency / their numbers.
- Providing evidence / comparative data to justify the phrase "We

are one of the best performing authorities in the country"

- Request to see some examples of exit interviews for those who had left after a short period of time.

Having commented on the report,

**It was resolved;**

To request that a progress update on the action plan for the 19th September Audit and Accounts Committee meeting to be the first of regular updates to the Committee. **L Fulcher / A Brether-ton**

## 8. CAMBRIDGESHIRE COUNTY COUNCIL FEE LETTER 2017-18

The Committee received and noted a Fee Letter report from BDO setting out the proposed fees and programme of work for the 2017-18 financial year on the accounts for Cambridgeshire County Council. The fees proposed were at the standard scale fee as set by the Public Sector Audit Appointment Limited.

It was reported that at the current time nothing had come to the Auditor's attention that would require them to seek approval to amend the scale fee for 2017-18. Should this be required, this would first be discussed with the Chief Finance Officer and would be reported back to the Committee.

**It was resolved**

To note the proposed fees set at the scale fee of £94,061.

## 9. CAMBRIDGESHIRE COUNTY COUNCIL PENSION FUND PLANNING REPORT – AUDIT FOR THE YEAR ENDED 31 MARCH 2017

This report from BDO highlighted the key audit risks which they believed to be relevant to the audit of the financial statements of the Cambridgeshire Pension Fund for the year ended 31 March 2017. The Committee were asked whether they considered if the risks as set out in the report - which had already been the subject of feedback / input from Council officers - covered the key issues facing the Council.

Key issues highlighted included:

- On page 93 that planning materiality for the pension funds financial statements would initially be on 1% of assets. Materiality for contributions was set at 5% of contributions receivable and for other fund account balances at 7.5% of the greater of total income or total expenditure. The figures had been based on the prior year net assets and income and expenditure figures, adjusted to reflect their expectations gained from interim work performed which would be revisited when the draft financial statements were received.

- The clearly trivial amount was based on 2% of the materiality level.

- Attention was drawn to page 95 setting out the significant audit risks under the headings below where more audit resource and focus might be required;
    - Management Override – this was a risk mandated by Audit Standards and it was explained that it was not being suggested that there was any heightened risk for the Cambridgeshire Pension Fund compared to any others.
    - Fair value of investments (unquoted investments excluding the Cambridge and Counties Bank) – again it was not being suggested there was any unreasonable risk in terms investment strategy.

Questions raised / responses given included:

- Seeking BDO's opinion on pooling. It was indicated that there were no immediate concerns raised about the arrangement, just potentially different sources of assurance. There was no expectation of requiring a high level of input.
- The calculation of Pension liability only appeared in the Council Accounts not the Pension Fund Accounts and therefore the External Auditors would only be looking to confirm the asset value.

**It was resolved:**

To agree to accept the Pension Fund Planning Report on the proposed Audit Plan for the year ended 31 March 2017.

## 10. CAMBRIDGESHIRE COUNTY COUNCIL PENSION FUND FEE LETTER 2017-18

The Committee received and noted a Fee Letter report from BDO setting out the proposed fees and programme of work for the 2017-18 financial year. The fees proposed were at the standard scale fee as set by Public Sector Audit Appointment Limited.

It was reported that at the current time nothing had come to the Auditor's attention that would require them to seek approval to amend the scale fee for 2017-18. Should this be required this would first be discussed with the Chief Finance Officer and would then come back to the Committee.

**It was resolved:**

To note the Pension fee Letter and the proposed fee for 2017-18 which was at the scale fee of £22,410.

## 11. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR

## THE PERIOD ENDING 31ST MARCH 2017

The Committee received financial and performance information to assess progress in delivering the Council's Business Plan and set out the recommendations to be included in the Outturn Report going forward to General Purposes Committee on 13th June.

It was reported that:

- The overall revenue budget position was showing a forecast year-end overspend of +£1.2m, a net decrease of -£0.8m on the overspend reported February.
    - The main movements had been in Children, Families and Adults (CFA), which reporting a £1m increase in its net overspend due to pressures in their demand services Looked After Children (LAC), Learning Disability Services and the staffing element in Children's Services. In response to asking why some of this additional expenditure could not have been identified earlier, some of it was linked to care providers not providing information (for which a lot of work had recently been undertaken to improve information flow going forward), some clients medical and care conditions deteriorating resulting in the requirement for more expensive support - as well as other issues which only came to light as a result of the closedown process.
    - In other areas there had been improvements: Assets & Investments (A&I) and Corporate Services Financing reporting -£0.7m and -£0.4m movements in their forecasts respectively. Finance were reporting a £.0.5m increase in grant income.
- Key Performance Indicators; Of the 16 indicators with data available, 9 were on target. All four of the indicators rated 'Amber' were still within 3% of their target values, but the general direction of travel was downwards. Section 5 of the report set out the details.
- The Capital Programme was forecasting a -£2.9m underspend at year end. Children, Families and Adults (CFA), Assets & Investments (A&I) and LGSS Managed had now utilised their full capital programme variations allocations and were reporting further slippage beyond these allocations. Section 6 of the report provided the detail.
- Balance Sheet Health; the original forecast net borrowing position for 31st March 2017, as set out in the Treasury Management Strategy Statement (TMSS) was £479m. This projection had fallen to £399m, down £17m since February. Section 7 of the report provided the detail.

Issues raised included:

- Page 115 **-** The Chairman drew attention to the significant changes to the forecast variance between February and March for LGSS Managed Corporate and Services Financing. He asked why these had not been discovered earlier? For some of the same reasons as given earlier, it was explained that some issues only emerged during the closedown process.

- The new Vice Chairman asked why the report was providing information that was nearly two months out of date. It was explained that report information from the month was produced around 11 days after the end of the month and there was also lead-in times on report deadlines and the despatch of the agenda. **Action: It was suggested that the Members concerns on the timing of the information being provided should be taken back for further consideration.**

  **Tom Kelly / R Sanderson**

- Page 117 Learning Disability Services. There was a request for an explanation of the text reading “an overspend of £2.3m is forecast at year end which is an increase of £0.9m on the position previously reported (in November) ….” And why it was not reported later than November? It was explained that the main changes occurred in February / March including conclusion of negotiations with providers where fee levels were in dispute.

- Page 118 IRP Report 3.2.4 Corporate Services overspend – **Action: request for Chairman to be sent copy of the referenced ‘CS and LGSS Finance and Performance Report’.**

  **Tom Kelly**

- Page 118 IRP Report 3.2.5 IT Managed – “ …with another £100k due to necessary expenditure on IT Asset Replacement. **There was a request for an e-mail explanation of the detail of this outside of the meeting.**

  **Tom Kelly (TK)**

- Page 120 IRP Report Performance Targets - Additional Jobs created - **request for details of when more up to date data than September 2015 would be available**

  **TK / Tom Barden**

- Page 121 IRP Report Performance Targets – Health Life expectancy at birth Males and Females. There was a query regarding why the date was 2012-2014. It was explained that the Health Committee receives the figures from statistics provided externally that go back three years.

- Page 123 – capital programme LGSS Managed **Action: explanation requested for large forecast variance**

  **TK**

- **Page 128 para 6.7 detailed explanation required for the additional £1.7m funding requirement for the purchase of Vantage House** as there were concerns this could be another Ely Archives type overspend.

  **TK**

- Page 130 – Balance sheet – The Chairman highlighted that the failure on reaching the **targets for the levels of debt outstanding** in both categories was disappointing despite considerable additional effort already being taken in this area. It was explained that account needed to be taken of the security of outstanding debt, such as payment plans, when assessing the debt level. **Action: The Chairman requested a note to explain why the debt recovery figures were still underachieving.** **TK**

- Cross referencing to page 220 of the Code of Corporate Governance Report request for assurance that the Business Plan Savings Tracker (BPST) will be included in future reports**.** **Assurance was provided that the BPST would be included in the report at a minimum of a quarterly basis.** **TK**

- **Page 136 - Reserves and Provisions - with reference the text in the notes column under Capital Reserves – Corporate - reading "Section 106 and Community Infrastructure Levy balances"** the Chairman asked whether it would all be spent. It was explained that it was all earmarked and that the detail was in the Capital changes of funding table under paragraph 6.6. **The Chairman suggested it would be useful to provide a cross reference note in future.** **TK**

**It was resolved:**

To note the recommendations to General Purposes Committee to be included within the Outturn 2016/17 Integrated Resources and Performance Report, due to go to GPC on 13th June 2017 as listed on the front sheet of the report.

## 12. ANTI FRAUD AND CORRUPTION, ANTI MONEY LAUNDERING AND WHISTLEBLOWING POLICIES

The Committee received revised draft Anti-Fraud and Corruption, Anti-Money Laundering and Whistleblowing Policies for comment and approval. Amendments suggested by the Committee would go forward for final approval to the General Purposes Committee at their revised June meeting date.

The Committee had received draft versions of the Anti-Fraud and Corruption and Anti-Money Laundering policies at its meeting on 21st March and the current policies as set out as appendices to the officer's report had been updated to reflect the suggested changes.

In discussion points raised included.

As a general point bearing in mind the size of the documents included as appendices that the Committee had been asked to review, the Chairman requested **that future review reports should just include those extracts of a policy that were being recommended to be altered. Action: to note** **D Wilkinson**

**On Fraud and Anti-Corruption Policy**

- Page 169 paragraph 2.4 setting out definitions of fraud and corruption, with reference to the first bullet reading ‘theft of cash and assets’ the Chairman questioned why the definition did not include bribery? It was explained that bribery was not necessarily fraud and the current bullets sought to define theft. Bribery was defined elsewhere in the document.

- Page 171 (page 33) Roles – Audit and Accounts Committee responsibilities – **The Chief internal Auditor agreed to look again at the wording in the second part of the first para** reading: “……but also the assurance that the processes work effectively for individual cases” and get back to the Chairman with some revised clarifying wording.

  **D Wilkinson**

- Page 172 last line under the heading ‘Heads of Service / Managers / Head Teachers’ reading “Checks must be carried out at least annually to ensure that proper procedures are being followed, in order to inform the directorate annual assessment.” **Action: the Chairman requested an e-mail update regarding the areas that had been checked as part of the annual review.**

  **M Kelly**

- Page 182 (44) A question was raised regarding when **the Anti-Fraud Leaflets and posters were last reviewed.** The response was that they were reviewed last August / September and were reviewed annually and therefore would be reviewed in August / September. **Proposed Action: add an Annual review report to the Forward Work programme.**

  **R Kelly / R Sanderson**

- **Page 181 (44) More detail of the Formal Quality Assurance procedure steps to be provided in para 4.3.**

  **M Kelly**

- **Page 181 (44) More explanation / detail to be added of who makes the decision to pursue prosecution.**

  **M Kelly**

**Whistle Blowing Policy**

- Page 193 paragraph 7.8 reading “Audit and Accounts Committee is responsible for assuring the Council that the risks across the Council are being identified and managed. It is therefore responsible for ensuring that this policy is robust in identifying concerns and that the identified risks are addressed. It is also responsible for ensuring that the principles within the policy are upheld” The Chairman asked the Committee if they were comfortable with the wording as he had concerns regarding the “unknown unknowns”. The Chief Internal Auditor assured him and the Committee that they were not responsible for unknowns and were only responsible for ensuring that oversight systems were in place.

- **Page 194 para 8.2.4 - Request that as stated in the draft Policy, all new members should receive a copy of the Whistle Blowing Policy** (*Note: subject to final approval by GP Committee approval in June*)

  **M Kelly**

- **Page 194 - In terms of the annual report to identify any patterns of concern and assess the effectiveness** the Committee referred to paragraph 8.1 of the Whistle Blowing Policy, it was agreed that this should be in the form of a short report May / June time. **Action add to Forward agenda plan**

  **RVS add to May Committee 2018**

- **Page 194 - In terms of the annual review of the Policy the Committee referred to paragraph 9.1 of the Whistle Blowing Policy, it was agreed that this should be in the form of a short report in February / March time. Action add to Forward agenda plan**

  **RVS add to March Committee**

**It was resolved to:**

Approve the Anti-Fraud, Anti Money Laundering and Corruption and Whistleblowing policies subject to the inclusion of the changes suggested.

## 13. DRAFT ANNUAL GOVERNANCE STATEMENT 2016/17 AND DRAFT CODE OF CORPORATE GOVERNANCE

The report presented the Draft Annual Governance Statement 2016/17 And Draft Code Of Corporate Governance for consideration before sign off by the Chairman and Chief Executive. It also presented an update to the Council's Code of Corporate Governance in line with the 2016 update to the CIPFA / SOLCE Delivering Good Governance in Local Government.

Issues raised included:

- **Page 199 - Covering report paragraph 3.2 - Cllr Rogers was concerned on fourth bullet that it was grammatically incorrect. This would be looked at again.**

  **D Wilkinson / M Kelly**

- Page 202 **first para second sentence to be sub divided into three bullets for greater clarity.**

  **DW/ MK**

- Page 203 **add a note after the text in the para titled 'Executive Decision Making and Scrutiny' to reflect** that following **a decision at the 23rd May Council meeting** following the local elections in the second / third line after the current words reading "….by at least 8 members …" add the words "of General Purposes Committee" *Note This reflects that only General Purposes Committee members now have the power to call in and scrutinise a Service Committee's decision.*

  **DW/ MK**

- Page 206 para 3 add the words "increase in demand and inflation" at the appropriate place in the text.

- As the Committee delegated the power to make any additional minor changes to the text to the Chief Internal Auditor in consultation with the Chairman and the Vice Chairman the proposed revised document will need to be run before them for any further changes before seeking the signatures of CE and Councillor Shellens.

The Committee having considered and reviewed the documents,

**Resolved to:**

a) Agree the AGS at Appendix A was consistent with the Committee's own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 3.2. of the report.

b) To approve the revised draft Code of Corporate Governance at Appendix B.

c) To delegate to the Chief Internal Auditor in consultation with the Chairman and Vice Chairman the authority to agree minor changes to both documents following the meeting.

**D Wilkinson / Cllr Shellens / Cllr Rogers**

## 14. INTERNAL AUDIT ANNUAL REPORT FOR THE PERIOD 2016/17

The Public Sector Internal Audit Standards require that the Chief Internal Auditor presents an annual report to the Authority's Audit and Accounts Committee for both its consideration and to be made aware of the Chief Internal Auditor's opinion on the state of the Internal Control Framework within Cambridgeshire County Council. In addition, the Annual Internal Audit Report forms part of the evidence that supports the Authority's Annual Governance Statement 2016 – 17.

The annual report is required to incorporate the opinion; a summary of the work that supports the opinion; and a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement plan. As a result, the report was divided into four main sections:

- Head of Internal Audit Opinion 2016-17
- Review of Internal Control
- Internal Audit in 2016-17
- Internal Audit Performance and Quality Assurance

The Chief Internal Auditor's opinion had been derived from an assessment of the range of individual opinions arising from assignments contained within the risk-based Internal Audit Plan, taking into account the relative materiality of these areas, and management's progress in addressing control weaknesses.

As a result of the audit work undertaken during the 2016/17 financial year, The Chief Internal Auditor provided an opinion of **good** assurance. He explained that the internal control environment (including the key financial systems, risk and governance) is well established and operated effectively in practice. In addition, there were no outstanding significant issues arising from the work undertaken by Internal Audit. However, as a qualification, he explained that no systems of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. The level of assurance therefore remained at a similar level to the 2015/16 assurance.

Issues arising included:

- With reference to paragraph 2.1.3 reading "In 2016/17, the Internal Audit service has operated with an adequate level of resource to deliver an annual audit opinion. …." the Chairman asked what would happen if in the Chief Internal Auditor's opinion there was no longer adequate resources. In response, it was explained that he would address the issue with both the Section 151 Officer and the Chief Executive.

- On page 239 (page 9) table1 – Implementation of Audit Recommendations – **the Chairman highlighted two out of three of the final totals were incorrect and required correcting..** **M Kelly**

- Para 4.2.6 IT - **General Controls Review** – on the **recommendations agreed with the service regarding removing users access where roles changed**, **there was a request for an update on progress to be included in the July Internal Audit Progress report.** **M Kelly**

- Para 4.4.1 – Risk based reviews - **Action: examples to be sent to Chairman** **M Kelly**

- Para 4.6.4 – National Fraud Initiative data matching exercise – Following up on identified matches which was currently underway – **Action: Request for update to be included as part of the January Internal Audit Progress report.** **MK / RVS**

- Para 4.11.1 Action: **a second example of recommendations of Internal Audit have reduced bureaucracy to be provided to the Chairman outside of the meeting.** (Procurement recommendations was provided as an example at the meeting). **M Kelly**

- Page 252 Summary of Completed Audits – with reference to Bus Services Operators Grant – one member suggested that the number of changes being proposed from the Total Transport pilot may potentially impact on the Bus Service Operator's Grant (BSOG) and could make it a more complex audit. (***Note: This helpful advice would be passed on to the relevant Internal Auditor)*** **M Kelly**

- Page 254 School Audits on a general query regarding the schools where only moderate assurance had been provided it was clarified that all the schools had actions plans for the recommendations given and that Internal Audit undertook follow up action to check on progress.

- Page 254 School Audits – in response to a question on whether the results of the Audits were passed on to Ofsted, it was clarified that they were not,. as they operated different checking processes. However, as it was a public document the information would be available to them.

That having considered and commented on its contents;

**It was resolved:**

To approve the Internal Audit Annual Report 2016/17.

## 15. AUDIT AND ACCOUNTS FORWARD AGENDA PLAN

- To note the published Forward Plan which would be updated for the additions requested at the meeting.
-

## 16. DATE OF NEXT MEETING – 2.00 P.M. 25th JULY 2017

Chairman
25th July 2017

**Agenda Item No: 4.**

## SCHOOLS SAFEGUARDING AND SAFER RECRUITMENT UPDATE REPORT FOR AUDIT AND ACCOUNTS COMMITTEE

| | |
|---|---|
| *To:* | **Audit and Accounts Committee** |
| *Date:* | **25th July 2017** |
| *From:* | **Keith Grimwade Director of Learning** |
| *Purpose:* | The Committee has requested regular update reports and this report provides an update regarding the current position of safeguarding and safer recruitment in schools |
| *Recommendations:* | **Audit and Accounts Committee is asked to note and comment on the update included as an appendix.** |

| | ***Officer contact:*** |
|---|---|
| Name: | Christopher Meddle |
| Post: | Education Adviser Schools Intervention Service |
| Email: | Chris.Meddle@cambridgeshire.gov.uk |
| Tel: | 01223 703564 |

## 1. BACKGROUND

As previously reported, the School Intervention Service has devised a review tool to ensure that safeguarding in schools, including safer recruitment, is effective in schools. The review looks closely at the whole school culture of safeguarding, the single central record and since September has included scrutiny of recently appointed staff employment files as well as historical files. A summary of reviews undertaken is set out in the attached appendix. .

| Source Documents | Location |
|---|---|
| None | |

**Appendix**

# Learning Directorate Safeguarding and Safer Recruitment Report for Audit and Accounts Committee
July 2017

## 1. Education Adviser Safeguarding Reviews

As previously reported, the School Intervention Service has devised a review tool to ensure that safeguarding in schools including safer recruitment is effective in schools. The review covers the the Office for Standards in Education, Children's Services and Skills (OFSTED) inspection framework. The review looks closely at the whole school culture of safeguarding, the single central record and since September has included scrutiny of recently appointed staff employment files as well as historical files.

Since January the two Education Advisers have carried out 44 half day reviews in maintained schools, one independent school and some academies who have bought in the service. The School Improvement Service Area Senior Advisers plan the order for schools to be reviewed based on the OFSTED inspection cycle. It is the aim of the team to review maintained schools before they are inspected. Some schools are reviewed as a result of emerging concerns.

### Outcomes

- There were no concerns in 29 schools visited.

- In 16 schools some concerns were identified with return visits arranged to ensure that the concerns were put right. Return visits have been introduced to ensure that actions identified have been addressed. The main concerns have been the quality of older employment files and clerical errors on the single central record.

- New headteachers of maintained schools are visited soon after taking up appointment to ensure that they understand their leadership of safeguarding responsibilities and to ensure they have the support they need to recruit safely to the standards set out in Keeping Children Safe in Education 2016.

- One independent school has been reviewed at the request of the Cambridgeshire Local Safeguarding Children’s Board and monitoring continues. The safeguarding review provided reassurance that the school understood the issues and had put in place all of the recommendations made.  The Local Safeguarding Children’s Board (LSCB) have requested a further and final review in September.

- One secondary academy has been supported after being placed in an OFSTED category following safeguarding concerns. That academy has since been graded good.  OFSTED reported the following:

*“Leaders have sought and acted upon external advice. Since the previous inspection, the local authority has provided safeguarding training. A representative of the local authority has visited the University Technical College (UTC) and worked with the principal to ensure that processes and records around recruitment reflect best practice.”*

The reviews have identified that the Local Authority (LA) can support all Cambridgeshire schools by providing training on the leadership of safeguarding for Heads, senior leaders, governors and administration staff. This will be provided again in the next academic year.

## 2. Ofsted outcomes – safer recruitment quotes from OFSTED inspections this academic year

Ofsted review the culture of safeguarding and judges how effectively the school keeps the children safe. Areas inspected include safer recruitment, the vetting and checking of volunteers, child protection, personal safety, online safety, prevent and site security.

46 of the 49 schools inspected have been judged to be ‘effective’. The following are some sample comments:

- The trust has put good arrangements in place to ensure that safer recruitment processes are thorough and given a high priority. All recruitment is handled by the trust’s central office and the trust’s human resources manager is well aware of the need for systems to be efficient and processes thorough. Staff personnel records are well kept and maintained, and suitable checking systems are in place to ensure that all requirements are met. The school’s single central record of recruitment checks meets statutory requirements.

- Records of staff recruitment are meticulously kept, with many aspects of additional practice in place. The headteacher regularly checks these records to ensure compliance.

- School leaders and governors ensure that all staff and governor training is up to date and that the school fully complies with current safeguarding guidance.

- Appropriate checks are made on new staff and recorded on a central register. All checks are carried out when recruiting new staff to work with children.

- Checks on the suitability of staff, governors, volunteers and contractors are thorough. A governor regularly checks that safeguarding arrangements are robust.

- The school carries out appropriate checks on those appointed to work at the school.

Three schools have received ineffective judgements for safeguarding (one maintained school and two academies). All three schools were visited promptly by the LA and support put in place. The monitoring visit for the maintained school stated that safeguarding is now effective and in one of the academies, the following comment was made in their report: “The school now champions best practice in safeguarding”. The second academy report stated the following: “Since the previous inspection, the local authority has provided safeguarding training. A representative of the local authority has visited the UTC and worked with the principal to ensure that processes and records around recruitment reflect best practice”.

## 3. Ofsted Complaints

The Local Authority reviews safeguarding complaints received by Ofsted and passed on to Cambridgeshire. These are followed up and the Director responds to Ofsted.

During the summer term 16 complaints have been followed up. None of the safeguarding complaints have referred to safer recruitment. One Ofsted complaint in the autumn term was linked to safer recruitment but was on investigation unfounded.

## 4. **Safer Recruitment Training and governors**

Schools can continue to access nationally accredited safer recruitment training provided by Cambridgeshire Governor Services. Six full or refresher training sessions have been delivered this academic year. Two in house sessions have been delivered two clusters of schools.

The leadership of safeguarding was a topic at the summer term Governor Briefings.

July 2017

# Registration of Land Purchased for Highway Purposes

| | |
|---|---|
| *To:* | **Audit and Accounts Committee** |
| *Date*: | 25th July 2017 |
| *From*: | Daniel Ashman, Asset Information Searches Manager |
| *Electoral Division(s):* | **All** |

*Purpose*:

To update Committee on the Highways Assets project to register with Her Majesty's Land Registry (HMLR) all 6,000 parcels of land purchased for highways schemes.

*Key Issues:*

Scanning of the deeds in-house had been delayed but has now commenced. The electronic lodgement stage is still being scoped by the Land Registry but the timescale for the scanning and submission of the deeds has been agreed.

Spatial analysis of the land parcels has been undertaken by the Asset Information team. Approximately 20% of the parcels may have commercial value, but issues with the data make it impossible to draw meaningful conclusions at present. The findings are explained below and in Appendix 1.

Changing national priorities resulting from the Government's White Paper on Housing, combined with a lack of HMLR resource, mean that Land Registry can no longer commit to completing registration within 18 months. It may therefore be necessary to roll forward the funding set aside for the project to the 2019-20 financial year.

*Recommendation:*

That the Committee notes the progress to date and the revised timescale for completion of the project.

| | ***Officer contact:*** |
|---|---|
| Name: | Daniel Ashman |
| Post: | Asset Information Searches Manager |
| Email: | Daniel.ashman@cambridgeshire.gov.uk |
| Tel: | 01223 699065 |

## 1. BACKGROUND

1.1 A report was presented to Audits & Accounts Committee on 24 January 2017, setting out the background to this project. In summary, the County Council ('CCC') is seeking to register with HM Land Registry (HMLR) some 6,000 parcels of land purchased from the 1930s to 1990 for highway purposes. The total area of the plots is just over 1,700 hectares. This land represents assets of considerable value as resources for future transport schemes and as assets of financial value.

1.2 The objective is both to secure the registration of the land to the Authority and to obtain detailed, indexed title of each deed.

1.3 The report explained that the project had been delayed due to HMLR resource constraints and the discovery that CCC's deeds needed to be scanned and certified to enable an electronic lodgement with HMLR. Making an electronic lodgement would be the first of its nature in the country.

1.4 The land registration itself is estimated to cost £25,000, which is being covered by reserves, from a previous ETE underspend. This allocation of funds was approved in 2016-17, and Finance confirmed in April 2017 that it was still available for the project. The scanning will cost approximately £8,500, to be paid from the Asset Information Searches budget.

1.5 This Committee requested a milestone report and a summary of the potential value of usable land, which is the purpose of this report.

## 2. MAIN ISSUES

2.1 Scanning & Certification

A pilot scanning exercise was undertaken in February 2017 which revealed an estimated duration for scanning, certification and documentation for all 6,000 deeds of 14 - 16 weeks. Testing also proved that it is possible to carry out electronic certification of the deeds after scanning, which achieves a significant reduction in the time taken to complete this part of the project.

2.2 The pilot data was submitted to HMLR, who confirmed in April 2017 that the scanning and certification was of an acceptable standard for the bulk electronic lodgement process, assuming that a consistent standard can be achieved.

2.3 A temporary agency worker has been recruited to undertake the scanning, which commenced on 10th July 2017.

2.4 Lodgement Process

In April 2017 HMLR informed CCC of additional requirements that CCC must fulfil prior to lodgement, including the provision of a list of restrictive covenants and land charges affecting the land to be registered. This data is being obtained, and will be supplied to HMLR with the first batch of deeds to be registered.

2.5 The Service Level Agreement between HMLR and CCC for the work has been finalised, and the First Registration form (FR1) (the official application) submitted.

2.6 Asset value

The deeds dataset has previously been electronically mapped. This mapping has been provided to HMLR, and CCC officers have assessed it to determine the total area not currently being used for highway purposes. This will assist in the identification of land parcels which could have their value realised through sale, utilisation in forthcoming highway schemes, or by being put to other use.

2.7 Analysis has revealed that approximately two thirds of the land purchased for highway purposes does not fall within the current highway extent (see Appendix 1). However, closer inspection reveals that this figure may be distorted by larger sites within the dataset which are already being used for other purposes, such as landfill. Other sizeable sites appear to have been included in the mapping by mistake, and it is also possible that the deeds dataset has not been updated to reflect subsequent sales of land (meaning that land CCC has disposed of is still included).

2.8 Within the subset of land outside the highway extent, further calculations found that plots totalling an area of 350 hectares were not within any registered land parcel (approx. 20% of all parcels). These parcels have the greatest potential for realisation of value but will need to be assessed on their individual merits before this can be achieved.

2.9 The large number of sites and known problems with the data have rendered it very difficult to assess at this time any meaningful valuation of the assets. A significant benefit to be gained from this project is therefore the opportunity to cleanse the mapped data and improve its accuracy, enabling greater confidence in the data. This additional task will be done alongside the scanning of the data, prior to submission of each batch of deeds to HMLR with updated mapping.

2.10 Project Completion

The timetable for completion of the project has now been agreed with HMLR. A chart showing the revised timetable can be seen at Appendix 2.

2.11 The project's completion date has been impacted by a shortage of resource at HMLR, and also significantly by the government's White Paper on Housing, published in February 2017. The White Paper seeks to prioritise the registration of public land that could be used for housing development, meaning that CCC's project to register all highway land is no longer a priority for HMLR. As a result, HMLR is unable to commit to a completion date for the registration. However, HMLR has been instructed by Central Government to ensure the registration of all local authority land by 2020, so HMLR anticipates being able to complete this project by that date.

2.12 HMLR recognises that CCC's highway land is highly likely to include some areas that could be developed. Therefore HMLR proposes to identify land parcels which may be used for development, and intends to register this subset of CCC's data as a priority. HMLR is currently analysing the data supplied by CCC to identify areas within or outside the highway extent and other registered land.

2.13 As this is a pioneering project for HMLR, the most significant risk is that technical or resource constraints may further restrict HMLR's capacity to complete electronic lodgement within the timescale agreed, regardless of how quickly CCC is able to complete its part of the project. It should be noted that any further change to central government's priorities could also affect the speed at which HMLR is able to complete registration. CCC's funding for the project is currently available to March 2019. However it may be that this will need to be rolled over to the next financial year if HMLR is unable to finish registration before that time.

2.14 The risk to CCC's land assets persists if the project remains incomplete, as the land will remain unregistered and is liable to adverse possession.

| **Source Documents** | **Location** |
|---|---|
| Fixing our broken housing market, Department for Communities & Local Government, 7th February 2017 | https://www.gov.uk/government/publications/fixing-our-broken-housing-market |

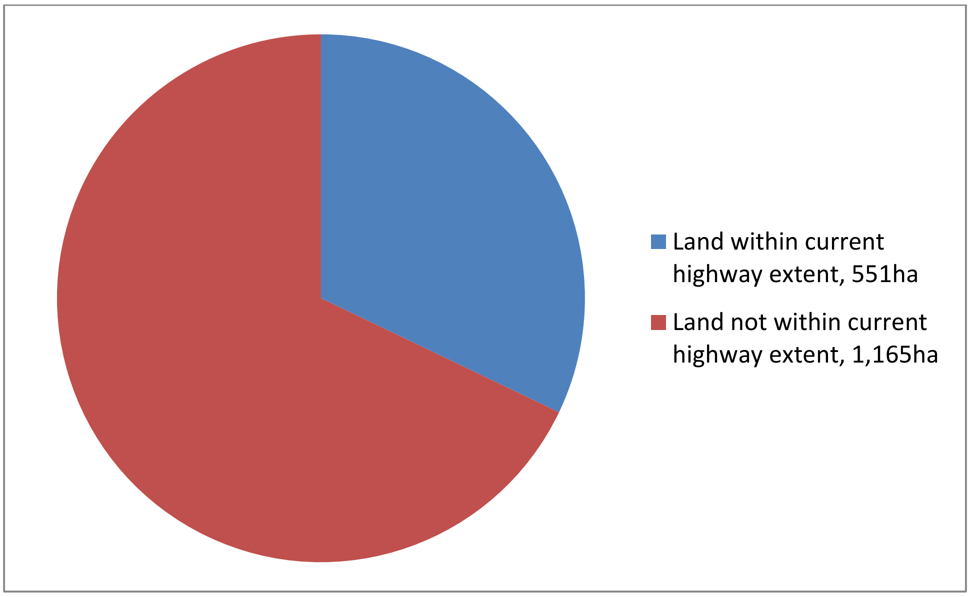
## Appendix 1 – project to register highway land

Cambridgeshire County Council: statistical summary of land purchased for highway purpose

Total area of land purchased for highway purposes: 1,716ha

Chart 1 below illustrates that approximately two thirds of the land purchased for highway purposes does not fall within the current extent of the highway.

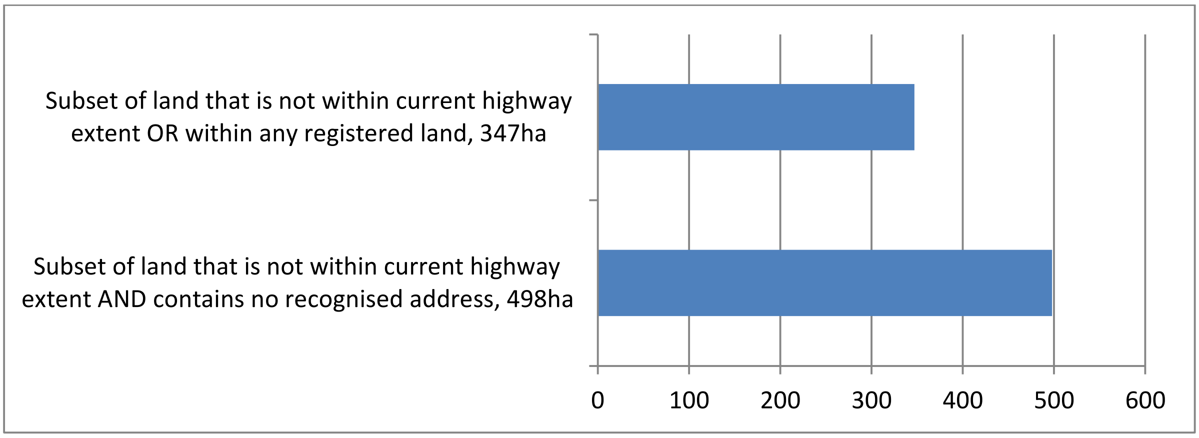
**Chart 1**



It should be noted that this may not necessarily mean that all the land outside the existing highway is free to be utilised or sold. The parcels may have already been adversely possessed, or put to other uses.

Chart 2 however, shows the total areas of the land which are outside the current bounds of the highway, and also either (i) are not within any other registered parcel of land, or (ii) do not contain any recognised address. Such parcels of land may be more easily 'freed-up' for other purposes, but will require individual assessment of their specific merits.

**Chart 2**



# Appendix 2 – Land registration project timescale

**Project Timetable - Future Actions**

| | |
|---|---|
| Action Completed | 🟩 |
| Action Underway | 🟨 |
| Action not yet commenced | 🟥 |
| Action dependent upon HMLR prioritisation | ▨ |

| | | | | | | | | | 2018 | | | | 2019 - 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Task** | **26 to 30 June** | **3 to 7 July** | **w/c 10 July** | **Aug** | **Sept** | **Oct** | **Nov** | **Dec** | **Q1** | **Q2** | **Q3** | **Q4** | |
| Completion of pilot scanning and submission to HMLR | 🟩 Complete | | | | | | | | | | | | |
| Submission of FR1 (First Registration) form to HMLR | 🟩 Complete | | | | | | | | | | | | |
| Recruitment of agency staff | 🟩 | 🟩 Complete | | | | | | | | | | | |
| Agreement of SLA with HMLR | 🟩 | 🟩 | 🟩 Complete | | | | | | | | | | |
| Invesitgation of convenants or charges affecting highway land | 🟨 Underway | 🟨 | 🟨 | 🟨 | | | | | | | | | |
| Scanning & Certification of paper deeds by agency staff | | | 🟨 Underway | 🟨 | 🟨 | 🟨 | | | | | | | |
| Cleansing of mapped data | | | 🟨 Underway | 🟨 | 🟨 | 🟨 | 🟨 | | | | | | |
| Electronic Lodgement in batches | | | | 🟥 | 🟥 | 🟥 | 🟥 | | | | | | |
| Land Registry undertake registration of priority sites | | | | 🟥 | 🟥 | 🟥 | 🟥 | 🟥 | 🟥 | | | | |
| Land Registry undertake registration of remaining sites | | | | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ |
| CCC receive and store electronic copies of registration documents | | | | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ |
| CCC cross-check GIS mapping against HMLR registration | | | | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ | ▨ |
| Project Complete | | | | | | | | | | | | | 🟥 |

## CHILDREN'S SOCIAL CARE CASE-LOADS QUARTERLY UPDATE

| | |
|---|---|
| *To:* | **Audit and Accounts Committee** |
| *Date*: | **25 July 2017** |
| *From*: | Theresa Leavy |
| *Electoral Division(s):* | **All** |

*Purpose*: **Arrangements for Safeguarding Vulnerable Children and Adults** – to report on Children's social care case-loads.

Concerns were raised when reviewing the unit case load tool as it highlighted high caseloads.

Therefore this report provides a quarterly update to the Committee on children's social care case-loads to enable the Committee to monitor the potential risk involved.

*Key Issues:*

Following the children's change programme units and teams have now located into the new districts and will have caused some short term movement of cases, meaning for some units they are over the anticipated caseload. Over the last 7 weeks most of the districts have remained at a consistent case load level. However the graph below does highlight some disparity when comparing total caseloads against each of the districts. You will see from the graph below that Fenland and Hunts have around 30-40 less cases compared to Cambridge City and South Cambridgeshire.

Recommendation:

a) To Note and comment on the report

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

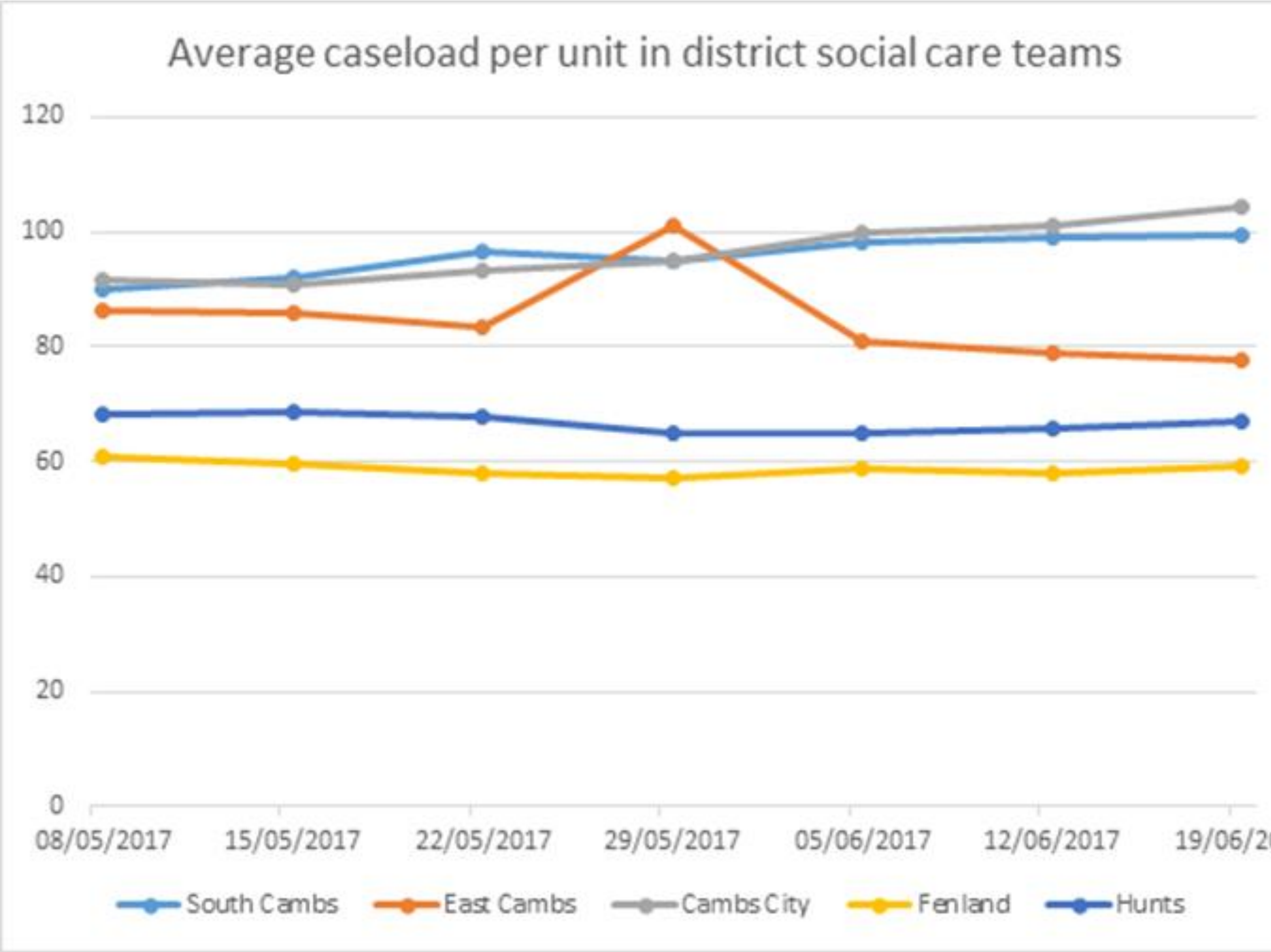
.

| | ***Officer contact:*** |
|---|---|
| Name: | Sarah-Jane Smedmor |
| Post: | |
| Email: | Sarah-jane.smedmor@cambridgeshire.gov.uk |
| Tel: | 01223 699920 |

## 1. BACKGROUND

The below highlights number of cases over a 7 week period for each of the district areas.

1.1



1.2 The Children's Social Work Units comprise a Consultant Social Worker, a Senior Social Worker, two Social Workers, one of whom can be an ASYE, (social worker in their first year of employment post qualification) and Clinician support for three days a week. The Senior Social role is a new role and appointments are being confirmed for this. Each unit is also supported by two Family Workers from within the District. The units are established to support on average 60 children.

1.3 The Children's Social Work Units work with children from pre-birth to the age of 18. They become involved with children after the initial assessment of the risk to the child from Integrated Front Door and will undertake support to families under section 47 Children Act 1989- child protection, section 17 Children Act 1989- Child In Need and all legal proceedings, private law or public law. The work of the unit is underpinned by the desire to build meaningful relationships with children and for one unit to know and understand their story and travel with them on their journey through social work services.

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

## 2. MAIN ISSUES

2.1 The movement of units into the new Districts, as part of the Children's Change Programme, has been underpinned with the principle of causing the least disruption as possible to the lead worker for the child, maintain relationships where possible. On the whole we have been successful in achieving this but it does reflect in the higher caseload numbers for some units. It is agreed that children will be supported to transition to their new social worker at the appropriate time for them. This transitioning is occurring when a child is Looked After and 14 or over and when the time is right, so that children are supported within the District relative to where they live.

2.2 Intensive work has been undertaken by the District Safeguarding Managers to identify which children could be supported to step across to Early Help within the District, which children can be closed for social work services as their plan has been successfully completed and which children need to be supported by another District, given where they reside.

2.3 As of the first week in July, the Early Help offer in the Districts will be established. This will allow the District Safeguarding and District Early Help Managers to work together to identify where children and their families are best supported, allowing for many of the children who are currently supported by social work units to be supported by Family Workers.

2.4 Workloads in the South are presently remaining higher than in the North. We are currently finalising the staff for a fifth unit in Cambridge and a fifth unit in South Cambridgeshire, which will allow for children to be supported by these units, decreasing the caseloads for the other units in the District. At the current time these units have not been fully appointed to.

2.5 Some children in March, Chatteris and Whittlesey are also being supported by the units in Ely at the current time, this is a historical position. When the time is right for these children, they will be supported by units in Huntingdonshire and Wisbech, as detailed in the Children’s Change Programme.

2.6 Given the success of the Integrated Front Door in identifying the right services, for the right children at the right time, we are now gaining a clearer idea of the need and demand for social work services in particular Districts. It is of note that children identified as being in need of social work services by the Integrated Front Door to Cambridge City and South Cambridgeshire has been higher than other Districts.

2.7 Caseloads are monitored by the Leadership Team on a weekly basis, with a detailed action plan in place oversee the transitioning of cases. This includes a detailed look at the demand for social work services in each District.

| **Source Documents** | **Location** |
|---|---|
| None | |

# ANNUAL RISK MANAGEMENT REPORT

| | |
|---|---|
| *To:* | **Audit and Accounts Committee** |
| *Date:* | **25th July 2017** |
| *From:* | **Tom Barden, Head of Business Intelligence** |
| *Electoral division(s):* | **All** |
| *Forward Plan ref:* | **N/A** *Key decision:* **N/A** |
| *Purpose:* | **• To report on the development of the Council's risk management approach during 2016/17**<br>**• To identify proposed developments in risk management in 2017/18** |
| *Recommendations:* | **Audit and Accounts Committee endorses the 2016/17 Annual Risk Management Report** |

| | ***Officer contact:*** |
|---|---|
| Name: | Duncan Wilkinson |
| Post: | Chief Internal Auditor |
| Email: | Duncan.Wilkinson@cambridgeshire.gov.uk |
| Tel: | 01908 252089 |

## 1. BACKGROUND

1.1 This report presents the final version of the Corporate Risk Register (CRR) for 2016/17, and provides an update on the activity to review the Corporate Risk Register for 2017/18.

## 2. SUMMARY OF END OF YEAR POSITION 2016/17

2.1 The Corporate Risk Register ended the year 2016/17 with 18 risks. No risks were added or removed to the register during the year.

| | Green | Amber | Red | Grand Total |
|---|---|---|---|---|
| **Number of risks** | 0 | 16 | 2 | 18 |

2.2 Of the 18 risks, 16 had the same score at the end of the year as they did at the beginning. 2 risk scores improved, as follows:

- Failure to secure funding for infrastructure – there was a drop in the probability score assigned at the end compared to the beginning of the year (as a result, residual risk moved from 16 to 12)
- The Cambridgeshire Future Transport programme fails to meet its objectives within the available budget – there was a small drop in the probability score assigned at the end compared to the beginning of the year (as a result, residual risk score moved from 9 to 6)

2.3 The final risk register incorporated 202 controls, an average of approximately 11 controls per risk. There were 24 actions recorded on the risk register at the end of the year, 7 of which are due to be completed after July 2017 (the date of this report).

2.4 Directorate risk position was as follows:

| | **Green** | **Amber** | **Red** | **Total** |
|---|---|---|---|---|
| | **March 2017** | **March 2017** | **March 2017** | **March 2017** |
| Highways and Community Infrastructure Risks | 0 | 6 | 0 | 6 |
| H&CI Corporate Risks | 0 | 1 | 0 | 1 |
| Economy and Environment | 0 | 6 | 0 | 6 |
| E&E Corporate Risks | 0 | 3 | 0 | 3 |
| Public Health | 1 | 21 | 0 | 22 |
| Children, Families and Adults | 1 | 13 | 0 | 14 |

## 3. 2017/18 REVIEW

3.1 In the final quarter of 2016/17, discussions at Audit and Accounts Committee and with General Purposes Committee (GPC) and Strategic Management Team (SMT) suggested that the Corporate Risk Register needed to be reviewed, noting in particular comments about the number of risks and the presentation of information in the Risk Register (including the risk map). To address these issues, SMT and GPC have reviewed the risk register, taking into account the results of the benchmarking exercise comparing Cambridgeshire County Council's risk register to other councils', and looking to simplify and streamline in line with good practice across our regional benchmarking group. A workshop took place on 11 July with members of GPC, and it is proposed that the Corporate Risk Register be part of the Integrated Resources and Performance Report. This recommendation is being considered by GPC at its meeting of 25 July 2017.

3.2 Incorporating the Corporate Risk Register reports into the Integrated Finance and Performance Report will link up finance, performance and risk information in one report, enabling a joined up view, and reduce the bureaucracy associated with taking separate reports through management teams, SMT, service committees, GPC and Audit and Accounts Committee.

3.3 The review used the following principles to derive a proposed list of risks:

- Risks should be strategic
- Risks should have a cross-Council scope
- The number of risks should be manageable (10-15 appears to be a manageable number looking at practice in other authorities)
- The risks should not duplicate risks monitored by a single Service Committee (although they may aggregate them)
- Risks should be focused on the things that might stop the Council achieving its objectives

3.4 The review agreed the following risks should be monitored and managed corporately (the specific wording is still draft until it has been approved by GPC on 25 July):

| # | **Risk wording (previous CRR risk in brackets)** |
|---|---|
| 1 | Vulnerable adults or children are harmed (15) |
| 2 | The Business Plan (including budget and services) is not delivered (1b) |
| 3 | Personal data is inappropriately accessed or shared (24) |
| 4 | A serious incident prevents services from operating (21) |
| 5 | The Council does not deliver its statutory or legislative obligations (20) |
| 6 | Our resources (including human resources and business systems of the Council and providers) are not sufficient to meet business need (2 – but wider than just LGSS, and 3 – but wider than just the Council) |
| 7 | The infrastructure and services (e.g. transport, education, services for children, families and adults) required to meet the current and future needs of a population is not provided at the right time (9) |
| 8 | The Council is a victim of major fraud or corruption (23) |
| 9 | Our partnerships are not successful in delivering the intended outcomes (new) |
| 10 | Inequality in the county increases (29) |
| 11 | Change and transformation of services is not successful (new) |

3.5 Actions and controls associated with the similar risks from the previous register have been reviewed and carried forward in the new risks. Although the new list includes some risks which cover very similar areas to the previous register, some risks will be removed from the register. In order to ensure continuity in risk management, they have been mapped to new risks:

- (1a) Failure to produce a robust and secure Business Plan over the next 5 years – included as control in risk 2, actions to improve the business planning process to make it as strong as possible will be included as actions for that risk
- (4) The Council does not achieve best value from its procurement and contracts – impact and controls incorporated into risk 2, actions to improve control environment around procurement will be included as actions for that risk
- (22) The Total Transport project fails to identify and implement affordable solutions that allow service levels to be maintained – overseen by specific service committee; incorporated into risk 11
- (26) Increasing manifestation of Busway defects – overseen by specific service committee; impact incorporated into risks 2 and 7
- (27) The pension fund has the potential to become materially under-funded – impact and vulnerability incorporated into risk 2
- (30) Failure to deliver Waste savings / opportunities and achieve a balanced budget – overseen by specific service committee; impact and vulnerability incorporated into risk 2
- (31) Insufficient availability of Looked After Children placements – overseen by specific service committee; impact incorporated into risk 2
- (32) Insufficient availability of care services at affordable rates – overseen by specific service committee; impact incorporated into risk 2

Outstanding actions associated with each of these risks will be carried forward in the new register.

3.6 The LGSS Risk Management team are supporting directorates to review their risk registers. Risk champions in each directorate are working with their respective management teams in order to review directorate registers. These can then be reported to service committees in September.

3.7 The County Council’s Business Intelligence service, LGSS Risk Management and risk champions in directorates will use Grace, a database to hold information about risk management, for reporting from now onwards. Reports from Grace will provide information about current risk registers and scores in a similar way to current practice, but will take into account feedback from management teams and Member committees about format and style.

3.8 This approach is intended to particularly improve alignment with the following principles of the Council’s Risk Management Framework:

- *The risk management process should be consistent across the Council, clear and straightforward and result in timely information that helps* *informed decision making;* - these changes support a clear distinction between the responsibilities and risk registers monitored by Service Committees and GPC, in that GPC focuses on strategic, cross-cutting issues affecting all departments of the Council.

- *Risk management should operate within a culture of transparency and openness where risk identification and risk escalation, as appropriate, are encouraged;* Presenting the risk report alongside the finance and performance reporting makes the inter-relationship between them clear, and supports greater transparency around the scoring and assessment of risk, a common question of detail in discussions.
- *Risk management should be embedded in everyday business processes*; - by incorporating risk management reporting into the Integrated Resources and Performance Report, the established processes for producing that report can be used to simplify the production of the risk report.

## 4. COMMITTEE REPORTS

4.1 The first Integrated Finance and Performance Report, with the new Corporate Risk Register, will be presented to GPC and to Audit and Accounts Committee on 25 July 2017, this will be the risk report for 2017/18 Quarter 1. Other quarterly risk reports will be made in September, December and March.

## 5. ALIGNMENT WITH PRIORITIES AND WAYS OF WORKING

Risk management seeks to identify and to manage any risks which might prevent the Council from achieving its 3 priorities of:

- Develop the local economy for the benefit of all
- Help people live healthy and independent lives
- Support and protect vulnerable people

| **Source Documents** | **Location** |
|---|---|
| Corporate Risk Register | Box OCT1108<br>Shire Hall, Castle Hill<br>Cambridge, CB3 0AP |

Cambridgeshire County Council

# CORPORATE RISK REGISTER

**Appendix 1**

**Version Date: July 2017**

| Details of Risk | | | | Inherent risk | | | | Key Controls/Mitigation | Residual Risk | | | Actions | | | | | Action Owner Acronyms explained | Comments |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Risk No. | Risk Description | Trigger | Result | Probability | Impact | Score * | Owner | | Probability | Impact | Score * | Description | Action Owner | Target Date | Revised Target Date | Action Status | | |
| 1a | Failure to produce a robust and secure Business Plan over the next 5 years | 1. Failure to have clear political direction, vision, priorities, and outcomes in the Business Plan.<br>2. Failure to plan effectively to achieve necessary efficiency savings and service transformation.<br>3. Unfavourable result of negotiations with Government about settlement<br>4. Worsening Pension Fund deficit<br>5. Legislative changes add unforeseen pressures to Council savings targets | 1. The Council lacks clear direction for resource use and either over-spends, requiring the need for reactive savings during the life of the plan, or spends limited resources unwisely, to the detriment of local communities. | 5 | 5 | 25 | CD CS&T | 1. Robust political leadership, strong vision, clear priorities and policies, developed through councillor engagement | 4 | 4 | 16 | 1. Review of process for production of 2018-19 Business Plan | DCEX | May-17 | | | | |
| | | | | | | | | 2. Robust engagement with members of CLT and Councillors through the Business Planning process timetable, to ensure greater cross-organisational challenge and development of options. | | | | 2. Early engagement with new Council Members | CEX | Jul-17 | | | | |
| | | | | | | | | 3. Full consultation with public, partners and businesses during planning process, including thorough use of data research and business intelligence to inform the planning process | | | | 3. Deliver transformation programme to transform Council services (annually reviewed as part of business planning) | DCEX | Mar-18 | | | | |
| | | | | | | | | 4. Stronger links with service planning across the Council seeking to transform large areas of spend. | | | | | | | | | | |
| | | | | | | | | 5. Business Planning process requires early identification of possible impacts of legislative changes, as details emerge | | | | | | | | | | |
| | | | | | | | | 6. A working party is exploring alternatives to the existing business planning process | | | | | | | | | | |
| | | | | | | | | 7. Capital Programme Board - robust management of the delivery of capital elements of the Business Plan | | | | | | | | | | |
| | | | | | | | | 8. CFA savings tracker in place and reviewed by the CFA Performance Board monthly and weekly at the working group | | | | | | | | | | |
| | | | | | | | | 9. An 'in-year savings tracker' in place to enable SMT to strengthen performance management of the delivery of the Business Plan | | | | | | | | | | |
| | | | | | | | | 10. Business Case process in place as part of the development of savings proposals for the Business Plan | | | | | | | | | | |
| 1b | Failure to deliver the current 5 year Business Plan 2016 - 2021 | 1. Failure to deliver (with partners) the Business Plan and achieve required efficiency savings and service transformation.<br>2. Assumptions in existing Business Plan regarding the wider economic situation are inaccurate.<br>3. Organisation not sufficiently aligned to face challenges. | 1. The Council is unable to achieve required savings and fails to meet statutory responsibilities or budget targets; need for reactive in-year savings; adverse effect on delivery of outcomes for communities | 5 | 5 | 25 | CE | 1. Robust service planning; priorities cascaded through management teams and through appraisal process | 4 | 4 | 16 | ~~6. Work is ongoing on resolving issues with CCG over jointly funded packages of support (CHC, section 41 and section 117). Further action will be taken if back payments cannot be secured.~~ | ~~SD OPMH~~ | ~~Sep-16~~ | ~~Apr-17~~ | G | Service Director Children's Social Care | This action has been removed as it is addressed by the CFA Risk Register and the wider commentary about managing the budget in the Integrated Resources and Performance Report |
| | | | | | | | | 2. Strategy in place to communicate vision and plan throughout the organisation | | | | The monthly Integrated Resources and Performance Report (IRPR) includes the recommendation for GPC to 'analyse resources and performance information and note any remedial action currently being taken and consider if any further remedial action is required.' | | | | | | The IRPR is part of the papers for GPC available at http://tinyurl.com/lp2bquc |
| | | | | | | | | 3. Performance Management | | | | Information about remedial action to correct over or under-spends, or below-target performance, is contained in the IRPR itself, or in reports about the operational divisions which are accessible via hyperlinks in the IRPR. | | | | | | |
| | | | | | | | | 4. Governance framework to manage transformation agenda:<br>a. Integrated portfolio of programmes and projects<br>b. Routine portfolio review to identify and address dependencies, cross cutting opportunities and overlaps<br>c. Directorates to review and recommend priorities<br>d. Directorate Management Teams/Programme Gvnce Boards ratify decisions | | | | | | | | | | |
| | | | | | | | | 5. Rigorous RM discipline embedded in all transformation programmes/projects, with escalation process to Directorate Management Teams / Programme Boards | | | | | | | | | | |

Cambridgeshire County Council

# CORPORATE RISK REGISTER

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| Details of Risk | | | | Inherent risk | | | | Key Controls/Mitigation | Residual Risk | | | Actions | | | | | Action Owner Acronyms explained | Comments |
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| Risk No. | Risk Description | Trigger | Result | Probability | Impact | Score * | Owner | | Probability | Impact | Score * | Description | Action Owner | Target Date | Revised Target Date | Action Status | | |
| | | | | | | | | 6. Integrated performance and resource reporting (monthly to GPC)<br>a. Monthly progress against savings targets<br>b. Corporate Scorecard monitors performance against priorities<br>c. Budget holders monthly meetings with LGSS Finance Partner/External Grants Team, producing BCR<br>d. Regular meetings with Director of Finance/s151 Officer, Committee Chairs and relevant Directors to track exceptions and identify remedial actions | | | | | | | | | | |
| | | | | | | | | 7. Rigorous treasury management system in place plus ongoing tracking of national and international economic factors and Government policy | | | | | | | | | | |
| | | | | | | | | 8. Limited reserves for minor deviations | | | | | | | | | | |
| | | | | | | | | 9. Routine monitoring of savings delivery to identify any required interventions | | | | | | | | | | |
| | | | | | | | | 10. Bi-annual Leaders and Chairs meeting and Cambridgeshire Public Service Board | | | | | | | | | | |
| | | | | | | | | 11. Board Thematic Partnerships including the LEP and the Health and Well Being Board, commissioning task and finish groups | | | | | | | | | | |
| | | | | | | | | 12. LGSS governance arrgts incl representation on SMT (Section 151 Officer) | | | | | | | | | | |
| | | | | | | | | 13. LGSS Strategic Plan sets out approach of bringing in partners to ensure financial sustainability | | | | | | | | | | |
| **2** | The quality, responsiveness and standard of LGSS Services fail to meet CCC requirements | 1. LGSS resources available to support CCC are reduced as LGSS expands its customer base<br>2. Failure to manage LGSS service delivery to CCC | 1. Support services to CCC are not provided in a timely, accurate and professional manner | 4 | 4 | 16 | CFO | 1. Joint Committee Structure incl CCC Cllr representation, LGSS Overview and Scrutiny Cttee, Chief Executive sits on LGSS Management Board | 3 | 3 | 9 | 1. Reference to the SLA and KPI review per service line (new plan for 2017/18 being produced) | DCEX | | TBC | G | | |
| | | | | | | | | 2. LGSS director representation on SMT to ensure LGSS meets current and future Council needs | | | | 2. The appropriate signposting of the other LGSS audits and associated recommendations e.g. Payroll etc. | DCEX | | TBC | G | | |
| | | | | | | | | 3. LGSS Strategic Plan, Strategy Map and Improvement Activities identified | | | | 3. Cross referencing customer satisfaction with service delivery standards | DCEX | | TBC | G | | |
| | | | | | | | | 4. Programme Management arrangements in place to move forward workstreams | | | | | | | | | | |
| | | | | | | | | 5. CCC performance management arrangements | | | | | | | | | | |
| | | | | | | | | 6. LGSS performance management team | | | | | | | | | | |
| | | | | | | | | 7. LGSS SLA's in place and regularly reviewed in detail | | | | | | | | | | |
| | | | | | | | | 8. Corporate Director CS&T responsible for managing LGSS / CCC relationship | | | | | | | | | | |
| **3** | The Council does not have appropriate staff resources with the right skills and experience to deliver the Council's priorities at a time of significant demand pressures | 1. Ineffective recruitment outcomes<br>2. Ineffective planning processes<br>3. Unattractive terms and conditions of employment.<br>4. High staff turnover<br>5. Lack of succession planning to capture experience and knowledge<br>6. Increasing demand for services<br>7. Lack of trained staff<br>8. National pressures on the recruitment of key staff<br>9. Cost of housing | 1. Failure to deliver effective services<br>2. Regulatory criticism/sanctions<br>3. Civil or criminal action<br>4. Reputational damage to the Council<br>5. Low morale, increased sickness levels | 4 | 4 | 16 | DoPTT | 1. Annual business planning process identifies staffing resource requirements | 3 | 4 | 12 | 1. LGSS Management Board will review the workforce strategy as part of the Transformation Programme | LGSS MB | Jan-16 | ~~Mar 16~~<br>~~Jul 16~~<br>~~Dec 16~~<br>June 17<br>Sep 17 | G | LGSS Management Board | |
| | | | | | | | | 2. Children and Adults Workforce Strategy and Development plans with focus on recruitment and retention | | | | 2. Production of common training programme by OWD taken from service needs and compiled from PADP outcomes (annually) | LGSS | ~~Sep-16~~ | June 17<br>Sep 17 | G | LGSS Service Assurance, Customers and Strategy | |
| | | | | | | | | 3. Robust performance management and development practices in place. | | | | 3. Annual employee survey to feed into LGSS service improvement plans | LGSS SAC&S | ~~Nov-16~~ | Jun 17<br>Sep 17 | G | | |
| | | | | | | | | 4. Flexible terms and conditions of employment | | | | ~~***8. Deliver the Recruitment and Retention Action Plan***~~ | ~~***SD OP&MH***~~ | ~~***Mar-17***~~ | | G | Majority of actions are complete. Action plan is currently being reviewed and refreshed | |
| | | | | | | | | 5. Appropriate employee support mechanisms in place through the health and well being and counselling service agenda. | | | | | | | | | | |
| | | | | | | | | 7. Use of statistical data to shape activity relating to recruitment and retention | | | | | | | | | | |
| | | | | | | | | 8. Workforce Strategy and Development Plan which is reviewed by LGSS Management Board on a quarterly basis. | | | | | | | | | | |

Cambridgeshire County Council

# CORPORATE RISK REGISTER

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| Details of Risk | | | | Inherent risk | | | | | Residual Risk | | | Actions | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Risk No. | Risk Description | Trigger | Result | Probability | Impact | Score * | Owner | Key Controls/Mitigation | Probability | Impact | Score * | Description | Action Owner | Target Date | Revised Target Date | Action Status | Action Owner Acronyms explained | Comments |
| | | | | | | | | 9. Extensive range of qualifications and training available to social care staff to enhance capability and aid retention. | | | | | | | | | | |
| | | | | | | | | 10. Increased use of statistical data to shape activity realting to social care recruitment and retention. | | | | | | | | | | |
| | | | | | | | | 11. ASYE programme ensures new social workers continue to develop their skills, knowledge and confidence. | | | | | | | | | | |
| | | | | | | | | 12. Social care frontline managers support their own professional development through planning regular visits with frontline services. | | | | | | | | | | |
| | | | | | | | | 13. Cross directorate Social Care Strategic Recruitment and Workforce Development Board and Social Work Recruitment and Retention Task and Finish Group proactively address the issue of social care recruitment and retention. | | | | | | | | | | |
| 4 | The Council does not achieve best value from its procurement and contracts | 1. ineffective procurement processes<br>2. Lack of awareness of procurement processes across the Council<br>3. Ineffective contract management processes<br>4. Untrained contract managers | 1. Poor value for money<br>2. Legal challenge<br>3. Wasted time and effort in contractual disputes | 4 | 4 | 16 | DoLPG | 1. Contract Procedure Rules and Procurement Best Practice Guidance and templates kept updated with changes in best practice | 2 | 3 | 6 | 1. Audit reviews to provide assurance that individual managers have the appropriate skills and training | HIA | Mar-16 | ~~Mar 17~~<br>Mar 18 | G | Head of Internal Audit | Included in the 2017/18 Audit Plan |
| | | | | | | | | 3. Procurement Training provided on a regular basis with differing levels targeted at specific audiences | | | | 2. Audit reviews to provide assurance on the effectiveness of contract management in selected contracts | HIA | Mar-16 | ~~Mar 17~~<br>Mar 18 | G | | Included in the 2017/18 Audit Plan |
| | | | | | | | | 4. Central Contract register maintained and access available to relevant Officers | | | | | | | | | | |
| | | | | | | | | 5. Use of checklist (Summary Procurement Proposal) on all new procurement activity undertaken via central Procurement team. This includes a review of options to achieve optimal value and where feasible captures existing costs and new costs after the procurement. | | | | | | | | | | |
| | | | | | | | | 6. Nursing and residential care purchased through central brokerage unit | | | | | | | | | | |
| | | | | | | | | 7. Develop long term sustainable relationships with providers wherever appropriate (e.g. Home care contract) | | | | | | | | | | |
| 9 | Failure to secure sufficient funding for infrastructure | 1. Insufficient funding is obtained from a variety of sources, including growth funds, section 106 payments, community infrastructure levy and other planning contributions, to deliver required infrastructure . This is exacerbated by austerity measures and reduced government funding for local authorities<br>2. Significant reduction in school infrastructure funding in 2016/17 from £34m per annum to £4m | 1. Key infrastructure, services and developments cannot be delivered, with consequent impacts on transport, economic, environmental, and social outcomes. This could also result in greater borrowing requirement to deliver essential infrastructure and services which is unsustainable. | 4 | 4 | 16 | ED ETE<br>ED CFA | 1. Maximisation of developer contributions through Section 106 negotiations. | 3 | 4 | 12 | 15. County Planning Obligation Strategy for District's and County Council use, to go to E&E Committee. | HoG&E | Jun-17 | ***Oct-17*** | G | HoTIPF - Head of Transport Infrastructure Policy and Funding<br>HoGE - Head of Growth and Economy<br>HoS - Head of Strategy<br>SD S&C - Service Director, Strategy and Commissioning<br>ED CFA - Exec Director, Children, Familes and Adults | |
| | | | | | | | | 2. Prudential borrowing strategy is in place. | | | | | | | | | | |
| | | | | | | | | 3. Section 106 deferrals policy is in place. | | | | | | | | | | |
| | | | | | | | | 4. External funding for infrastructure and services is continually sought including grant funding. | | | | | | | | | | |
| | | | | | | | | 5. Maintain dialogue with Huntingdonshire District Council and East Cambridgeshire District Council where Community Infrastructure Levy is in place to secure CIL monies for County Projects. | | | | | | | | | | |
| | | | | | | | | 6. Strategic development sites dealt with through S106 rather than CIL and S106. In dealing with sites through S106 alone, the County Council has direct involvement in negotiation and securing of developer contributions to mitigate the impact of a specific development. | | | | | | | | | | |
| | | | | | | | | 7. County planning obligation strategy being developed for district's and CCC use in identifying community infrastructure needs. | | | | | | | | | | |
| | | | | | | | | 8. Lobby with LGA over infrastructure deficit | | | | | | | | | | |
| | | | | | | | | 9. On-going review, scrutiny and challenge of design and build costs to esnure maximum value for money. | | | | | | | | | | |
| | | | | | | | | 10. Coordination of requirements across Partner organisations to secure more viable shared infrastructure. | | | | | | | | | | |
| | | | | | | | | 11. Respond to District Council Local Plans and input to infrastructure policy at all stages of the Local Plan process. | | | | | | | | | | |
| | | | | | | | | 12. Annual school capacity return to the Department of Education seeks to secure maximum levels of funding for basic need. | | | | | | | | | | |

| Details of Risk | | | | Inherent risk | | | | | Residual Risk | | | Actions | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Risk No. | Risk Description | Trigger | Result | Probability | Impact | Score * | Owner | Key Controls/Mitigation | Probability | Impact | Score * | Description | Action Owner | Target Date | Revised Target Date | Action Status | Action Owner Acronyms explained | Comments |
| | | | | | | 🟥 | | 13. Maintain dialogue with Cambridge City Council and South Cambridgeshire District Council to input into Community Infrastructure Levy prior to adoption of the Local Plan (Adoption of CIL anticipated 2017)<br>14. City Deal | | | 🟧 | | | | | | | |

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| 15 | Failure of the Council's arrangements for safeguarding vulnerable children and adults | Children's Social Care:<br>1. Children's social care case loads reach unsustainable levels as indicated by the unit case load tool<br>2. More than 25% of children whose referral to social care occurred within 12 months of a previous referral<br>3. Serious case review is triggered<br>Adult Social Care (inc. OPMH):<br>1. Care homes, supported living or home care agency suspended due to a SOVA (safeguarding of vulnaerable adults) investigation<br>2. Serious case review is triggered<br>3. Outcomes of reported safeguarding concerns reveals negative practice | 1. Harm to child or an adult receiving services from the Council<br>2. Reputational damage to the Council | 5 | 5 | 25 | ED CFA | 1. Multi-agency Safeguarding Boards provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity<br>2. Skilled and experienced safeguarding leads and their managers.<br>3. Comprehensive and robust safeguarding training, ongoing development policies and opportunities for staff, and regular supervisions monitor and instil safeguarding procedures and practice.<br>4. 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.<br>5. Multi Agency Safeguarding Hub (MASH) supports timely, effective and comprehensive communication and decisions on how best to approach specific safeguarding situation between partners.<br>6. Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance<br>7. Whistleblowing policy, robust Local Authority Designated Officer (LADO) arrangements and complaints process inform practice<br>8. Regular monitoring of social care providers and information sharing meetings with other local organisations, including the Care Quality Commission<br>9. Joint protocols, practice standards and QA ensure appropriate joint management and case transfer between Children's Social Care and Enhanced and Preventative Services<br>10. Coordinated work between 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 LSCB<br>11. Audits, reviews and training provided to school staff, governors and settings. All schools must have child protection training every 3 years. Education CP Service supports schools and settings with safeguarding responsibilities | 3 | 5 | 15 | ***~~3. Investigating referral arrangements to ensure most effective arrangements are in place to the MASH - proposals to be reviewed and next steps decided by CFA management team~~*** | ***~~HoS FREDt~~*** | ***~~May-16~~*** | ***~~May-17~~*** | G | Service Director Adult Social Care | MASH re-launched in April 2017 as part of Children's Change Programme, including new referral pathways to safeguarding and early help services |
| 20 | Non compliance with legislative and regulatory requirements | 1. Staff unaware of changes to legislative/regulatory requirements<br>2. Lack of staff training<br>3. Lack of management review<br>4. High turnover/use of agency staff | 1. Adverse reports from regulators<br>2. Criminal or civil action against the Council<br>3. Reputational damage | 4 | 4 | 16 | CE | 1. LGSS legal team robust and up to date with appropriate legislation.<br>2. LGSS legal team brief Corporate Leadership Team on legislative changes<br>3. Service managers kept abreast of changes in legislation by the Monitoring Officer, Gov departments and professional bodies<br>4. Monitoring Officer role<br>5. Code of Corporate Governance<br>6. Community impact assessments required for key decisions<br>7. Business Planning process used to identify and address changes to legislative/regulatory requirements<br>8. Constitutional delegation to Committees and SMT<br>9. H&S policy and processes<br>10. Testing of retained learning<br>11. Programme Boards for legislative change (e.g. Care Act Programme Board)<br>12. Training for frontline staff on new legislation<br>13. Involvement in regional and national networks in children's and adults services to ensure consistent practice where appropriate<br>14. Business Intelligence Service support services with inspection preparation' | 2 | 4 | 8 | | | | | | | |

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| **Risk No.** | **Risk Description** | **Trigger** | **Result** | **Probability** | **Impact** | **Score *** | **Owner** | **Key Controls/Mitigation** | **Probability** | **Impact** | **Score *** | **Description** | **Action Owner** | **Target Date** | **Revised Target Date** | **Action Status** | **Action Owner Acronyms explained** | **Comments** |
| | | | | | | | | 15. Preparation undertaken for inspections of services for children in need of help and protection'<br>16. Whistleblowing policy<br>17. Anti Fraud and Corruption Strategy incl Fraud Response Plan<br>18. Developed information and advice provision (an inspection handbook)<br>19. Developed an arrangement for disseminating legislative change to all directorates and services | | | | | | | | | | |
| **21** | Business Disruption | 1. Loss of staff (large quantities or key staff)<br>2. Loss of premises (including temporary denial of access)<br>3. Loss of IT, equipment or data<br>4. Loss of a supplier<br>5. Loss of utilities or fuel<br>6. Flu Pandemic | 1. Inability to deliver consistent and continuous services to vulnerable people<br>2. School closures at critical times impacting students' ability to achieve<br>3. Inability to fully meet legislative and statutory requirements<br>4. Increase in service demand<br>5. Inability to respond to citizens' request for services or information<br>6. Lasting reputational damage | 4 | 4 | **16** | CD CST | 1. Corporate and service business continuity plans<br>2. Relationships with the Unions including agreed exemptions<br>3. Corporate communication channels<br>4. Multi-agency collaboration through the Cambridgeshire & Peterborough Local Resilience Forum (CPLRF)<br>5. First phase of IT resilience project including the increased alternative power/environment conditions in major machine rooms<br>6. Operational controls<br>7. Resilient Internet feed<br>8. Business continuity testing<br>9. CCC corporate BCP Group incl LGSS BC leads | 3 | 4 | **12** | ~~***3. Project to establish 2nd LGSS data centre for resilience/backup of all systems, in addition to Scott House facility.***~~<br>14. Review of accommodation provision in business continuity plans | ~~***DoIT***~~<br>HoEP | ~~***Mar-13***~~<br>Jul-16 | ~~***Dec-15***~~ ~~***Dec-16***~~ ~~***June 17***~~<br>~~Sep 16~~ ~~Dec 16~~ ~~April 17~~ Jun 17 | G<br>G | DoIT - Director of Information Technology<br>HoEP - Head of Emergency Planning | See paper for explanation of this action<br>The basic work of the project has started and is ongoing. |
| ~~***22***~~ | ~~***The Total Transport project fails to identify and implement affordable***~~ | ~~***1. The changes to services that Total Transport introduces generate a level of adverse opinion such that they prove impossible to sustain.***~~<br>~~***2. One or more individual serious incidents undermine confidence in the overall provision of the service.***~~<br>~~***3. It proves impossible to secure savings for the***~~ | ~~***1. An overall reduction in transport budgets would then result in the same amount as now being spent on meeting statutory obligations using a standalone model, meaning that non-statutory but socially necessary services (for example, community transport or local bus routes) would face withdrawal. This would contribute to social exclusion, poor***~~ | ~~***4***~~ | ~~***3***~~ | ~~***12***~~ | ~~***ED ETE***~~ | ~~***1. A Total Transport Member Steering Group meets bi-monthly, offering a wide range of political insight and providing a steer for the project***~~<br>~~***2. A Total Transport Programme Board meets at least quarterly, bringing together Service Directors from CFA and ETE to provide strategic direction***~~<br>~~***3. A Total Transport Project Group meets monthly, bringing together Heads of Services from CFA and ETE, to consider the operational impacts and opportunities.***~~<br>~~***5. A new procurement framework has been established, and work continues to engage with (potential operators). High level work is also being undertaken to explore the costs and benefits of in-house operation***~~ | ~~***2***~~ | ~~***3***~~ | ~~***6***~~ | | | | | | | This project has now been successfully delivered and the risk no longer applies. Other public transport related risks are included in the E&E Risk Register |

# CORPORATE RISK REGISTER

| Details of Risk | | | | Inherent risk | | | | | Residual Risk | | | Actions | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Risk No. | Risk Description | Trigger | Result | Probability | Impact | Score * | Owner | Key Controls/Mitigation | Probability | Impact | Score * | Description | Action Owner | Target Date | Revised Target Date | Action Status | Action Owner Acronyms explained | Comments |
| | ~~*solutions that allow service levels to be maintained*~~ | ~~*transport budget without incurring additional costs elsewhere (e.g. the impact on domiciliary care provision would outweigh the savings available by changing travel times).*~~<br>~~*4. The provider market proves unable or unwilling to meet the Council's requirements at an affordable rate.*~~ | ~~*take up of employment and education opportunities, and reduced quality of life*~~ | | | | | ~~*6. The Council is actively engaged with other local authorities pursuing a Total Transport agenda, and attends quarterly DfT meetings to share experience and ideas*~~<br>~~*7. Active plans are being made to determine the best approach following the formal end of the pilot period in March 2017. This includes the roll-out proposal for phase one, which is being considered by GPC on 20 December, and the use of an underspend on the original grant to support the on-going implementation of phase two*~~ | | | | | | | | | | |
| 23 | Major Fraud or Corruption | 1. Non compliance with the internal control framework and lack of awareness of anti-fraud and corruption processes.<br>2. Increased personal financial pressures on individuals as a result of economic circumstances | 1. Reputational damage<br>2. Financial loss | 4 | 5 | 20 | CE | 1. Financial Procedure rules | 2 | 3 | 6 | ~~*3. Implement anti bribery policy*~~ | ~~*HIARM*~~ | ~~*Mar-14*~~ | ~~*Dec-15*~~<br>~~*Mar 16*~~<br>~~*Jun 17*~~ | A | HIARM - Head of Internal Audit and Risk Management | |
| | | | | | | | | 2. Anti Fraud and Corruption Strategy incl Fraud Response Plan | | | | | | | | | | |
| | | | | | | | | 3. Whistle blowing policy | | | | | | | | | | |
| | | | | | | | | 4. Codes of conduct | | | | | | | | | | |
| | | | | | | | | 5. Internal control framework | | | | | | | | | | |
| | | | | | | | | 6. Fraud detection work undertaken by Internal Audit | | | | | | | | | | |
| | | | | | | | | 7. Awareness campaigns | | | | | | | | | | |
| | | | | | | | | 8. Anti Money Laundering policy | | | | | | | | | | |
| | | | | | | | | 9. Monitoring Officer/Democratic Services role | | | | | | | | | | |
| | | | | | | | | 10. Publication of spend data in accordance with Transparency Agenda | | | | | | | | | | |
| | | | | | | | | 11. New Counter Fraud Team established in LGSS | | | | | | | | | | |
| | | 1. Failure to equip staff and managers with the training, skills, systems and tools to enable them to meet the statutory standards for information management.<br>2. Failure to ensure that information and data held in systems (electronic and paper) is accurate, up to date, comprehensive and fit for purpose to enable managers to make confident and informed decisions. | 1. Adverse impact on Council's reputation.<br>2. Adverse impact on service delivery, as unable to make informed decisions.<br>3. Financial penalties.<br>4. Increase in complaints and enquiries by the ICO.<br>5. Decisions made by managers are not appropriate or timely. | | | | | 1. Governance; SIRO, CIO, Corporate Information Management Team encompassing Information Management, Information Governance, Records Management, policies confirming responsibilities (see below) Data protection registration requirements | | | | ~~*6. Roll out of EDRM to manage the information lifecycle (including information standards). Task and finish group established to drive forward greater awareness raising and training*~~ | ~~*IM*~~ | ~~*Mar-13*~~ | ~~*Apr-17*~~ | G | IM - Information Manager | This has been embedded in the approach undertaken by the Transformation Team |
| | | | | | | | | 2. Policies: Data Protection, Freedom of Information, Information Security Incidents, Mobile Devices, Code of conduct, Retention schedules, IT security related policies (computer use, email), Information Management Strategy | | | | ~~*7. Updated Information Asset Register*~~ | ~~*IM*~~ | ~~*Apr-17*~~ | | G | | Action complete |
| | | | | | | | | 3. Procedures: FOI, Subject Access Request Handling, Records Management, service level operational procedures, | | | | ~~*8. Mapping data flows*~~ | ~~*IM*~~ | ~~*Apr-17*~~ | | G | | Action complete and included as control |
| | | | | | | | | 4. Tools: Encrypted laptops and USB sticks, secure email and file transfer solutions, asset registers (USB sticks, encrypted laptops) device control | | | | 11. Implementation of CFA social care Business Systems on new rationalized platform | HoS IM | Mar-18 | | G | | |
| | | | | | | | | 5. Training and awareness: Data Protection, information security, information sharing, Freedom of Information and Environmental Information Requests | | | | ~~*12. Delivery of Information Commissioners Audit Improvement Plan*~~ | ~~*Hos BI*~~ | ~~*May-17*~~ | | G | | Action plan update provided to Information Commissioner Office and feedabck is expected |
| | | | | | | | | 6. Advice: Information Management advice service (IM, IG, RM, security), Information Management addressed via the Gateway project | | | | | | | | | | |
| | | | | | | | | 7. Information asset catalogue/register - to catalogue all information assets which are managed by CCC | | | | | | | | | | |
| | | | | | | | | 8. Information sharing protocols embedded internally and with partners | | | | | | | | | | |
| | | | | | | | | 9. Audit/QA of accountabilities process | | | | | | | | | | |
| | | | | | | | | 10. e-safety policy | | | | | | | | | | |
| | | | | | | | | 11. Assurance monitoring - The SIRO and Information Management Board will receive a report as part of the Information Risk Management work package highlight any information risks across CCC. Details of any IG Security Incidents will be included in the IG Annual Update report to Senior Management team/ members. | | | | | | | | | | |

Cambridgeshire County Council

# CORPORATE RISK REGISTER

**Appendix 1**

**Version Date: July 2017**

| Details of Risk | | | | Inherent risk | | | | | Residual Risk | | | Actions | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Risk No.** | **Risk Description** | **Trigger** | **Result** | **Probability** | **Impact** | **Score *** | **Owner** | **Key Controls/Mitigation** | **Probability** | **Impact** | **Score *** | **Description** | **Action Owner** | **Target Date** | **Revised Target Date** | **Action Status** | **Action Owner Acronyms explained** | **Comments** |
| 24 | A lack of Information Management and Data Accuracy and the risk of non compliance with the Data Protection Act | | | 4 | 4 | 16 | CD CST | 12. Mapping Flows of Personal Confidential Data - To adequately protect personal information, organisations need to know how the information is transferred into and out of the organisation, risk assess the transfer methods and consider the sensitivity of the information being transferred. | 3 | 3 | 9 | | | | | | | |
| | | | | | | | | 13. Incident reporting - Damage resulting from potential and actual information security events should be minimised and lessons learnt from them. All information security incidents, suspected or observed, should be reported through the CCC Incident Reporting system and managed in line with the Incident Reporting Procedures and Integrated Risk Management Policy. | | | | | | | | | | |
| | | | | | | | | 14. Intrusion or Perimeter Security including use of next generation hardware firewalls in several tiers, network traffic minotoring by Virgin Media Business, hardware appliances to check in bound mail traffic, spam filters and web content filtering on internet traffic and anti-virus software on the servers | | | | | | | | | | |
| | | | | | | | | 15. Local device protection including anti-virus on individual devices (sourced from a different supplier to the anti-virus software on the servers), Microsoft tools to restrict users ability to modify or install software and all mobile devices are encrypted | | | | | | | | | | |
| | | | | | | | | 16. Record all attempted attacks and have an established relationship with the local and regional cyber crime teams in the Police and have established links and information sharing with the national crime and intelligence agencies | | | | | | | | | | |
| | | | | | | | | 17. Individual Services Business Continuity Plans. | | | | | | | | | | |
| | | | | | | | | 18. LGSS IT Disaster Recovery Plan | | | | | | | | | | |
| | | | | | | | | 19. LGSS IT service resilience measures (backup data centre, network re-routing). | | | | | | | | | | |
| | | | | | | | | 20. Version upgrades to incorporate latest product functionality | | | | | | | | | | |
| | | | | | | | | 21. Training for CFA Business systems prior to use | | | | | | | | | | |
| | | | | | | | | 22. Information sharing agreement | | | | | | | | | | |
| | | | | | | | | 23. Backup systems for mobile working | | | | | | | | | | |
| | | | | | | | | 24. Back up systems for CFA Business Systems | | | | | | | | | | |
| 26 | Increasing manifestation of Busway defects | 1. Failures of Busway bearings or movement of foundations continue and increase | 1.Significant and ongoing costs to maintain the Busway or restricted operation of the Busway to the extent that it will no longer be attractive to operators or passengers. | 5 | 5 | 25 | ED ETE | 1. Monitoring and inspection regime in place | 2 | 5 | 10 | 2. Negotiations are taking place with Bam Nuttall | SD S&D ETE | | | G | Service Director, Strategy & development, ETE. | Council plans are subject to litigation privilege therefore we are not in a position to publish dates as this could have a detrimental impact on the Council's position within this process |
| | | | | | | | | 5. Independent Expert advice has been taken confirming that the defects are defects under the Contract and that a programme of preventative remedial action is required and will be cheaper overall and less disruptive in the long run than a reactive response. | | | | 3. Initiate any necessary legal proceedings to recover costs of defect correction. | SD S&D ETE | | | G | | |
| | | | | | | | | 6. Legal Advice has been taken confirming that the defects are defects under the contract and that the Council has a good case for recovering the cost of correction from the Contractor | | | | | | | | | | |
| | | | | | | | | 7. Retention monies held under the contract have been withheld from the Contractor and used to meet defect correction and investigation costs. | | | | | | | | | | |
| | | | | | | | | 8. Funds have been set aside from the Liquidated Damages witheld from the Contractor during construction, which are available to meet legal costs | | | | | | | | | | |
| | | | | | | | | 9. General Purposes Committee have resolved to correct the defects and to commence legal action to recover the costs from the Contractor | | | | | | | | | | |
| | | | | | | | | 10. Initially defects are being managed on a case by case basis until the contractual issues are resolved, minimising impact on the public. | | | | | | | | | | |

# CORPORATE RISK REGISTER

| **Details of Risk** | | | | **Inherent risk** | | | | **Key Controls/Mitigation** | **Residual Risk** | | | **Actions** | | | | | **Action Owner Acronyms explained** | **Comments** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Risk No.** | **Risk Description** | **Trigger** | **Result** | **Probability** | **Impact** | **Score *** | **Owner** | | **Probability** | **Impact** | **Score *** | **Description** | **Action Owner** | **Target Date** | **Revised Target Date** | **Action Status** | | |
| | | | | | | 🟥 | | | | | 🟧 | | | | | | | |
| 27 | The pension fund has the potential to become materially under-funded | 2. Contribution levels do not maintain the level of the fund<br>3. The longevity of scheme members increases<br>4. Government changes to pensions regulations<br>5. Volatility of financial markets<br>6. Change to tax threshold causing exceedingly high contribution<br>7. Shrinking workforce | 1. Significant increases in revenue contributions to the Fund are necessary placing additional savings requirements on services | 5 | 5 | 25 | CFO | 1. Governance arrangements including CCC Constitutional requirements and Pensions Committee including response to Hutton enquiry<br>2. Investment Panel work plan<br>3. Triennial valuation<br>4. Risk agreed across a number of fund managers<br>5. Fund managers performance reviewed on a regular basis by Pensions Committee<br>6. Opt in legislation<br>7. Review investment manager performance quarterly<br>8. Ongoing monitoring of skills and knowledge of officers and those charged with governance | 3 | 5 | 15 | | | | | | | |
| 29 | Failure to address inequalities in the county continues | 1. Impact of wider economic and social determinants, which may require mitigation through Council services.<br>2. Failure to target/promote services to disadvantaged or vulnerable populations, or in areas of deprivation, appropriately for local need. | 1. Worsening inequalities between geographical areas and/or disadvantaged or vulnerable populations, including health, educational achievement, income. | 4 | 4 | 16 | CE | 1. Council's business plan<br>2. Committee monitoring of indicators for outcomes in areas of deprivation (following full Council motion)<br>3. Joint Strategic Needs Assessment, Annual Public Health Report, and Joint Health and Wellbeing Strategy (Health inequalities)<br>4. Implementation of Health Committee Priority 'Health Inequalities' actions and targetting of Public Health programmes (health inequalities)<br>6. Child Poverty Strategy (income)<br>7. Targetted services e.g: Travellers Liaison, Traveller Health Team, Chronically excluded adults team etc.<br>9. Buy with confidence approved trader scheme.<br>10. Cambridgeshire Inequalties Charter<br>11. Wisbech 20:20 programme<br>12. Cambridgeshire 0-19 Education Organisation Plan<br>13. Cambridgeshire Older People Strategy | 3 | 4 | 12 | 1. Implementation of health inequalities aspects of Joint Health and Wellbeing Strategy | DoPH | ~~Dec-16~~ | ~~Mar 17~~<br>Mar 18 | G | DoPH - Director of Public Health<br>DoCFA - Director and Children, Families and Adults<br>SD L - Service Director Learning | |
| | | 1. Failure to realise Waste PFI contract opportunities (eg. Reduce cost of CLO and increase income from TPI) and manage operational risk of unforeseen contractual events (eg. Wet IVC waste) leading to significant budget pressures | 1.Savings not delivered and potential increased costs leading to significant budget pressures. | | | | | 1. Strong contract management and close working with legal and procurement to reduce unforeseen costs where possible e.g. management of amount of waste going to landfill. Regular communication, exchange of information and decision-making at the Waste PFI Delivery Board. The Board provides focused management of issues, ensuring contract delivers as required.<br>2. The Waste PFI is in service delivery phase - the protection that is provided by the contract terms and conditions is in place.<br>3. Officers working closely with DEFRA, WIDP, Local Partnerships, WOSP and other local authorities | | | | 1. Resolve legacy issues in the round with discussions on savings and opportunities<br>2. Use contractual mechanisms to agree changes that will deliver savings identified through trials<br>3. Use contractual Dispute Resolution Process to seek resolution of contractual matters | HoH&C<br>HoH&C<br>HoH&C | Sep-17<br>Sep-17<br>Dec-17 | | G<br>G<br>G | | |

# CORPORATE RISK REGISTER

**Appendix 1**

**Version Date: July 2017**

| Details of Risk | | | | Inherent risk | | | | | Residual Risk | | | Actions | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Risk No.** | **Risk Description** | **Trigger** | **Result** | **Probability** | **Impact** | **Score *** | **Owner** | **Key Controls/Mitigation** | **Probability** | **Impact** | **Score *** | **Description** | **Action Owner** | **Target Date** | **Revised Target Date** | **Action Status** | **Action Owner Acronyms explained** | **Comments** |
| 30 | Failure to deliver Waste savings / opportunities and achieve a balanced budget | | | 4 | 5 | 20 | ED ETE | 4. The contract documentation apportions some risks to the contractor, some to the authority and others are shared.<br>5. Clear control of the risk of services not being delivered to cost and quality by levying contractual deductions and controls if the contract fails or issues arise.<br>6. During the procurement process, the authority appointed a lead to negotiate risk apportionment. The results of the negotiation relating to financial risk are captured in the Payment Mechanism (schedule 26) and Project Agreement that form part of the legally binding contract documentation.<br>7. Waste PFI contractor has an ongoing requirement to continue seeking outlets for Refuse Derived Fuel (RDF), Solid Recovered Fuel (SRF) and Compost Like Output (CLO) to increase diversion from landfill. | 3 | 5 | 15 | | | | | | | |
| 31 | Insufficient availability of affordable Looked After Children (LAC) placements | 1. The number of children who are looked after is above the number identified in the LAC strategy action plan 2015-17<br>2. % LAC placed out of county and more than 20 miles from home as identified in CFA performance dashboard<br>3. The unit cost of placements for children in care is above targets identified in the LAC strategy action plan 2015 to 2017 | 1. Client dissatisfaction and increased risk of harm.<br>2. Reputational damage to the council.<br>3. Failure to meet statutory requirements.<br>4. Regulatory criticism.<br>5. Civil or criminal action against the Council | 4 | 5 | 20 | ED CFA | 1. Regular monitoring of numbers, placements and length of time in placement by CFA management team and services to inform service priorities and planning<br>2. Maintain an effective range of preventative services across all age groups and service user groups<br>3. Looked After Children Strategy provides agreed outcomes and describes how CCC will support families to stay together and provide cost effective care when children cannot live safely with their families.<br>4. Community resilience strategy details CCC vision for resilient communities<br>5. CFA management team assess impacts and risks associated with managing down costs<br>6. Edge of care services work with families in crisis to enable children and young people to remain in their family unit | 3 | 4 | 12 | ~~***7. Deliver the actions in the LAC action plan to manage demand and costs***~~ | ~~***SD CSC***~~ | ~~***Mar-17***~~ | | G<br>G<br>G<br>G<br>G<br>G<br>G | Service Director Children's Social Care | This action referred to the work in 2016/17 to manage demand and costs.  That wrk is now complete, and a full report on the outturn psitin will be provided in the Council's end of year outturn report (July 2017). Actions to manage demand and costs are included as specific lines in the BUsiness Plan 2017/18. |
| 32 | Insufficient availability of care services at affordable rates | 1. Average number of ASC attributable bed-day delays per month is above national average (aged 18+) as identified by CFA performance dashboard<br>2. Delayed transfers of care from hospital attributable to adult social care as identified by CFA performance dashboard<br>3. Home care pending list | 1. Client disattisfaction and increased risk of harm and hospital admission<br>2. Increase in delayed discharges from hospital<br>3. Reputational damage to the Council | 5 | 4 | 20 | ED CFA | 1.  Data regularly updated and monitored to inform service priorities and planning<br>2. Maintain an effective range of preventative services across all age groups and service user groups<br>3. Community resilience strategy details CCC vision for resilient communities<br>4. Directorate and CFA Performance Board monitors performance of service provision<br>5. Coordinate procurement with the CCG to better control costs and ensure sufficient capacity in market<br>6. Use of the benchmark rate to control costs of care homes<br>7. Market shaping activity, including building and maintaining good relationships with providers, so we can support them if necessary<br>8. Capacity Overview Dashboard in place to capture market position | 5 | 3 | 15 | 4. Retender the main home care contract<br>~~***5. To support home based services, reablement and its relationship with the intermediate tier is being reviewed and refined to increase efficiency***~~ | HoS Procurement<br>~~***HoS DOP***~~ | Jul-16<br>~~***Apr-17***~~ | Oct-17 | G | Service Director Older People<br>HoS Service Development Older People | Reablement provision has been reviewed and teams have been structured into North and South in order to increase efficiency |

# CORPORATE RISK REGISTER

| Details of Risk | | | | Inherent risk | | | | | Residual Risk | | | Actions | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Risk No.** | **Risk Description** | **Trigger** | **Result** | **Probability** | **Impact** | *** Score** | **Owner** | **Key Controls/Mitigation** | **Probability** | **Impact** | *** Score** | **Description** | **Action Owner** | **Target Date** | **Revised Target Date** | **Action Status** | **Action Owner Acronyms explained** | **Comments** |
| | | | | | | 🟥 | | 9. Residential and Nursing Care Project has been established as part of the wider Older People's Accommodation Programme looking to increase the number of affordable care homes beds at scale and pace.<br>10. Business Case for Council owned Care Home<br>11. Delivered first phase of Early Help Offer for Adults and OP<br>12. Retendered the block purchase of care | | | 🟧 | | | | | | | |

## SCORING MATRIX (see Risk Scoring worksheet for descriptors)

| | | | | | |
|---|---|---|---|---|---|
| VERY HIGH (V) | 5 | 10 | 15 | 20 | 25 |
| HIGH (H) | 4 | 8 | 12 | 16 | 20 |
| MEDIUM (M) | 3 | 6 | 9 | 12 | 15 |
| LOW (L) | 2 | 4 | 6 | 8 | 10 |
| NEGLIGIBLE | 1 | 2 | 3 | 4 | 5 |
| IMPACT / LIKELIHOOD | VERY RARE | UNLIKELY | POSSIBLE | LIKELY | VERY LIKELY |

**Risk Owners**

CD CS&T - Sue Grace
CE - Gillian Beasley
DoP - Martin Cox
DoLPG - Quentin Baker
ED ETE - Graham Hughes
ED CFA - Wendi Ogle-Welbourn
DoSD - Bob Menzies
CFO - Chris Malyon

| *** RAG RATING** | **RISK SCORES** |
|---|---|
| RED rated risk | 16 - 25 |
| AMBER rated risk | 5 - 15 |
| GREEN rated risk | 1 - 4 |

# RISK SCORING MATRIX

| | | | | | |
|---|---|---|---|---|---|
| **VERY HIGH (V)** | 5 | 10 | 15 | 20 | 25 |
| **HIGH (H)** | 4 | 8 | 12 | 16 | 20 |
| **MEDIUM (M)** | 3 | 6 | 9 | 12 | 15 |
| **LOW (L)** | 2 | 4 | 6 | 8 | 10 |
| **NEGLIGIBLE** | 1 | 2 | 3 | 4 | 5 |
| **IMPACT**<br>**LIKELIHOOD** | **VERY RARE** | **UNLIKELY** | **POSSIBLE** | **LIKELY** | **VERY LIKELY** |

Red scores - excess of Council’s risk appetite – action needed to redress, quarterly monitoring
Amber scores – likely to cause the Council some difficulties – quarterly monitoring
Green scores – monitor as necessary

Descriptors to assist in the scoring of risk impact are detailed below

Likelihood scoring is left to the discretion of managers as it is very subjective

## IMPACT DESCRIPTORS

The following descriptors are designed to assist the scoring of the impact of a 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** | <£0.5m | <£1.0m | <£5m | <£10m | >£10m |
| **Service provision** | (a) Insignificant disruption to service delivery | (a)Minor disruption to service delivery | (a) Moderate direct effect on service delivery | (a) Major disruption to service delivery | (a) Critical long term disruption to service delivery |
| **People and Safeguarding** | No injuries | Low level of minor injuries | Significant level of minor injuries and/or instances of mistreatment or abuse of an individual for whom the Council has a responsibility | Serious injury 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 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 | Sustained negative coverage in local media or negative | Significant and sustained local opposition to the Council’s policies |

| | | | | | |
|---|---|---|---|---|---|
| | | | comment in the local media | negative reporting in the national media | policies |

**Agenda Item No: 8**

# AUDIT AND ACCOUNTS TERMS OF REFERENCE – FEEDBACK FROM CONSTITUTION AND ETHICS COMMITTEE

| | |
|---|---|
| *To:* | **Audit and Accounts Committee** |
| *Date*: | **25th July 2017** |
| *From*: | **Chief Internal Auditor** |
| *Electoral Division(s):* | **All** |
| *Forward Plan Ref*: | **N/A** |
| *Key decision:* | **No** |
| *Purpose*: | **To report on Constitution and Ethic's Committee's discussions regarding the Terms of Reference for the Audit & Accounts Committee, and to invite Members' comments on the matter referred back to the Audit & Accounts Committee.** |
| *Key Issues:* | **N/A** |
| *Recommendation:* | **The Audit and Accounts Committee is asked to agree Internal Audit's recommendation in responding to the matter referred back to the Committee.** |

| | ***Officer contact:*** |
|---|---|
| Name: | Duncan Wilkinson |
| Post: | LGSS Chief Internal Auditor |
| Email: | Duncan.Wilkinson@Milton-Keynes.gov.uk |
| Tel: | 01908 252089 |

# AUDIT & ACCOUNTS COMMITTEE TERMS OF REFERENCE

## 1. Background:

1.1 The Audit & Accounts Committee were presented with a revised Terms of Reference on the 31st May 2017. Following two minor amendments to the wording, the Terms of Reference was then presented to the Constitution and Ethics Committee on the 20th June.

1.2 The full text of the proposed Terms of Reference is set out at Annex A.

## 2. Feedback from Constitution and Ethics Committee:

2.1 Following their review and discussion of the proposed Terms of Reference, Constitution and Ethics Committee resolved unanimously to recommend to Council that the Terms of Reference for the Audit and Accounts Committee be modified in accordance with the proposed Terms of Reference.

2.2 The Constitution and Ethics Committee also resolved to invite the Audit and Accounts Committee to consider the wording of point 1.2 and 1.12 in the Terms of Reference:

> *"1.2 To approve, but not direct, Internal Audit's annual plan of work and monitor unscheduled work that could potentially divert audit resources away from a plan, and monitor performance against those plans, ensuring that there are no inappropriate scope or resource limitations."*
>
> *"1.12 To suggest work for Internal and External Audit."*

2.3 Specifically, Audit & Accounts were asked to consider the efficacy of the term 'but not direct' in point 1.2 and its relationship to 1.12, which said 'suggest', and to consider whether this wording was appropriate.

## 3. Recommendation from Internal Audit:

3.1 Internal Audit would recommend that the proposed wording of point 1.2 is retained. The wording sets out the role of the Committee in approving the Internal Audit Plan and suggesting work to be included within the Plan, while also ensuring that the independence of the chief audit executive is clear. This reflects the Committee's role in Internal Audit Planning as set out in the Public Sector Internal Audit Standards:

***1110 Organisational Independence***

*The chief audit executive must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The chief audit executive must confirm to the board, at least annually, the organisational independence of the internal audit activity.*

Interpretation:

*Organisational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:*

- *Approving the risk-based internal audit plan.*

***2010 Planning***

*The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.*

***2010.A1***

*The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.*

3.2 Internal Audit presents the draft Plan to the Audit & Accounts Committee in March each year for their input and approval. The Plan is presented to Committee on a quarterly basis as part of the Internal Audit Progress Report, which gives the detail of proposed changes to the Plan and provides an opportunity for Committee to suggest areas for review.

3.3 The previous Terms of Reference for the Committee did not include a reference to Committee's ability to suggest areas of work and therefore this revised Terms of Reference represents a clarification of the role of Committee in this area.

3.4 It is therefore recommended that the proposed wording is retained. It is also recommended that section 1.12 is moved within the Terms of Reference to sit at 1.3 in order to clarify the relationship between the two sections and the fact that Committee does have a role in suggesting areas of work for Internal Audit.

| **Source Documents** | **Location** |
|---|---|
| Report and Minutes of the Constitution and Ethic Committee 20th June 2017 | Room 117 Shire Hall, Cambridge<br>Or click on link below:<br>https://cmis.cambridgeshire.gov.uk/ccc_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/528/Committee/10/Default.aspx |

**Annex A**

*This appendix sets out the proposed revised terms of reference, without showing changes from the May 2014 version.*

# AUDIT AND ACCOUNTS COMMITTEE
## TERMS OF REFERENCE

### 1. Membership:

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

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

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

### 2. Summary of Functions:

- To provide independent assurance of the adequacy of the risk management framework and the associated control environment.

- To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakness of the control environment.

- To oversee the financial reporting process.

- To review matters relating to Internal Audit, external audit, risk management, governance, assurance statements, anti-fraud and anti-corruption arrangements.

- To enhance and promote the profile, status and authority of the Internal Audit function and to demonstrate its independence.
- To contribute towards making the authority, its committees and departments more responsive to the audit function.
- To review compliance with the relevant standards, codes of practice and corporate governance policies.
- To consider the extent to which the authority's control environment is successful in achieving value for money.

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

| Delegated Authority | Delegation/ Condition |
|---|---|
| 1.8 To consider specific reports as agreed with the External Auditor to ensure agreed action is taken within reasonable timescales<br>1.9 To comment on the scope and depth of the external audit work and to ensure it gives value for money<br>1.10 To liaise with Public Sector Audit Appointments Limited over the appointment of the Council’s External Auditor<br>1.11 To consider the reports of inspection agencies relevant to the Council (such as Ofsted, the Information Commissioner’s Office, etc.)<br>1.12 To suggest work for Internal and External Audit<br>1.13 To undertake an annual review of the effectiveness of the system of Internal Audit | |
| **<u>2 Regulatory Framework</u>**<br>2.1 To maintain an overview of the Council’s Constitution in respect of contract procedure rules, financial regulations, codes of conduct etc.<br>2.2 To review any issue referred to it by the Chief Executive or Executive Director or any Committee of the Council<br>2.3 To monitor the effective development and operation of risk management and corporate governance throughout the Council<br>2.4 To monitor council policies on “raising concerns at work” and anti-fraud and anti-corruption policies, including the Council’s complaints process<br>2.5 To oversee the production of the Council’s Statement of Internal Control/Governance Statement and recommend its adoption<br>2.6 To consider the arrangements for corporate governance and to agree necessary actions to ensure compliance with best practice<br>2.7 To consider the Council’s compliance with its own and published | |

| Delegated Authority | Delegation/ Condition |
|---|---|
| standards and controls<br>2.8 To report as appropriate to Full Council, relevant Policy and Service Committees and the Constitution and Ethics Committee on issues which require their attention or further action<br>2.9 To bring to the attention of the General Purposes Committee any issue which may warrant further consideration or review | |
| **<u>3</u>** **<u>Accounts</u>**<br>3.1 To review and approve the annual Statement of Accounts<br>3.2 Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council<br>3.3 To consider the External Auditor's report to those charged with the governance issues arising from the audit of the accounts | |
| **<u>4</u>** **<u>Risk Management</u>**<br>4.1 To consider the effectiveness of the Council's risk management arrangements<br>4.2 To seek assurances that action is being taken on risk-related issues<br>4.3 To be satisfied that the Council's assurance statements, including the Statement of Internal Control, properly reflect the risk environment and any actions required to improve it | |

**Agenda Item No: 9**

**TITLE** **INTERNAL AUDIT PROGRESS REPORT TO 31ST MAY 2017**

To: **Audit & Accounts Committee**

Date: **25th July 2017**

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

## 1. PURPOSE

1.1 To report on the main areas of audit coverage for the period 1st March 2017 to 31st May 2017 and the key control issues arising.

## 2. BACKGROUND

2.1 The role of Internal Audit is to provide the Audit 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.

2.2 The Committee is requested to consider the contents of this report.

| | ***Officer contact:*** |
|---|---|
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| Post: | LGSS Head of Internal Audit |
| Email: | Duncan.Wilkinson@Milton-Keynes.gov.uk |
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# LGSS Internal Audit & Risk Management

## Cambridgeshire County Council

*Quarterly update report*

*Q1*

*As at 31st May 2017*

*Section 1*

# 1. *FINALISED ASSIGNMENTS*

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

**Table 1: Finalised Assignments**

| No. | Directorate | Assignment | Compliance Assurance | Systems Assurance | Organisational impact |
|---|---|---|---|---|---|
| 1. | Economy, Transport & Environment | Section 106 | Good | Moderate | Minor |
| 2. | Cross-Cutting (CCC-wide) | Off Contract Expenditure | Good | N/A | Minor |
| 3. | Cross-Cutting (CCC-wide) | European Union (EU) Procurement Regulations | Moderate | N/A | Minor |
| 4. | Cross-Cutting (CCC-wide) | Treasury Management | Substantial | Substantial | Minor |
| 5. | Cross-Cutting (CCC-wide) | Bank Reconciliation | Substantial | Substantial | Minor |
| 6. | Cross-Cutting (CCC-wide) | Purchase to Pay | Substantial | Substantial | Minor |
| 7. | Cross-Cutting (CCC-wide) | Accounts Receivable | Substantial | Substantial | Minor |
| 8. | Cross-Cutting (CCC-wide) | Payroll | Substantial | Substantial | Minor |
| 9. | Cross-Cutting (CCC-wide) | Pensions | Substantial | Substantial | Minor |
| 10. | Cross-Cutting (CCC-wide) | General Ledger | Substantial | Good | Minor |
| 11. | Cross-Cutting (CCC-wide) | IT General Controls | Substantial | Good | Minor |
| 12. | Cross-Cutting (CCC-wide) | Transformation Programme - Benefits Realisation | Moderate | Moderate | Moderate |
| 13. | Cross-Cutting (CCC-wide) | Business Planning Compliance | Moderate | Moderate | Moderate |
| 14. | Children, Families & Adults | Residential Care Homes Project | Good | Good | Minor |
| 15. | Cross-Cutting | Key Performance | Substantial | N/A | Minor |

| | | | | | |
|---|---|---|---|---|---|
| | (CCC-wide) | Indicators | | | |
| 16. | Cross-Cutting (CCC-wide) | Contract Extensions | Good | Good | Minor |
| 17. | Corporate & Customer Services | Information Governance Policies | N/A | Good | Minor |
| 18. | Cross-Cutting (CCC-wide) | Procurement Governance | Good | Good | Minor |
| 19. | Cross-Cutting (CCC-wide) | Contract Procedure Rules | Good | Good | Minor |
| 20. | Cross-Cutting (CCC-wide) | Following the Money Strategy | Consultancy report benchmarking financial data to identify future areas for transformation | | |
| 21. | Cross-Cutting (CCC-wide) | Corporate Policy Statements | Consultancy report on the development of Council-wide corporate policy statements, including drafting a cash handling policy. | | |
| 22. | Economy, Transport & Environment | Section 31 Grant | Grant certification provided | | |
| 23. | Economy, Transport & Environment | Local Growth Deal | Grant certification provided | | |
| 24. | Children, Families & Adults | Disabled Facilities Grant | Grant certification provided | | |

1.2 Summaries of the finalised reports with satisfactory or less assurance are provided in Section 6. This excludes individual schools audits, which are reported collectively once all reviews have been finalised.

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

**Table 2: Draft/Interim Reports**

| No. | Directorate | Assignment |
|---|---|---|
| 1. | Economy, Transport & Environment | Schools Capital Programme |
| 2. | Cross-Cutting (CCC-wide) | Contract Management |
| 3. | Cross-Cutting (CCC-wide) | Scheme of Delegation Compliance |
| 4. | Cross-Cutting (CCC-wide) | Capital Programme Assurance |

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

*Section 2*

# 2. *FRAUD AND CORRUPTION UPDATE*

## 2.1 CURRENT INTERNAL AUDIT INVESTIGATIONS:

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

**Table 3: Internal Audit Investigations Caseload**

| Case Category | Description of activity or risk example | Cases | Outcomes |
|---|---|---|---|
| **Direct Payments** | Concerns regarding misuse or fraud relating to a direct payment. | **1** | Draft report issued. |
| **Theft or misappropriation** | • Theft of property<br>• Staff misappropriation | **1** | Ongoing investigation work. |
| **Investigations** | FACT Investigation | **1** | Ongoing investigation work. |
| **Totals** | | **3** | |

## 2.2 CURRENT HR CASELOAD:

A summary of the caseload of work currently being progressed by HR, primarily relating to disciplinary matters, is provided below at table 4.

**Table 4: Human Resources (HR) Caseload**

| Case Category | Description of activity or risk example | Open/Ongoing Cases |
|---|---|---|
| **HR caseload** | Disciplinary | 7 |
| | Grievance | 2 |
| | Performance | 13 |
| | Whistleblowing | 0 |
| | Attendance management | 72 |
| **Totals** | | **94** |

## 2.3 POLICY UPDATES:

Revised versions of the Council’s Whistleblowing Policy, Anti-Fraud and Corruption Policy, and Anti-Money Laundering Policy were approved by the Audit & Accounts Committee at their meeting on the 30th May. The Anti-Fraud and Corruption and Anti-Money Laundering policies are being presented to the meeting of the General Purposes Committee on the 25th July for final approval, and the Whistleblowing Policy will be taken to the September meeting of the Constitution and Ethics Committee for approval.

Following this, the plan is to conduct awareness-raising exercises around each policy in conjunction with the Transformation team, who are developing a new rolling programme of awareness for key corporate policies and have agreed to feature these policies as some of the first to be promoted through this new programme. A further update will be brought to Committee when timescales and details of this awareness-raising work have been agreed.

# 3 *IMPLEMENTATION OF MANAGEMENT ACTIONS*

3.1 The outstanding management actions as at the end of May 2017 are summarised in Table 5, which includes a comparison with the percentage implementation from the previous report (bracketed figures).

3.2 Please note that an exceptionally high number of actions have become due following on from the previous Internal Audit Progress Report, which covered actions due to the end of February 2017. In total, 47 actions have required follow up in this three-month period; for comparison, 52 actions were followed-up in the entire 2016/17 year.

3.3 This has placed a strain on the ability of Internal Audit to obtain full information for all actions in this period. In four instances, the service has provided an update that the action has been completed, but Audit has yet to receive evidence of this and consequently these actions have remained marked as open.

3.4 A summary of the outstanding recommendations, and the current progress with implementing them, is provided in a table at Appendix B.

**Table 5: Outstanding Management Actions**

| | Category 'Essential' recommendations | | Category 'Important' recommendations | | Total | |
|---|---|---|---|---|---|---|
| | **Number** | **% of total** | **Number** | **% of total** | **Number** | **% of total** |
| **Implemented** | 2 | 4%<br>(0%) | 29 | 60%<br>(74%) | 31 | 65%<br>(74%) |
| **Actions due within last 3 months, but not implemented** | 0 | 0%<br>(0%) | 14 | 29%<br>(4%) | 14 | 29%<br>(4%) |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Actions due over 3 months ago, but not implemented** | 0 | 0%<br>(4%) | 3 | 6%<br>(17%) | 3 | 6%<br>(22%) |
| **Totals** | 2 | | 46 | | 48 | |

# 4. SUMMARIES OF COMPLETED AUDITS WITH SATISFACTORY OR LESS ASSURANCE

## A. CROSS-CUTTING (COUNCIL WIDE)

### A.1 European Union (EU) Procurement Regulations

Internal Audit conducted a review of a sample of eleven contracts in excess of the EU procurement threshold, reviewing the process followed in awarding each contract to confirm whether key aspects of the EU Public Contracts Regulations 2015 and the Council’s Contract Regulations had been complied with.

It was found that the majority of the key aspects of these processes were followed in all eleven cases, including requirements around advertising contracts and establishing criteria for selecting the most economically advantageous tender, and adhering to minimum timescales. The overall level of assurance for the review was reduced to moderate due to two compliance weaknesses.

The Council’s Constitution states that a ‘key decision’ is one which incurs expenditure or makes savings in excess of £500,000; these decisions require Committee approval, but four of the seven procurements in the sample which required approval under these rules did not receive it. The audit identified that the reason for this primarily appeared to be confusion among some officers regarding whether re-procurement of existing services counted as a key decision, or whether this was only applicable to new procurements. As a result of the audit, this has now been clarified to officers and guidance on writing Committee reports has also been updated to set this out more clearly.

The second issue identified was that, for two procurements which received fewer than the three bids required, exemptions should have been sought from the Council’s Contract Procedure Rules but this did not take place. In many cases it is likely to be difficult for officers to gain an exemption from Committee for high-value contracts where fewer than three bids are received (which may be the case where there is a restricted market for particular services or goods) due to the restrictive timescales under the EU rules and the long lead-in time for Committee papers. To address this, an update to Contract Procedure Rules has been proposed whereby written approval to read and evaluate responses to a competitive procurement which has received fewer than three bids must be obtained from three senior officers (the Chief Finance Officer; the Monitoring Officer; and the Chief Officer for the area conducting the procurement) without the need to return to Committee.

Committee approval would still be required prior to initiating the procurement process (if the contract would constitute a key decision), and in order to award the preferred bidder. This proposal was agreed by Constitution and Ethics Committee at their meeting on the 20th June, and is being progressed to Full Council.

For exemption requests for contracts below the key decision threshold, exemptions are also now reviewed by the Council's Commercial Board.

## A.2 Transformation Programme – Benefits Realisation

An audit review was undertaken focusing on benefits realisation arrangements within the Transformation Programme. This involved reviewing a sample of projects within the programme, including those with both financial and non-financial expected benefits. The audit began at a time when the Transformation Team were in the process of taking up their new roles following the Corporate Capacity Review, meaning that the projects within the Transformation Programme were at an early stage.

Moderate assurance was assigned over the control environment, and moderate assurance for compliance relating to benefits realisation arrangements within the Transformation Programme. This recognises the significant level of organisational change between the initial planning of the Transformation Programme, which led to a need to re-scope the programme on a project-by-project basis.

A number of recommendations have been agreed with the Transformation Team to strengthen the control environment and compliance and provide greater clarity over governance of the programme. This includes the production of a clear structure defining the roles of the different management and scrutiny bodies and their relationships, a process for escalating major risks and a system for monitoring benefits realisation of cross-directorate projects. A defined plan will be created to ensure that key benefits, performance indicators, milestones and details of responsible officers will be input into the Council's new Project Management System, and to identify any projects where these measures need to be more fully developed.

## A.3 Business Planning

Internal Audit conducted a review of Business Planning processes. Moderate assurance was awarded over the control environment around Business Planning, and moderate assurance over compliance; in providing these opinions, it is recognised that the Business Planning process at Cambridgeshire County Council has undergone a rapid, recent transformation to meet the continuing and changing financial pressures facing the Council. At the time of the audit, new processes were not sufficiently embedded to allow a higher level of assurance to be provided with complete confidence; however it is considered that the ongoing and planned changes will, over time considerably improve the Business Planning process and the controls within it.

Key changes include the introduction of the Savings Tracker to improve monitoring over the progress of planned savings. The audit identified that the Tracker has facilitated early identification of areas that are not performing to the expected level, but that implementing interventions to bring savings back on track or minimise the impact of under-performance against savings targets has proved more challenging. Discussions with budget holders indicated that several officers felt that the pressure to identify savings for inclusion in the 2016/17 Business Plan resulted in some savings targets being included without complete confidence that the amount stated was realistic; by the point of the audit actions had already been implemented to address this, with the introduction of the pipeline process and Business Cases for all proposals as part of the 2017/18 Business Planning process. This should ensure a greater level of scrutiny prior to inclusion in the Business Plan, however due to the mix of processes applied during the period of the review, it is difficult to draw firm conclusions over the effectiveness of the changes at this stage.

## B. ECONOMY, TRANSPORT & ENVIRONMENT

### B.1 Section 106

Under Section 106 of the Town and Country Planning Act 1990, the Council is able to partly offset the cost of providing and maintaining the County’s infrastructure by negotiating contributions from developers, in conjunction with District Councils. The agreed obligations of developers are then set out in Section 106 Agreements and may include monetary contributions.

Internal Audit conducted a review of Section 106 contributions. Based on the fieldwork completed, moderate assurance was awarded over the control environment for Section 106 contributions, and good assurance over compliance with the control environment. This represents an improvement from the previous audit, where moderate assurance was awarded over both areas. The primary finding of the review was that the ability of the team to work effectively has been constrained by problems with their primary database and information system, which is inadequate for the effective monitoring and tracking of Section 106 agreements; however the team has developed ways to work around the lack of functionality from their main system. The current contract for this system is due to end in September

2017, and it was agreed that the service would develop a business case for the new system, with the tender going live in August. Internal Audit also worked with the service to review the existing contract and recommend items to include in the new contract to provide more control over payment.

The service has a spreadsheet in place to work around the constraints in functionality of their electronic system, and improvements to this spreadsheet were put in place during the course of the audit. Further recommendations which were agreed from the audit included working to reinstate a system whereby Legal Services provided the team with a monthly list of finalised Section 106 agreements, and ensuring that Finance colleagues are always made aware of any revenue elements of Section 106 funding in their area.

# 5. OTHER AUDIT ACTIVITY

In addition to completing ongoing audit reviews, the Internal Audit team is conducting work in the following areas:

## 5.1 UPDATE TO THE AUDIT & ACCOUNTS COMMITTEE TERMS OF REFERENCE

Following approval by the Audit & Accounts Committee at their meeting in May, an updated terms of reference for the Audit & Accounts Committee, revised in line with best practice, was presented to the meeting of the Constitution and Ethics Committee on the 20th June. This revised document has been approved by the Committee and will be presented to Full Council in July.

## 5.2 CHANGES TO THE INTERNAL AUDIT PLAN

In the last quarter, the Internal Audit Plan has been re-assessed in line with current risks facing the organisation and updated accordingly, as part of the ongoing re-evaluation of the coverage required to give stakeholders an appropriate level of assurance; and to ensure resources are prioritised to the areas of highest risk.

**Other Risk-Based Audits 2017/18** As a result of the identification of additional areas requiring review, the contingency allowance of 50 days for other audits to be identified in year has been reduced by 14 days to accommodate the following additions to the Audit Plan:

- **Social Media Investigations Review** (+ 4 Days) – the Office of the Surveillance Commissioner (OSC) wrote to local authorities raising concerns about covert surveillance of social networking sites and the risk that officers may inadvertently breach the provisions of the Regulation of Investigatory Powers Act (RIPA) if they use social media as part of investigations, particularly relating to social care. The OSC recommended that all local authorities undertake an internal audit of their use of social media sites and the internet for investigative or official business. Given the need to comply with RIPA and the fact that OSC inspectors would be likely to focus on this issue in the event that they did announce an inspection of Cambridgeshire County Council, a short audit review of this area has been added to the Internal Audit Plan for 2017/18.

- **Capital Programme Assurance** (+ 3 Days) – Towards the end of the previous financial year, the Audit & Accounts Committee requested Internal Audit to provide assurance by sampling a number of projects in the Capital Programme and reviewing project management arrangements. As there was not sufficient time available to complete this review in the previous year, a small allowance of time to finish the work has been added to the Plan for 2017/18.

- **Use of Consultants** (+ 7 Days) – Towards the end of the previous financial year, Internal Audit were requested to provide assurance by reviewing a number of consultancy contracts from the past year. As there was not sufficient time available to complete this review in the previous year, a small allowance of time to finish the work has been added to the Plan for 2017/18.

**Other Grants to Be Identified** – This contingency time budget for grant reviews has been reduced by seven days, as Internal Audit have now been made aware of two grants requiring review and certification by audit in 2017/18:

- **Disabled Facilities Grant** (+ 3 Days)
- **Section 31 Grant** (+ 4 Days)

## 5.3 UPDATE ON THE INTERNAL AUDIT PLAN

**Community Transport Investigation** (70 days) - Internal Audit has been assisting in an investigation into community transport, conducting investigative work and providing information to the police and external investigative firm. The high amount of time spent on this investigation reflects both the amount and complexity of information being requested, and the difficulties in accessing information.

At present, the time spent on this investigation is being managed within the authority’s budget of 125 days for fraud investigations in 2017/18. This represents a significant pressure on this time budget, and if further reports of suspected fraud are received by the team in line with the pattern experienced in previous years, it is likely that towards the end of the year, a reduction in the number of audits within the 2017/18 Audit Plan would be required in order to resource further pieces of investigation work.

**ERP Gold** – The Internal Audit Plan for 2017/18 included a piece of work to test the IT controls within the new ERP system. In response to a request from management the timing of this job has been brought forward and the scope changes to cover a review of the design of the controls within the modules of the new system. When drafted, the Internal Audit plan estimated the resources needed to audit this new system throughout 17/18 on the basis of it being live April 2017. With the live date now September 2017, additional pressures arise to audit the project, the old system and the new system. The additional pressure is being kept under review.

## 5.4 PROPOSED ADDITIONS TO THE INTERNAL AUDIT PLAN

**Members Travel & Subsistence** – At the March meeting of the Audit & Accounts Committee, Internal Audit was requested to undertake a review of elected members' compliance with the travel and subsistence scheme. It is estimated that this review would take 15 days. It is proposed that this will be added to the Internal Audit Plan, which will reduce the Other Risk Based Audits contingency budget to 21 days.

**Delayed Transfers of Care -** At the March meeting of the Audit and Accounts Committee, Internal Audit was requested by the Committee to investigate the possibilities for an internal audit review of delayed transfers of care (DTOCs, also known as delayed discharges), with a focus on the possibility of conducting a review across organisations involved in delayed transfers of care, to improve performance.

Discussions to explore the possibilities for a review were held with the relevant Head of Service, Service Director and the Senior Business Intelligence Analyst who reports on DTOCs. Delayed Transfers of Care are an area which has received a lot of focus within the Council. A key issue for the county council is local system capacity to discharge patients who require ongoing social care, and a number of projects are currently underway to address this, such as working to increase care home capacity in the county, and a proposed project with the NHS to increase reablement capacity. The Council's home care contract is also being re-tendered to enable new models of care, working with the Clinical Commissioning Group.

There is also a significant amount of oversight and review of DTOCs and the systems around transfers of care on an ongoing, business-as-usual basis. Each week, hospitals produce reports which are shared through operational channels following the formal weekly multi-disciplinary meeting to agree performance data. These reports give details of who is delayed where and why. The Business Intelligence team is currently working to develop more formal circulation of these weekly reports to social care teams and managers.

Performance measures on DTOCs are reported to the Adults Committee and the Health Committee on a regular basis as part of the Finance & Performance reporting, and review of the minutes of these meetings demonstrates that this is an area which is regularly discussed and reviewed by members. The Business

Intelligence team produce a monthly dashboard, which shows delays by hospital and reason for delay, which is circulated across the service including Directors, Heads of Service and locality team managers. It is also available to members of the Adults Committee and other interested members. This is based on national data collected and published by the NHS, and includes the past three years' worth of data, so that trends over time can be monitored.

Given the high levels of review in this area both within the Peoples & Communities directorate, by Finance and the Business Intelligence service, and by Councillors, an internal audit review would not be likely to add any value or provide additional assurance. It is therefore recommended that this review is not added to the Internal Audit Plan.

*APPENDIX A*

# *CCC INTERNAL AUDIT PLAN 2017/18*

| Audit Title | Status | Quarter Opened | Quarter Closed |
|---|---|---|---|
| Other Risk-Based Audits 17-18 (Contingency) | Ongoing | N/A | N/A |
| **Cross-Cutting and Council Wide Audit** | | | |
| Agency Staff Compliance 17-18 | Not started | 2 | |
| European Union (EU) Procurement Regulations - Compliance 17-18 | Not started | 2 | |
| Review of Procurement - Compliance 17-18 - Q1 | Open | 1 | |
| Review of Procurement - Compliance 17-18 - Q3 | Not started | 3 | |
| Overtime & Enhancements in CFA 17-18 | Open | 1 | |
| Procurement Exemptions Compliance 17-18 | Not started | 3 | |
| Unannounced Visits - Compliance 17-18 | Open | 1 | |
| Projects Assurance 17-18 Central Code | Open | 1 | |
| Project Assurance – Looked after Children (LAC) Property Project | Open | 1 | |
| Project Assurance - MOSAIC | Open | 1 | |
| Project Assurance - Energy Efficiency Fund | Open | 1 | |
| Project Assurance - Citizen First, Digital First | Open | 1 | |
| Project Management Methodologies 17-18 | Open | 1 | |
| Use of Consultants 17-18 | Open | 1 | |
| Social Media Audit 17 - 18 Cambs County Council (CCC) | Open | 1 | |
| Scheme of Delegation - Compliance 17-18 | Draft | 1 | |
| Capital Programme Assurance | Draft | 1 | |
| Capital Programme Board 17-18 | Open | 1 | |
| Commercial Board | Open | 1 | |
| Key Performance Indicators 17-18 | Not started | 2 | |
| Transformation Programme | Ongoing | All year | N/A |
| Fees and Charges Policy & Compliance 17-18 | Not started | 2 | |
| Property Portfolio Development Project | Ongoing | All year | N/A |
| Ethics Policies & Compliance 17-18 | Not started | 2 | |
| Whistleblowing Policy & Compliance 17-18 | Open | 1 | |

| | | | |
|---|---|---|---|
| **People & Communities Directorate** | | | |
| Governance of Financial Assessments | Open | 1 | |
| Traded Services - Cost Recovery | Not started | 2 | |
| Deprivation of Liberty-Mental Capacity Act (DoLS-MCA) 17-18 | Not started | 2 | |
| Safe Recruitment | Open | 1 | |
| Multi Agency Safeguarding Hub (MASH) 17-18 | Not started | 3 | |
| Joint Safeguarding Board Arrangements 17-18 | Not started | 3 | |
| Deputyships 17-18 | Not started | 2 | |
| Direct Payments - Compliance 17-18 | Not started | 2 | |
| Children, Families and Adults (CFA) Contract Audit 17-18 | Not started | 3 | |
| Troubled Families Grant 17-18 | Ongoing | All year | N/A |
| Commissioning Board 17-18 | Not started | 1 | |
| Schools Payroll & Safe Recruitment 17-18 | Not started | 2 | |
| Disabled Facilities Grant 17-18 | Complete | 1 | |
| **Economy, Transport & Environment Directorate** | | | |
| Other Grants To Be Identified (Contingency) | Ongoing | All year | N/A |
| Section 106 & community Infrastructure Levy (CIL) 17-18 | Not started | 2 | |
| Highways Contract Management Arrangements 17-18 | Not started | 2 | |
| Highways Contract Open Book Reviews 17-18 | Ongoing | All year | N/A |
| Street Lighting Private Finance Initiative (PFI) 17-18 | Open | 1 | |
| Waste PFI Contract 17-18 | Not started | 2 | |
| Local Transport Capital Block Funding 17-18 | Open | 1 | |
| Local Growth Fund Grant (Growth Deal) 17-18 | Complete | 1 | 1 |
| Bus Services Operators Grant 17-18 | Open | 1 | |
| Pothole Action Fund 17-18 | Open | 1 | |
| Cycle City Phase II Grant 17-18 | Open | 2 | |
| Section 31 Grant | Complete | 1 | 1 |
| **Public Health and Customer Service & Transformation Directorates** | | | |
| Public Health Joint Commissioning Unit 17-18 | Not started | 4 | |
| Business Intelligence Continuity 17-18 | Open | 1 | |
| Corporate Capacity Review Outcomes 17-18 | Open | 1 | |

| | | | |
|---|---|---|---|
| **Key Financial Systems** | | | |
| Accounts Receivable 17-18 | Not started | 3 | |
| Purchase to Pay 17-18 | Not started | 3 | |
| Payroll 17-18 | Not started | 3 | |
| General Ledger 17-18 | Not started | 3 | |
| Bank Reconciliation | Not started | 3 | |
| Treasury Management 17-18 | Not started | 3 | |
| Financial Systems IT General Controls | Not started | 3 | |
| Risk Management Audit 17-18 | Not started | 2 | |
| Procurement Governance 17-18 | Not started | 2 | |
| CCC Debt Recovery 17-18 | Not started | 2 | |
| **Governance & Risk Management** | | | |
| Risk Management 17-18 | Ongoing | All year | N/A |
| Annual Governance Statement-Code of Corporate Governance 17-18 | Ongoing | All year | N/A |
| **Information Governance & IT Audit** | | | |
| Information Governance 17-18 | Not started | 2 | |
| Information Security 17-18 (CCC) | Not started | 4 | |
| Information Security Culture 17-18 (CCC) | Open | 1 | |
| ERP System IT Controls (CCC) 17-18 | Open | 3 | |
| Assurances from 3rd Parties 17-18 (CCC) | Not started | 2 | |
| Controls Review of Critical Systems 17-18 (CCC) | Not started | 4 | |
| Agresso Data Migration 17-18 (CCC) | Not started | 1 | |
| **Anti-Fraud and Corruption** | | | |
| Preventative & Pro-active Fraud Work 17-18 | Ongoing | All year | N/A |
| Fraud Investigations 17-18 | Ongoing | All year | N/A |
| Fraud Investigations (FACT) | Open | 1 | |
| CCC 17-18 Fraud - Initial Referrals | Ongoing | All year | N/A |
| Direct Payments - D. Investigation | Open | 1 | |
| National Fraud Initiative 17-18 | Ongoing | All year | N/A |
| **Other Planned Work** | | | |
| Advice & Guidance | Ongoing | All year | N/A |
| Freedom of Information Requests 17-18 | Ongoing | All year | N/A |
| Follow-Ups of Agreed Actions 17-18 | Ongoing | All year | N/A |
| Audit Plan 17-18 | Ongoing | All year | N/A |
| Committee Reporting 17-18 | Ongoing | All year | N/A |

*APPENDIX B*

# *Summary of Outstanding Recommendations*

| Audit | Risk level | Summary of Recommendation | Target Date | Status |
|---|---|---|---|---|
| **Debt Recovery** | M | **Payment Plans and Debt Collection Notes**<br>It was agreed that work would be undertaken to improve the recording of information against all debt written off or recovered, to ensure that there is an audit trail of action undertaken against each debt. Additionally, arrangements for Team Leaders to undertake period oversight and monitoring of debt collection activities undertaken and recorded will be put into place. | 30/4/17 | Guidance has been produced for staff working on debt recovery on effective use of notes. This has not yet been seen by Internal Audit.<br>**Awaiting evidence, to be provided by Credit Control Service Manager by end of July 2017.** |
| **Domiciliary Care** | M | **Centralised System for Monitoring Missed Calls**<br>Regular centralised monitoring of missed calls on AFM should be introduced, to identify any patterns. This should include cross-referencing to the Council's Soft Concerns Record. | 08/05/17 | The new Principal Social Worker who has been allocated responsibility for the improvements to the Soft Concerns Record started work in May 2017. As a result of her initial work it has been identified that the database requires some IT development work to deliver the improvements required. A plan for this work, including timescales and input from IT colleagues, will be completed by the 31st July.<br>**Next update due: 31st July 2017.** |
| | M | **Use of the Soft Concerns Record**<br>The Soft Concerns Record (SCR) should be used to log complaints from all service users, including self-funders. An SCR category for missed/short/late calls should be introduced. | 08/05/17 | |
| **Replacement of AIS system (MOSAIC Project)** | M | **Governance Arrangements and Benefits**<br>Complete the final versions of the Business Case, Project Initiation Document and Terms of Reference for the Project Board, and have these signed off by the Project Board. Include the expected benefits of the project, defined in a way that is measurable and | 31/03/17 | Since this audit was completed, the Mosaic project has been re-scoped and effectively started again. A new project manager is now in place who is looking at how best the system can work for the Council. The implementation of the project has also been deferred, meaning that 'go live' |

| | | | | |
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| | | with expected timescales. | | dates are not currently set.<br>Given the significant changes that have taken place, Internal Audit need to meet with the project team is required to identify whether these recommendations are still relevant to the project.<br>**Internal Audit to meet with the service 13th July 2017 to discuss.** |
| | M | **Ongoing Contract Monitoring**<br>It was agreed that the project would develop a plan for ongoing contract monitoring, to include who is responsible for it and how often it will take place (including how this will be managed once the project moves into business as usual) in accordance with the Council's Contract Procedure Rules. | 31/05/17 | |
| | M | **Service Level Agreement with IT**<br>It was agreed that arrangements would be finalised for the support to be received from LGSS IT once Mosaic is live. As this will be a business-critical system, an SLA needs to be in place with LGSS IT which details the support to be provided, timescales and arrangements for fixing system issues, and to define the responsibilities of the supplier and LGSS IT. | 31/05/17 | |
| **Client Contributions** | M | **Charging of Client Contributions (1)**<br>Regular and frequent checks should be undertaken between the SWIFT and AFM systems to identify any service users who have been assessed for contributions where no collection is taking place. A report will be run to investigate the reason why SWIFT has not been set to bill and identify what further action should take place. | 30/04/17 | A quarterly process will be undertaken to reconcile commitments with what has actually been billed. The process for quarter 1 will be completed this month.<br>**Revised target date: July 2017** |
| | M | **Charging of Client Contributions (3)**<br>Cross-checking will be undertaken between the AFM and ABACUS systems, to confirm that all full- | 30/04/17 | A meeting is being set up between the Finance and Financial & Benefits Assessments teams to reconcile data between AFM and ABACUS and |

| | | | | |
|---|---|---|---|---|
| | | cost service users are completely and correctly recorded. | | address any inconsistencies.<br>**Revised target date: July 2017** |
| | M | **Collection of Client Contributions**<br>Monitoring of the take-up of the direct debit payment method will be undertaken on a quarterly basis and reported as part of the Finance dashboard. | 30/04/17 | This has been delayed due to the resource requirements for ERP Gold and year end.<br>**Revised target date: September 2017** |
| | M | **Deferred Payment Agreements**<br>A management review process will be introduced to confirm that all deferred payment agreements are documented correctly. Five new deferred payment agreements will be selected every quarter to identify if they have been appropriately signed and dated. | 30/04/17 | There have only been eleven new applications since the Care Act, so in practice all are being checked. A new checking system has been implemented, but no new applications have been completed since then. Evidence will be provided when applications have been completed.<br>**Awaiting evidence – to be provided July 2017.** |
| | M | **Monitoring Deferred Payment Agreements**<br>A sample checking and verification system will be introduced to ensure that deferred payment agreements are managed appropriately, to enable the Council to protect its financial interests. This will involve sampling five cases every quarter to check that the statements/Abacus system/spreadsheet and spreadsheet information is all correct and in agreement. | 30/04/17 | The service is required by law to do annual reviews, so will incorporate this recommendation and review all cases annually rather than five per quarter. Detailed procedures for these checks are currently being produced.<br>**Revised target date: July 2017** |
| **Payment Methods** | M | **Digital Payment by default**<br>A Business Case will be taken to SMT outlining the | 30/09/16 | Work is ongoing within the Transformation Team to define priorities for applying the Citizen First, |

| | | | | |
|---|---|---|---|---|
| | | case for the Council to take the approach that digital payment should be the default option. | | Digital First approach. This work ties in with the reviews of traded services which is planned for July 2017 – March 2018.<br>**Awaiting revised date – to be determined with the Transformation Team July 2017.** |
| | M | **Services should apply to be transformed**<br>Once services are able to determine the total cost of transactions by payment method, there should be a clear prioritisation for transforming services, based on the anticipated savings from transformation. | 30/11/16 | |
| | M | **Lack of Budget Holder oversight of costs**<br>Once work to develop an understanding of the costs of processing transactions has been completed, consideration will be given as to whether the Council may benefit from a review of which traded services are charged payment processing costs, particularly given the increased shift towards trading in services. The methodology by which the costs of processing are charged out to services should be reviewed to confirm that it reflects the number/profile of transactions processed by the service. | 30/09/16 | Work has been undertaken by the Transformation Team during the first quarter of 2017/18 to ensure that all traded services have payment processing costs built into their budgets. Internal Audit has not yet seen evidence of how these costs are charged to budgets, which will enable the action to be confirmed as closed.<br>**Awaiting evidence – to be determined with the Transformation Team July 2017.** |
| **Information Governance Policies** | M | **Information Security Policies**<br>Representatives from the IT and Digital service will meet with staff from LGSS IT to ascertain: which information security policies are needed by CCC; which are currently in use; which have already been created by LGSS IT and can be adopted by CCC; and which still need to be created. An action plan should be created to ensure that policies are available to CCC staff within an appropriate time | 31/05/17 | LGSS IT has shared their list of policies in existence with the CCC IT and Digital Service, and a meeting between the IT and Digital Service and LGSS IT is scheduled for the second week in July. Following this, an action plan will be created for any policies which need to be adopted by CCC.<br>**Revised target date: July 2017** |

| | | | | |
|---|---|---|---|---|
| | | frame. | | |
| **Appointee-ships** | M | **Arrangements for Community-Based Appointeeships**<br>Develop and implement a new policy around whether the Council manages appointeeships for service users in the community, and how appointeeships are managed. | 31/03/17 | Guidance for Appointeeships has been drafted. It will be finalised and circulated by the end of July.<br>**Revised target date: July 2017** |
| **Ely Archives** | M | **Compliance**<br>Responsibility for ensuring compliance with policies and procedures rests with the Senior Responsible Owner (SRO) for each project. Programme Boards also have a role in monitoring and enforcing compliance for the projects which fall within their remit. A CLT workshop is planned in April, to map the responsibilities for this for projects across the organisation. | 31/05/17 | The Transformation Team is doing some work to define the roles and responsibilities of SROs and Corporate Leadership Team (CLT). Internal Audit is awaiting copies of the documentation created from these workshops, which will enable the action to be closed.<br>**Awaiting documentation.** |

| **Source Documents** | **Location** |
|---|---|
| None | |

**Agenda Item No. 10**

# INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST MAY 2017

| | | | |
|---|---|---|---|
| *To:* | **Audit & Accounts Committee** | | |
| *Date:* | **25th July 2017** | | |
| *From:* | **Chief Finance Officer** | | |
| *Electoral division(s):* | **All** | | |
| *Forward Plan ref:* | **N/A** | *Key decision:* | **N/A** |
| *Purpose:* | **To present financial and performance information to assess progress in delivering the Council's Business Plan.** | | |

*Recommendations:* **The committee is asked to note the following recommendations to General Purposes Committee on 25th July 2017:**

**a) Analyse resources and performance information and note any remedial action currently being taken and consider if any further remedial action is required.**

**b) Approve the changes to capital funding requirements as set out in Section 7.7.**

**c) Approve the demography virements set out in Section 8.1.**

**d) Approve the use of £54,200 from the General Fund to support a new Minerals and Waste Local Plan, as set out in Section 8.2.**

**e) Note the transfer in budget responsibility and reporting for Drug and Alcohol Treatment from Children, Families and Adults to Public Health set out in Section 8.3.**

**f) Consider and approve the proposals for the use of service reserves, as set out in Appendix 3.**

**g) Consider and approve the proposals for monitoring performance and risk in this report**

**h) Request Service Committees review performance indicators and risks to align with the outcome focused approach set out in this report.**

| | ***Officer contact:*** |
|---|---|
| Name: | Tom Kelly |
| Post: | Head of Finance |
| Email: | Tom.Kelly@cambridgeshire.gov.uk |
| Tel: | 01223 703599 |

## 1. PURPOSE

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

## 2. OVERVIEW

2.1 The following table provides a snapshot of the Authority's forecast performance at year-end by value, RAG (Red, Amber, Green) status and direction of travel (DoT).

| **Area** | **Measure** | **Forecast Year End Position (April)** | **Forecast Year End Position (May)** | **Current Status** | **DoT** (up is improving) |
|---|---|---|---|---|---|
| Revenue Budget | Variance (£m) | - | +£2.1m | Amber | - |
| Basket Key Performance Indicators | Number at target (%) | - | - | - | - |
| Capital Programme | Variance (£m) | - | £0m | Green | - |
| Balance Sheet Health | Net borrowing activity (£m) | £466m | £466m | Green | - |

2.2 The key issues included in the summary analysis are:

- The overall revenue budget position is showing a forecast year-end overspend of +£2.1m (+0.6%); this is largely within Children, Families and Adults (CFA), which is reporting a +£2.0m (+0.9%) overspend. See section 3 for details.

- The Capital Programme is forecasting a balanced budget at year end. This includes use of the capital programme variations budget. See section 6 for details.

- Balance Sheet Health: the original forecast net borrowing position for 31st March 2018, as set out in the Treasury Management Strategy Statement (TMSS) is £466m. At this early stage in the financial year the full year projection is still as set out in the TMSS at £466m.

- Key Performance Indicators: GPC discussed the approach to performance management on 22nd June and agreed a new approach, the details of which have been set out in this report.

- Risk: GPC also discussed the approach to monitoring and managing risk, and agreed a new approach, the details of which have been set out in this report.

## 3. REVENUE BUDGET

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

*Forecast variances are presented on the basis that General Purposes Committee approves the virements proposed from the corporate demography budget to CFA (Looked After Children) and ETE (Waste).*

Key to abbreviations

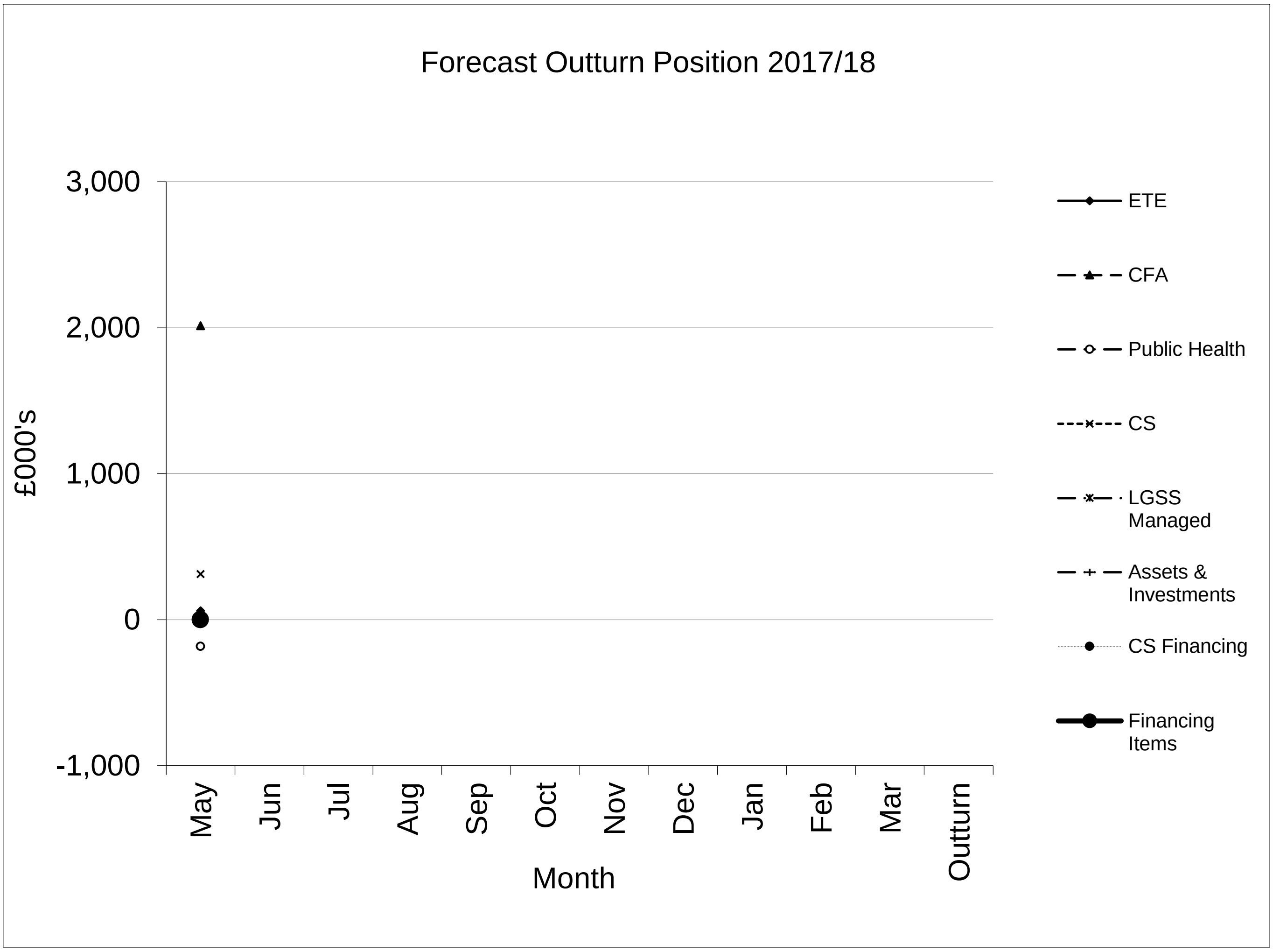
| | |
|---|---|
| ETE | – Economy, Transport and Environment |
| CFA | – Children, Families and Adults |
| CS Financing | – Corporate Services Financing |
| DoT | – Direction of Travel (up arrow means the position has improved since last month) |

| **Original Budget as per Business Plan £000** | **Service** | **Current Budget for 2017/18 £000** | **Forecast Variance (May) £000** | **Forecast Variance (May) %** | **Overall Status** |
|---|---|---|---|---|---|
| 38,682 | ETE | 38,396 | 62 | 0.2% | Green |
| 237,311 | CFA | 234,162 | 2,014 | 0.9% | Red |
| 200 | Public Health | 387 | 0 | 0.0% | Green |
| 15,542 | Corporate Services | 10,597 | 0 | 0.0% | Amber |
| 6,500 | LGSS Managed | 13,559 | 0 | 0.0% | Green |
| 2,702 | Commercial & Investment | 2,694 | 0 | 0.0% | Green |
| 22,803 | CS Financing | 22,803 | 0 | 0.0% | Green |
| **323,740** | **Service Net Spending** | **322,598** | **2,076** | **0.6%** | **Amber** |
| 24,377 | Financing Items | 24,432 | 0 | 0.0% | Green |
| **348,117** | **Total Net Spending** | **347,030** | **2,076** | **0.6%** | **Amber** |
| | **Memorandum items:** | | | | |
| 7,746 | LGSS Operational | 7,258 | 0 | 0.0% | Green |
| 212,873 | Schools | 212,873 | | | |
| **568,736** | **Total Spending 2017/18** | **567,161** | | | |

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

[2] For budget virements between Services throughout the year, please see Appendix 1.

[3] The budget of £387k stated for Public Health is its cash limit. In addition to this, Public Health has a budget of £26.0m from ring-fenced public health grant, which makes up its gross budget.



3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** +£0.062m (+0.2%) overspend is forecast at year-end.

There are no exceptions to forecast outturns to report this month. However, there is uncertainty around the forecast for the Waste PFI contract. From when the contract first started in 2008, the annual budget setting process was kept separate to the standard County Council approach. The budget flexed up or down annually depending on the relative performance of the Mechanical Biological Treatment (MBT) Plant and any pressures or flexibilities. In 2016/17, this approach changed, and the underlying pressure of £1.4m was not funded but “held” pending consideration of discussions with experts from DEFRA on possible savings. This underlying pressure rolled forward into 2017/18 so although there is a £5m of savings target across the next three years, the profile of these savings did not address the fact that there was an underlying pressure of £1.4m which limited the ability to achieve the savings target in the first year as the first savings only brought the budget back into balance.

Significant work is currently underway to model different levels of MBT performance and come to a view on the likely in-year financial position. At the same time, all budget holders across ETE are reviewing their budgets to identify if there are any areas of underspend (either one-off, which will help offset the waste pressure this financial year) or ongoing (which can be brought out in the Business Plan) which can be used to offset the pressure in waste. The overall financial position will be reported in the June Finance & Performance Report.

For full details see the ETE Finance & Performance Report.

3.2.2 **Children, Families and Adults:** +£2.014m (+0.9%) overspend is forecast at year-end.

| | **£m** | **%** |
|---|---|---|
| • **Strategic Management – Children & Families** – an overspend of +£1,087k is forecast for year-end. This is as a result of historic unfunded pressures with Children & Families Service which have not been able to be addressed through the Children's Change Programme (£1,008k), and additional one-off costs of managing the Children's Change Programme (£79k). The Children's Change Programme is however on course to deliver savings of £669k in 2017/18 and has managed £294k of previously unfunded pressures as part of that Programme.<br>Of the pressure reported this month, the key unfunded pressure is £706k spending on agency staff. Locum workers will always form part of the children's social care workforce – the actual levels of agency spend, based on 15% of the workforce, are in line with similar authorities. | +1.087 | (+43%) |
| • **Looked After Children Placements** – an overspend of +£273k is forecast for year-end. This is as a result of some previously planned savings targets now being considered undeliverable. There is a further underlying pressure on the LAC Placement budget of c.£2.9m currently. The forecast overspend assumes that £2.9m of the corporately held demography and demand budget will be allocated to the LAC Placement budget, subject to GPC approval, to assist with bringing the underlying pressure down to a more manageable level. | +0.273 | (+2%) |
| • **Adoption** – an overspend of +£300k is forecast for year-end due to an additional requirement of 20 adoptive placements over and above those covered by the existing contract. The forecast therefore incorporates a need to purchase inter agency placements to manage this requirement and ensure our children receive the best possible outcomes. The increase in adoptive placements is ensuring that the LAC placements pressure does not increase further. LAC numbers have stabilised, but have not decreased as a result of the extra adoptive placements; the combined number of adoptive and LAC placements has increased. | +0.300 | (+7%) |

- For full details see the CFA Finance & Performance Report.

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

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

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

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

3.2.7 **Commercial & Investment**: a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details see the C&I Finance & Performance Report.

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

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

## 4. SAVINGS TRACKER

4.1 The “Savings Tracker” report – a tool for summarising delivery of savings – will be made available for Members on a quarterly basis. The Savings Tracker as at mid-June is included as Appendix 8 to this report.

4.2 Within the tracker the forecast is shown against the original saving approved as part of the 2017-18 Business Planning process. Based on current forecasts the overall position is a £2,503k shortfall against plan. However, the expectation is that stretched targets for existing savings and additional savings identified within the funnel will support delivery of the overall £30,784k savings target. It is also important to note the relationship with the reported positon within this report. As pressures arise in-year, further mitigation and/or additional savings will be required to deliver a balanced positon.

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

| RED | | | AMBER | | | GREEN | | | Total Orginal | Total Variance |
|---|---|---|---|---|---|---|---|---|---|---|
| Number of Savings | Total Original Savings £000 | Total Variance £000 | Number of Savings | Total Original Savings £000 | Total Variance £000 | Number of Savings | Total Original Savings £000 | Total Variance £000 | | |
| | £000 | £000 | | £000 | £000 | | £000 | £000 | £000 | £000 |
| 16 | -4,297 | 2,346 | 3 | -1,410 | 137 | 92 | -25,077 | 20 | -30,784 | 2,503 |

## 5. KEY ACTIVITY DATA

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

## 6. PERFORMANCE AND RISK

6.1 GPC held two workshops in June 2017 to consider the approach to performance management in 2017/18. Members of GPC agreed to use the following performance management framework, in order to focus on performance against the key outcomes set out in the Business Plan:

- Service committees continue to have responsibility for monitoring work in their areas, using performance indicators set out in their Finance and Performance Reports. To avoid duplication of this role, GPC will not have a specific set of corporate key performance indicators.
- Service committees would report performance issues of concern to GPC, with a plan for addressing each issue.
- Performance indicators used by Service Committees would be grouped into outcome areas to allow GPC to have oversight of performance.
- GPC would also receive a programme of reports across the year, focused on performance in each outcome area. These reports will contain the latest available information on all performance indicators and contextual information for that outcome.

6.2 Appendix 6 shows the proposed new front page for this report, which presents the agreed performance information alongside finance and risk in an easy to understand graphical format. The pie charts show the status of all performance indicators, set against our outcomes that will be monitored by Service Committees, showing the proportion that are on, near or off target. This enables GPC to see the overall performance against each outcome at a glance. It also shows finance and activity information in summary form. Further explanation of the report is available in the appendix.

6.3 The pie charts show the indicators that Service Committees currently monitor. There is variation in what each Service Committee monitors, and some currently monitor annual and quarterly indicators as part of their monthly scorecards whilst others do not. For example, the indicators included in the ‘older people live well independently’ outcome do not currently contain annual indicators derived from the adult social care user survey, which are very important for understanding performance in this area. This means that the pie charts do not show a balanced overall picture of performance at this stage – they show proof of the concept only. It is therefore important that each Service Committee review the indicators they use in Finance and Performance Reports to monitor achievement of the Council’s outcomes. Business Intelligence will support to Service Committees to do this work.

6.4 As this performance framework is new, Service Committees have not identified exceptions to report to GPC in the current cycle of Finance and Performance reports. Service Committees should therefore identify exceptions and report to GPC in the next cycle of reports.

6.5 GPC has also reviewed the Corporate Risk Register in July 2017, a summary of which is included at Appendix 5. This will be presented as part of this report, to link up finance, performance and risk information in one report, enabling a joined up view. This will continue to be presented quarterly, as per the Risk Management Policy.

6.6 The review of the risk register used the following principles:

- Risks should be strategic;
- Risks should have a cross-Council scope;
- The number of risks should be manageable (10-15 appears to be a manageable number looking at practice in other authorities);
- The risks should not duplicate risks monitored by a single Service Committee (although they may aggregate them);
- Risks should be focused on the things that might stop the Council achieving its objectives.

6.7 This work has resulted in a draft list of 11 risks. There is substantial cross-over with the previous set of risks and to ensure continuity, information about results, controls, and actions have been carried over. Where individual risks have been removed by incorporating them into risks with a wider scope, key information about results, controls, impacts and vulnerabilities has been mapped to the new risks, again to ensure continuity. There are some new risks, and more work is needed to fully understand the control environment in these areas before a residual risk score can be allocated.

6.8 The Grace system also allows use of some new fields to support risk analysis and assessment, such as the adequacy of the control environment and any current vulnerabilities. More work is also needed to ensure these fields are fully utilised in the discussions about risks with SMT and GPC, and this will be developed over the next quarter and fully reported in Q2.

6.9 There are no current exceptions to report on the new risk register.

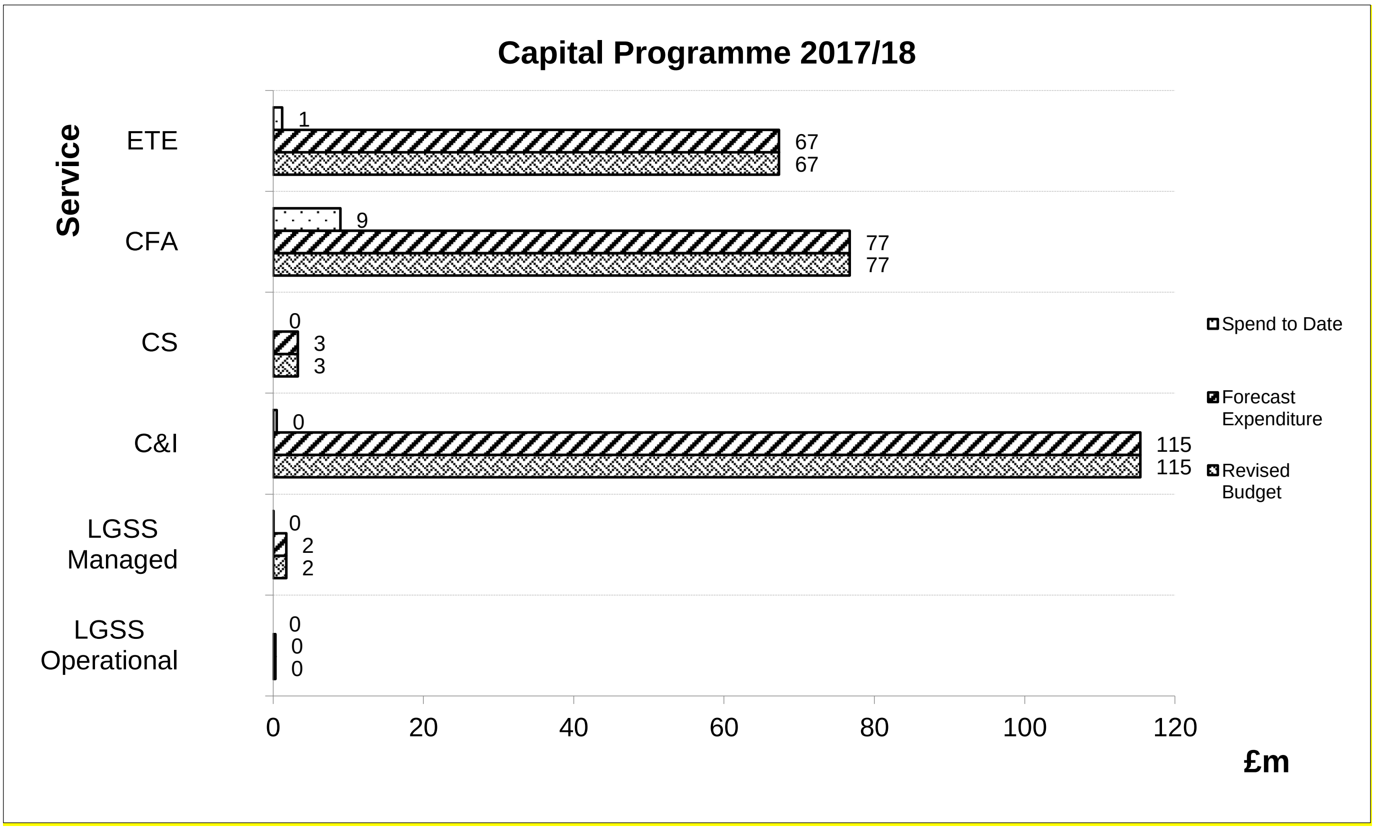
## 7. CAPITAL PROGRAMME

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

| 2017/18 | | | | | TOTAL SCHEME | |
|---|---|---|---|---|---|---|
| Original 2017/18 Budget as per Business Plan £000 | Service | Revised Budget for 2017/18 £000 | Forecast Variance - Outturn (May) £000 | Forecast Variance - Outturn (May) % | Total Scheme Revised Budget (May) £000 | Total Scheme Forecast Variance (May) £000 |
| 66,013 | ETE | 67,295 | - | 0.0% | 423,803 | - |
| 79,208 | CFA | 76,720 | -0 | 0.0% | 577,887 | -8,123 |
| 3,689 | CS & Transformation | 3,280 | - | 0.0% | 8,993 | - |
| 1,228 | LGSS Managed | 1,742 | - | 0.0% | 10,292 | - |
| 115,658 | C&I | 115,374 | - | 0.0% | 218,191 | - |
| 100 | LGSS Operational | 301 | - | 0.0% | 1,408 | - |
| **265,896** | **Total Spending** | **264,712** | **-0** | **0.0%** | **1,240,574** | **-8,123** |

**Notes:**

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



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

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

| 2017/18 | | | | | |
|---|---|---|---|---|---|
| **Service** | **Capital Programme Variations Budget £000** | **Forecast Variance - Outturn (May) £000** | **Capital Programme Variations Budget Used £000** | **Capital Programme Variations Budget Used %** | **Revised Forecast Variance - Outturn (May) £000** |
| ETE | -15,234 | 0 | 0 | 0.00% | 0 |
| CFA | -10,305 | -475 | 475 | 4.61% | -0 |
| CS & Transformation | -279 | 0 | 0 | 0.00% | 0 |
| LGSS Managed | -960 | -73 | 73 | 7.60% | 0 |
| C&I | -683 | 0 | 0 | 0.00% | 0 |
| LGSS Operational | -20 | 0 | 0 | 0.00% | 0 |
| **Total Spending** | **-27,481** | **-548** | **548** | **1.99%** | **-0** |

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

7.3.1 **Economy, Transport and Environment:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details see the ETE Finance & Performance Report.

7.3.2 **Children, Families and Adults:** a balanced budget is forecast at year-end.

| | £m | % |
|---|---|---|
| • **Basic Need – Primary** – an in-year underspend of -£0.9m is forecast. £419k of this is a total scheme underspend and is due to three schemes due to complete in 2017/18 not requiring their contingency budgets: Godmanchester Bridge (-£129k), Fordham Primary (-£152k) and Ermine Primary (-£139k). In addition, Meldreth Primary is forecasting slippage of £210k due to the scheme experiencing a delay of one month to the start on site. | -0.9 | (-2%) |
| • **Basic Need – Secondary** – a total scheme overspend of +£0.4m is forecast due to changes since the Business Plan was approved. This also causes an in-year overspend. Littleport Secondary and Special School has experienced a £426k increase in costs due to additional specialist equipment being required as part of the capital build. This is reflected in the total scheme forecast. | +0.4 | (+2%) |

| | | |
|---|---|---|
| • **CFA Capital Variation** – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. Therefore the net £0.5m underspend is balanced by use of the capital variation budget. | +0.5 | (+5%) |

- For full details see the CFA Finance & Performance Report.

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

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

7.3.5 **Commercial & Investment**: a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details see the C&I Finance & Performance Report.

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

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

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

7.4.2 **Children, Families and Adults:** a -£8.1m (-1%) total scheme underspend is forecast.

| | **£m** | **%** |
|---|---|---|
| **Basic Need – Primary** – a total scheme underspend of -£8.9m is forecast due to changes since the Business Plan was approved. These are in response to adjustments to development timescales and updated school capacity information. The following schemes have had cost variations since the 2017/18 business plan was published:<br>○ Clay Farm Primary (-£384k), The Shade, Soham (-£113k), Godmanchester Bridge (-£129k), Fordham Primary (-£152k) and Ermine primary (-£139k) as risk and contingency items not required.<br>○ Fulbourn Primary: +£1,215k as further planning has indicated the scope of the works has increased with associated costs.<br>○ Wyton Replacement School: +£2,773k as the scope of the scheme has increased to 1.5 form entry rather than 1 form entry to ensure school can respond to future demand for places; the previous scheme has been removed from the programme, see below. | -8.9 | (-3%) |

- Wyton New School: -£10m; this scheme is entirely linked to a large scale housing development and due to viability issues with the development it is not going ahead as originally planned within the timescales of the current capital plan. Thus the scheme has been removed from the plan. This will only impact on future years and not 2017/18.
- Melbourn Primary: +£281k due to an increase in the project scope including early year's provision.
- Morley Memorial: +£443k due to the revision of milestones which were originally set out in 2012.
- Fourfields Primary: -£2,300k as further analysis of need has identified that this scheme can be removed from the capital programme. This will only impact on future years and not 2017/18.

The 2017/18 effect of these changes is reflected in capital funding changes (section 6.6) and any effects on future years will be dealt with through the 2018/19 Business Planning process.

| | | |
|---|---|---|
| **Basic Need – Secondary** – a total scheme overspend of +£0.4m is forecast. Littleport Secondary and Special School has experienced a £426k increase in costs due to additional specialist equipment being required as part of the capital build. | +0.4 | (+0.2%) |
| **Basic Need – Early Years** – a total scheme overspend of +£0.6m is forecast. | +0.6 | (+11%) |
| **Adaptations** – a total scheme overspend of +£0.4m is forecast. Morley Memorial has experienced additional total scheme costs of £442k due to the revision of the project, which was initially costed in 2012. The additional requirements reflect the inflationary price increases and not a change to the scope of the scheme. | +0.4 | (+13%) |
| **Schools Managed Capital** – a total scheme underspend of -£0.6m is forecast as it is anticipated that funding will reduce by this, so the amount devolved to schools will reduce accordingly. | -0.6 | (-5%) |

For full details see the CFA Finance & Performance Report.

7.4.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report.

7.4.4 **LGSS Managed:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report.

7.4.5 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the CS & LGSS Finance & Performance Report.

7.4.6 **Commercial & Investment**: a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the C&I Finance & Performance Report.

7.5 A breakdown of the changes to funding has been identified in the table below.

| Funding Source | B'ness Plan Budget £m | Rolled Forward Funding[1] £m | Revised Phasing £m | Additional/ Reduction in Funding £m | Revised Budget £m | Outturn Funding £m | Funding Variance £m |
|---|---|---|---|---|---|---|---|
| **Department for Transport (DfT) Grant** | 20.5 | 2.4 | 8.0 | 4.2 | **35.0** | 35.0 | - |
| **Basic Need Grant** | 32.7 | - | - | - | **32.7** | 32.7 | - |
| **Capital Maintenance Grant** | 4.0 | - | 0.4 | - | **4.5** | 4.5 | - |
| **Devolved Formula Capital** | 1.1 | 0.8 | -0.1 | - | **1.8** | 1.8 | - |
| **Specific Grants** | 23.1 | 0.5 | -7.6 | - | **16.1** | 16.1 | - |
| **S106 Contributions & Community Infrastructure Levy** | 22.0 | 1.6 | -4.4 | - | **19.2** | 19.2 | - |
| **Capital Receipts** | 83.9 | - | - | - | **83.9** | 83.9 | - |
| **Other Contributions** | 15.1 | 0.4 | -4.8 | - | **10.7** | 10.7 | - |
| **Revenue Contributions** | - | - | - | - | **-** | - | - |
| **Prudential Borrowing** | 63.5 | 7.7 | -10.4 | - | **60.8** | 60.8 | -0.0 |
| **TOTAL** | **265.9** | **13.4** | **-18.8** | **4.2** | **264.7** | **264.7** | **-0.0** |

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

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

| Funding | Service | Amount (£m) | Reason for Change |
|---|---|---|---|
| Rolled Forward Funding | All Services | £13.4 | The Capital Programme Board has reviewed overspends and underspends at the end of 2016/17, and many of these are a result of changes to the timing of expenditure, rather than variations against total costs. As such, this funding is still required in 2017/18 to complete projects. Of the £13.4m funding to be carried forward, £7.7m relates to prudential borrowing, however as this only relates to a shift in funding |

| | | | |
|---|---|---|---|
| | | | of one year there is no significant impact on the Debt Charges budget as a result.<br><br>Further details are available in Appendix 7, which shows capital roll-forwards.<br><br>**General Purposes Committee is asked to approve the carry forward of £13.4m of funding to 2017/18 and beyond.** |
| Revised Phasing (capital programme variations budgets) | All Services | -£9.2 | In 2016/17 the Capital Programme Board recommended that a ‘Capital Programme Variations’ line be included for each Service, which effectively reduces the capital programme budget. Capital programme variations budgets were included in the 2017/18 Business Plan, but these have been revised for 2017/18 based on the average slippage for the previous three years and to take account of all sources of funding.<br><br>**General Purposes Committee is asked to approve the -£9.2m revised phasing of funding relating to changes in the capital programme variations budget.** |
| Revised Phasing | ETE | -£3.8 | The following schemes have been rephased resulting in the following changes to their 2017/18 funding requirement:<br>• King’s Dyke (-£5,667k)<br>• Guided Busway (-£1,000k)<br>• Ely Crossing (+£940k)<br>• Scheme development for Highways initiatives (+£1,000k)<br>• Investment in Connecting Cambridgeshire (+£627k)<br>• Delivering the Transport Strategy Aims (+£340k)<br>• Soham Station (+£259k)<br>• Roads including signs & lines (-£269k)<br><br>Other schemes below the de-minimus make up the difference.<br><br>**General Purposes Committee is asked to approve the -£3.8m rephasing of ETE’s funding for these schemes.** |

| | | | |
|---|---|---|---|
| Addition/Reduction in Funding (Prudential Borrowing) | CFA | -£5.8 | There have been some changes to schemes since the 2017/18 Business Plan was finalised.<br>The scope of the following schemes has changed, resulting in total scheme under/overspends therefore the following changes are required to 2017/18 funding:<br>• Clay Farm Primary, Cambridge (-£566k)<br>• Wyton Primary (+£2,189k)<br>• Fulbourn Phase 2 (+£415k)<br>• LA maintained EY provision (+£342k)<br>The following schemes have been rephased resulting in the following changes to their 2017/18 funding requirement:<br>• Ramnoth Primary, Wisbech (-£1,972k)<br>• Sawtry Infants (-£999k)<br>• Sawtry Junior (-£1,290k)<br>• St Ives Eastfield (-£280k)<br>• Histon Additional Places (-£1,617k)<br>• Gamlingay First School (+£1,100k)<br>• Southern Fringe, Cambridge (-£373k)<br>• Northstowe Secondary (-£2,376k)<br>• CFA Management Information System IT Infrastructure (-£250k)<br>Other schemes below the de-minimus make up the difference.<br>**General Purposes Committee is asked to approve the -£5.8m rephasing of CFA's funding for these schemes.** |
| Additional/Reduction in Funding (Specific Grants) | ETE | £2.9 | Cambridgeshire County Council has received £2.9m of grant funding from the DfT National Productivity Fund for the purpose of improving roads, cutting congestion and improving journey times on our roads.<br>**General Purposes Committee is asked to approve that the National Productivity Fund of £2.9m be allocated in full to ETE.** |
| Additional/Reduction in Funding (Specific Grants) | ETE | £1.2 | Cambridgeshire County Council has received £1.2m of grant funding from DfT for the purpose of permanently removing potholes, either through permanent patching repairs or preventative resurfacing works.<br>**General Purposes Committee is asked to approve that the Pothole Action Fund of** |

|  |  |  |  |
|---|---|---|---|
|  |  |  | **£1.2m be allocated in full to ETE to use for its intended purpose of removing potholes.** |

## 8. FUNDING CHANGES

8.1 As set out in the Scheme of Financial Management, GPC approval is required for any virement of budget between services exceeding £160k. The following virements therefore need approval from GPC:

Looked After Children (LAC) Demography

In the 2017/18 Business Planning process the corporate budget was setup on the basis that funding would be taken from the central demography budget when services demonstrate there has been an impact due to increasing demand, which cannot be contained within existing budget levels.

After budget changes agreed in the 2017-18 Business Plan, including a re-investment of £3m as well as further demography and savings, there is currently £14.4m available for LAC placements this year. Given patterns of expenditure and the fact that demand has continued to rise following the detailed consideration of the LAC budget in the Autumn, this budget remains insufficient to respond to the demand that is evident. There is currently budget available for the equivalent of 292 external placements, whereas there were actually 346 external placements in May. Thus a virement is required from the corporate demography budget to meet this pressure. The budgets stated in this report include the virement. Full details of this request are available in Appendix 4.

**General Purposes Committee is requested to allocate £2.913m from the corporate demography budget to Looked After Children placements in CFA.**

Waste Demography

In the 2017/18 Business Plan the financial impact of the predicted 1.4% population growth on service provision across the Council was held within Corporate Services, pending services demonstrating there has been an impact on their financial position due to population growth that cannot be contained within their revenue budget. Excluding the impact of the 2.02% increase in contract waste, which is mainly garden waste and the increase in volume last year was due to the seasonal weather impact on growing conditions, the residual waste increased by 2.10% which equates to a financial impact of £170K. Therefore £170k demand funding is required to fund the increased landfill tax costs and recycling credits. The budgets detailed in this report include this virement.

**General Purposes Committee is requested to allocate £170,000 from the corporate demography budget to ETE for Waste services.**

8.2 The following allocation for 2017/18 is under £160k, however GPC approval is requested as the total amount over all years will be £325k.

Minerals and Waste Local Plan

The County Council as a Mineral and Waste Planning Authority has a statutory duty to prepare and maintain a minerals and waste local plan. The current Plan has a horizon of just over 8 years left; and a local plan typically takes a minimum of 3 years to prepare. If work started on a new minerals and waste local plan this autumn, the plan would not be in place until the end of 2020. A plan which is not up to date poses the risk of increased challenges to decisions made on planning applications, and planning applications would be determined against national rather than the local planning policy.

It is proposed that the new Plan will be prepared with Peterborough City Council, building upon the long relationship of joint minerals and waste management planning. A detailed report is being considered by Economy & Environment Committee which identifies the following funding is required for this purpose.

| | |
|---|---|
| 2017/18 | £54,200 |
| 2018/19 | £108,300 |
| 2019/20 | £108,300 |
| 2020/21 | £54,200 |

**General Purposes Committee is asked to approve the use of £54,200 from the General Fund in this financial year; the funding for future years will be addressed through the Business Planning process.**

8.3 Although the following change in budget responsibility is about management responsibility only and does not constitute a virement as there is no change in purpose or outcomes for the funding as voted by Full Council, it is recorded in this report for the Committee to note.

Virement of Drug and Alcohol Treatment budgets

A new Cambridgeshire and Peterborough Public Health Joint Commissioning Unit (PHJCU) was created on 1st May 2017, following a restructure of public health commissioning functions in both Cambridgeshire County Council and Peterborough City Council. The PHJCU will maximise efficiencies and reduce duplication where similar commissioning work is being carried out by both Councils, and will seek to achieve best value through joint commissioning by the two Councils and, when appropriate, with Cambridgeshire and Peterborough Clinical Commissioning Group (CCG). The PHJCU is jointly led by the Cambridgeshire County Council Public Health Consultant (Health Improvement) and the Peterborough City Council Assistant Director of Commissioning.

Commissioning of drug and alcohol treatment services is one of the public health duties of the Council, and is funded through the national public health ring-fenced grant (£5,880k) and through CCC cash limit (£178k). Prior to the creation of the PHJCU, this function sat within Children Families and Adults, Enhanced and Preventive Services Directorate

(CFA-EP). Staff from the CFA-EP team involved in commissioning drug and alcohol services, have moved into the PHJCU following the restructure.

Therefore a virement is required to transfer the Drug and Alcohol Treatment budgets from the Children Families and Adults Executive Directorate to the Public Health Directorate. The budgets will still be used for the same purpose and will be managed by staff in the new Public Health Joint Commissioning Unit, which is responsible for drug and alcohol treatment contracts. The total value of the Drug and Alcohol Treatment budgets to be vired is £5,880k funded from the ringfenced public health grant plus £178k funded from CCC cash limit (£6,058k gross). The budgets stated in this report include this virement.

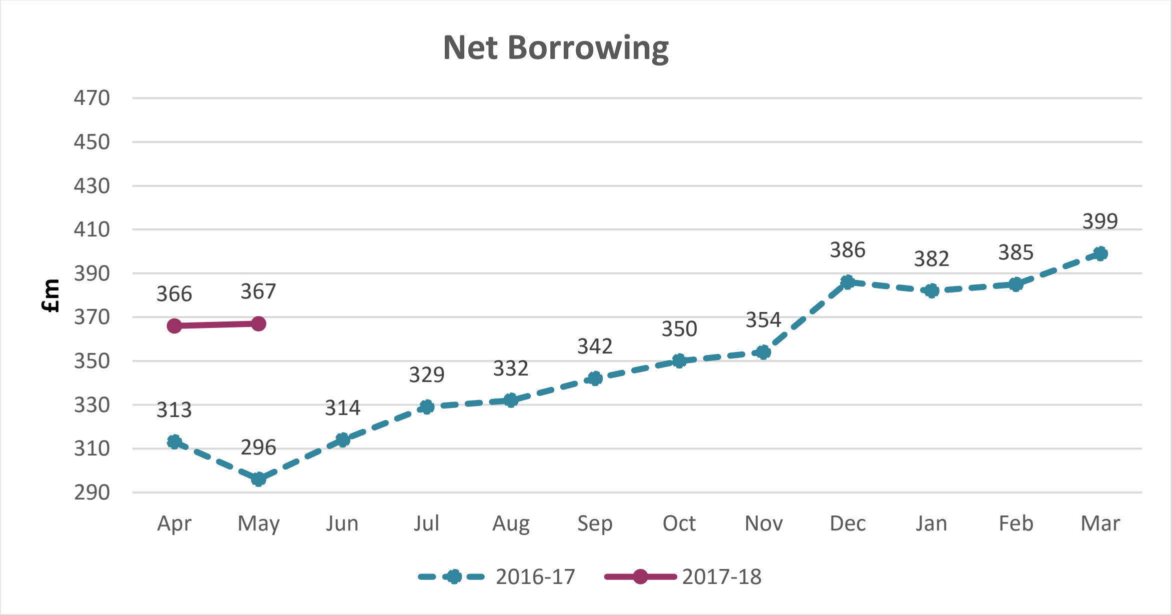
**General Purposes Committee is asked to note the transfer in budget responsibility and reporting for Drug and Alcohol Treatment from CFA to Public Health.**

## 9. BALANCE SHEET

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

| **Measure** | **Year End Target** | **Actual as at the end of May** |
|---|---|---|
| Level of debt outstanding (owed to the council) – 4-6 months, £m | £0.4m | £0.8m |
| Level of debt outstanding (owed to the council) – >6 months, £m | £1.0m | £2.3m |
| Invoices paid by due date (or sooner) | 97.6% | 99.5% |

9.2 The graph below shows net borrowing (investments less borrowings) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of May 17 were £47.17m (excluding 3$^{rd}$ party loans) and gross borrowing was £414.0m.



9.3 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2017-18 TMSS was set in February 2017, it was anticipated that net borrowing would reach £466m at the end of this financial year. Net borrowing at the beginning of this year (£399m) started at a lower base than originally set out in the TMSS (£466m). This is to be reviewed as the year progresses and more information is gathered to establish the full year final position.

9.4 From a strategic perspective, the Council is currently reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances and undertaking shorter term borrowing which could potentially generate savings subject to an assessment of the interest rate risks involved.

9.5 Although there is link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including, interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.

9.5 The Council's cash flow profile varies considerably during the year as payrolls and payment to suppliers are made, and grants and income are received. Cash flow at the beginning of the year is typically stronger than at the end of the year as many grants are received in advance.

9.6 Further detail around the Treasury Management activities can be found in the latest Treasury Management Report.

9.7 A schedule of the Council's reserves and provisions can be found in appendix 2.

## 10. ALIGNMENT WITH CORPORATE PRIORITIES

### 10.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

### 10.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 10.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 11. SIGNIFICANT IMPLICATIONS

### 11.1 Resource Implications

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

### 11.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

### 11.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

### 11.4 Equality and Diversity Implications

There are no significant implications within this category.

### 11.5 Engagement and Consultation Implications

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

### 11.6 Localism and Local Member Involvement

There are no significant implications within this category.

### 11.7 Public Health Implications

There are no significant implications within this category.

| **Implications** | **Officer Clearance** |
|---|---|
| | |
| **Have the resource implications been cleared by Finance?** | Yes<br>Name of Financial Officer: Chris Malyon |
| | |
| **Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?** | No<br>Name of Legal Officer: Not applicable |
| | |
| **Has the impact on Statutory, Legal and Risk implications been cleared by LGSS Law?** | No<br>Name of Legal Officer: Not applicable |
| | |
| **Have the equality and diversity implications been cleared by your Service Contact?** | No<br>Name of Officer: Not applicable |

| | |
|---|---|
| **Have any engagement and communication implications been cleared by Communications?** | No<br>Name of Officer: Not applicable |
| | |
| **Have any localism and Local Member involvement issues been cleared by your Service Contact?** | No<br>Name of Officer: Not applicable |
| | |
| **Have any Public Health implications been cleared by Public Health** | No<br>Name of Officer: Not applicable |

| **Source Documents** | **Location** |
|---|---|
| ETE Finance & Performance Report (May 17)<br>CFA Finance & Performance Report (May 17)<br>PH Finance & Performance Report (May 17)<br>CS and LGSS Cambridge Office Finance & Performance Report (May 17)<br>C&I Finance & Performance Report (May 17)<br>Performance Management Report & Corporate Scorecard (May 17)<br>Capital Monitoring Report (May 17)<br>Report on Debt Outstanding (May 17)<br>Payment Performance Report (May 17) | 1st Floor,<br>Octagon,<br>Shire Hall,<br>Cambridge |

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

| | **CFA** | **Public Health** | **ETE** | **CS Financing** | **Corporate Services** | **LGSS Managed** | **C&I** | **LGSS Op** | **Financing Items** |
|---|---|---|---|---|---|---|---|---|---|
| | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| Opening Cash Limits as per Business Plan | 237,311 | 200 | 38,682 | 22,803 | 15,542 | 6,500 | 2,702 | 7,746 | 3,915 |
| Post BP adjustments | -292 | | -18 | | -69 | 521 | | -142 | |
| Apprenticeship Levy | 335 | 8 | 61 | | -454 | 4 | 5 | 40 | |
| Transfer Digital Strategy budget to CS - CCR | -1,286 | | | | 1,286 | | | | |
| Transfer Strengthening Communities budget to CS - CCR1 | | | -367 | | 367 | | | | |
| Property demerger from LGSS and rationalisation of property services | | | 90 | | | -7 | | -84 | |
| Organisational structure review | -293 | | | | 293 | | | | |
| Transfer budget for Court of Protection team to CS | -52 | | | | | | | 52 | |
| Transfer surplus NHB funding from City Deal | | | | | -256 | | | | 256 |
| Transfer budget from reablement for In Touch maintenance | -10 | | | | 10 | | | | |
| Allocation of inflation to Waste budget | | | 200 | | | | | | -200 |
| Drug and Alcohol Treatment service transfer to PH | -178 | 178 | | | | | | | |
| **Current budget** | **235,534** | **386** | **38,648** | **22,803** | **16,720** | **7,019** | **2,707** | **7,613** | **3,971** |
| Rounding | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

## APPENDIX 2 – Reserves and Provisions

| Fund Description | Balance at 31 March 2017 | 2017-18 | | Forecast Balance 31 March 2018 | Notes |
|---|---|---|---|---|---|
| | | Movements in 2017-18 | Balance at 31 May 17 | | |
| | £000s | £000s | £000s | £000s | |
| **General Reserves** | | | | | |
| **- County Fund Balance** | 15,808 | 1,453 | 17,261 | 14,873 | |
| **- Services** | | | | | Service reserve balances transferred to General Fund after review |
| 1 CFA | 540 | -540 | 0 | 0 | |
| 2 ETE | 2,229 | -2,229 | 0 | 0 | |
| 3 CS | -64 | 64 | 0 | 0 | |
| 4 LGSS Operational | 609 | 0 | 609 | 609 | |
| subtotal | 20,162 | -1,252 | 17,870 | 15,482 | |
| **Earmarked** | | | | | |
| **- Specific Reserves** | | | | | |
| 5 Insurance | 3,269 | 0 | 3,269 | 3,269 | |
| subtotal | 3,269 | 0 | 3,269 | 3,269 | |
| **- Equipment Reserves** | | | | | |
| 6 CFA | 859 | 0 | 859 | 809 | |
| 7 ETE | 218 | 0 | 218 | 218 | |
| 8 CS | 57 | 0 | 57 | 57 | |
| subtotal | 1,134 | 0 | 1,134 | 1,084 | |
| **Other Earmarked Funds** | | | | | |
| 9 CFA | 1,289 | 249 | 1,538 | 552 | |
| 10 PH | 2,960 | 0 | 2,960 | 2,135 | |
| 11 ETE | 6,003 | 562 | 6,565 | 4,883 | Includes liquidated damages in respect of the Guided Busway - current balance £1.5m. |
| 12 CS | 2,656 | 0 | 2,656 | 2,656 | |
| 13 LGSS Managed | 146 | 0 | 146 | 146 | |
| 14 C&I | 362 | 0 | 362 | 362 | |
| 15 Transformation Fund | 19,525 | 0 | 19,525 | 11,641 | Savings realised through change in MRP policy |
| 16 Innovation Fund | 1,000 | 0 | 1,000 | 1,000 | |
| subtotal | 32,901 | 811 | 33,752 | 22,375 | |
| | | | | | |
| **SUB TOTAL** | **57,465** | **-441** | **56,025** | **42,210** | |
| | | | | | |
| **Capital Reserves** | | | | | |
| **- Services** | | | | | |
| 17 CFA | 1,827 | 12,674 | 14,501 | 0 | |
| 18 ETE | 7,274 | 18,206 | 25,480 | 5,200 | |
| 19 LGSS Managed | 72 | 0 | 72 | 72 | |
| 20 C&I | 0 | 6 | 6 | 6 | |
| 21 Corporate | 29,782 | 348 | 30,130 | 10,901 | Section 106 and Community Infrastructure Levy balances. |
| subtotal | 39,343 | 31,234 | 70,189 | 16,179 | |
| | | | | | |
| **GRAND TOTAL** | **96,808** | **30,793** | **126,213** | **58,388** | |

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

| Fund Description | Balance at 31 March 2017 | 2017-18 | | Forecast Balance 31 March 2018 | Notes |
|---|---|---|---|---|---|
| | | Movements in 2017-18 | Balance at 31 May 17 | | |
| | £000s | £000s | £000s | £000s | |
| **- Short Term Provisions** | | | | | |
| 1 ETE | 669 | 0 | 669 | 0 | |
| 2 CFA | 200 | 0 | 200 | 0 | |
| 3 CS | 64 | 0 | 64 | 64 | |
| 4 LGSS Managed | 3,056 | 0 | 3,056 | 3,056 | |
| 5 C&I | 24 | 0 | 24 | 24 | |
| subtotal | 4,013 | 0 | 4,013 | 3,144 | |
| **- Long Term Provisions** | | | | | |
| 6 LGSS Managed | 3,613 | 0 | 3,613 | 3,613 | |
| subtotal | 3,613 | 0 | 3,613 | 3,613 | |
| | | | | | |
| **GRAND TOTAL** | **7,626** | **0** | **7,626** | **6,757** | |
| | | | | | |

# APPENDIX 3 – PROPOSED CARRY-FORWARD OF EARMARKED RESERVES

## CFA

| Proposal Title | Opening Balance 2016/17 £'000 | Amount Required in 2017/18 £'000 | Type | Notes / Changes |
|---|---|---|---|---|
| **Strategy & Commissioning** | | | | |
| Reduce the cost of home to school transport | £60 | **£60** | Continuation of funds agreed for use in 2016/17 | Independent travel training for children with SEND. An independent travel training scheme to work with young people with SEND so they can develop skills to travel independently post-16. This project was delayed due to a lack of capacity in 2016/17 and will now take place during 2017/18. |
| Prevent children and young people becoming Looked After | £57 | **£25** | Continuation of funds agreed for use in 2016/17 | Re-tendering of supporting people contracts, funding is being used to fund a fixed term post which continues into 2017/18. |
| **Learning** | | | | |
| ESLAC Support for children on edge of care | £50 | **£36** | Continuation of funds agreed for use in 2016/17 | Children in Need Support Worker continuing into 2017/18 (funding of a fixed term post). |
| **Adult Social Care** | | | | |
| Capacity in ASC procurement & contracts | £225 | **£143** | Continuation of funds agreed for use in 2016/17 | Funding for staff employed in the Procurement and Contracts Team to be used for contract rationalisation and review. Amount required going forward into 2017/18. |
| **Older People & Mental Health** | | | | |
| Homecare Development | £62 | **£22** | Continuation of funds agreed for use in 2016/17 | Roleholder in post and continuing into 2017/18, taking forward proposals that emerged from the home care summit. |
| Falls prevention | £44 | **£44** | Continuation of funds agreed for use in 2016/17 | Funding required to meet contract costs as contract with provider continues into 2017/18 |
| Dementia Co-ordinator | £35 | **£13** | Continuation of funds agreed for use in 2016/17 | Dementia co-ordinator post recruited to, but delayed implementation so post continuing into 2017/18. |
| Mindful / Resilient Together | £321 | **£188** | Continuation of funds agreed for use in 2016/17 | Programme of community mental health resilience work (spend has begun and is continuing over 3 financial years through a contract). |
| Brokerage function - extending to domiciliary care | £50 | **£35** | Continuation of funds agreed for use in 2016/17 | Additional resource for co-ordinating purchasing of domiciliary care. Project continuing into 2017/18. |

| **Proposal Title** | **Opening Balance 2016/17 £'000** | **Amount Required in 2017/18 £'000** | **Type** | **Notes / Changes** |
|---|---|---|---|---|
| Specialist Capacity: home care transformation / and extending affordable care home capacity | £70 | **£25** | Continuation of funds agreed for use in 2016/17 | Additional resource to support expansion of the availability of homecare. Project continuing into 2017/18. |
| **Cross-CFA schemes** | | | | |
| Develop 'traded' services | £57 | **£30** | Continuation of funds agreed for use in 2016/17 | To buy additional functionality into the Child Assessment System for Early Years. This will be a package that early Years providers can buy which will support them with managing their staff training, supervision and development. The implementation of this system has been delayed. |
| Reduce the cost of placements for Looked After Children | £184 | **£110** | Continuation of funds agreed for use in 2016/17 | Looked After Children Commissioning Strategy - funding for adaptation and refurbishment of a number of Council owned properties to increase the in-county accommodation strategy for children who are looked after. The building work is taking longer than anticipated and will continue into 2017/18. |
| Improve the recruitment and retention of Social Workers (these bids are cross-cutting for adults, older people and children and young people) | £188 | **£78** | Continuation of funds agreed for use in 2016/17 | Management of staff in item D (above) via LGSS People. Fixed Term and linked to our strategy to reduce agency spend in social work |
| **TOTAL CFA** | **£1,403** | **£809** | | |

## ETE

| Proposal Title | Opening Balance 2016/17 £'000 | Amount Required in 2017/18 £'000 | Type | Notes / Changes |
|---|---|---|---|---|
| Highways Records Digitisation | £45 | **£45** | Continuation of funds agreed for use in 2016/17 | This will complete the delivery of digitalisation of our highways asset records, improving efficiency and customer access to information. Currently approximately 2/3 complete. Planned work was not completed in 2016/17, but will continue into 2017/18. |
| **TOTAL ETE** | **£45** | £45 | | |

## APPENDIX 4 – LOOKED AFTER CHILDREN DEMOGRAPHY VIREMENT

### 1.0 BACKGROUND AND SUMMARY

1.1 After spending £16.52m in 2015-16, the Looked After Children (LAC) placement budget for 2016-17 was set at £12.51m. This proved to be an overly ambitious and unrealistic budget expectation, as demand actually increased rather than fell during 2016-17 with final spend totalling £16.66m. The budget expectation had been set on the basis of a strategy for reducing the numbers of looked after children.

- The strategy did not take account of national trends of the growth of looked after children which showed a 5% increase nationally during 2015/16.
- Whilst the objectives were in themselves sound, there had been insufficient activity and/or lead-in time to realise the ambition
- The numbers of children proposed to be removed from the system was neither desirable nor deliverable
- The budget had been gradually reduced since 2012 in the face of continued increases in numbers of looked after children

By May 2017, there were 688 Looked After Children in Cambridgeshire, the highest level for at least 5 years but in line with East of England average

1.2 After budget changes agreed for 2017-18, including a re-investment of £3m (A/R.4.021) as well as further demography and savings, there is currently £14.4m available for LAC placements this year. Given patterns of expenditure and that demand has continued to rise following the detailed consideration of the LAC budget in the Autumn, this budget remains insufficient to respond to the demand that is evident. There is currently budget available for the equivalent of 292 external placements, whereas there were actually 346 external placements in May.

1.3 **General Purposes Committee is requested to allocate £2.913m from the corporate demography budget to Looked After Children placements in Children's, Families & Adults Services.**

The corporate budget was setup on the basis that funding would be taken from the central contingency when services demonstrate there has been an impact due to increasing demand, which cannot be contained within existing budget levels. LAC placements is now clearly in that position.

1.4 This is intended as the final structural correction to the LAC placements budget by GPC outside of the normal business planning process, resolving the unsustainable budget reductions previously attempted. This is an appropriate allocation from the corporate demography budget as it reflects demand continuing to rise since detailed budget consideration took place.

1.5 Even after this allocation, the revised financial envelope for LAC placements is tight, and Children's, Families and Adults Services has accountability for:

- implementing demand management strategies so that expenditure does not continue to rise. LAC numbers have now reached a sustainable level, in comparison to neighbours for instance.
- delivering £1.7m in composition and commissioning savings (i.e. price rather than volume)

Achieving a balanced position through the above remains a key area of focus.

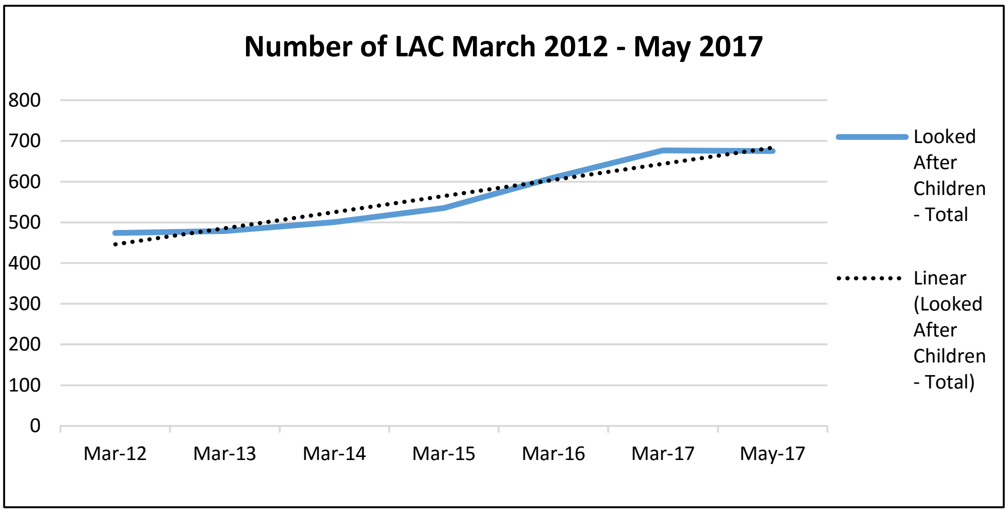
1.6 Whilst this paper focuses on the external spend on LAC placements, it must be noted however that other areas of Children's Social Care are facing continuing pressures linked to demand:

- Within the adoption budget there is a forecast pressure of £300k due to an additional requirement of 20 adoptive placements over and above those covered by our existing contract. The forecast is based on a need to purchase inter agency placements to manage this requirement and ensure our children receive the best possible outcomes and leave care for adoption in a timely way.
- Within Safeguarding and Standards there is pressure of £58k due to the need for an additional Independent Review Officer post necessary to manage current caseloads.
- Continuing expenditure is expected on an agency element of the workforce across children's services in order to provide safe staffing levels in response to demand. This is a further area in which the budget was set unsustainably low in the past.

These will continue to present as pressures during 2017-18, with CFA and the Council needing to seek mitigation more widely, with this addressed on a permanent basis through 2018-19 business planning.

## 2.0 RISING DEMAND

2.1 As previously reported to the Committee the LAC population within Cambridgeshire has been growing over the last 4-5 years, as shown in the graph below.



Source: ICS / CFA Metrics

2.2 As at 1st May 2017 the overall number of LAC had increased to a peak of 688, of which 66 were unaccompanied asylum seeking children (UASC).

| | 04/04/16 | 05/12/16 | 06/03/17 | 01/05/17 | 22/05/17 |
|---|---|---|---|---|---|
| Looked After Children - Total | 610 | 645 | 675 | 688 | 675 |
| LAC - Non UASC | 551 | 582 | 613 | 622 | 613 |
| LAC - UASC | 59 | 63 | 62 | 66 | 62 |

As the table above shows, the UASC number has remained reasonably stable over the last 12 months, whereas the number of non-UASC increased by 40, 7% between December 2016 and 1st May 2017. There are 31 more non-UASC LAC than in early December, the point at which the detailed business planning work had been undertaken for this area.

2.3 This is part of a more general trend of pressure on the children's social care budgets, with further pressure due to capacity issues both as a result of increasing LAC numbers (26% increase in past two years) and the continuing increase in child protection plans (82% increase in past two years). This virement request relates just to the cost of placements, but there are related issues around the funding of the children's social work delivered by through the Council's own workforce. This has been reviewed as part of the children's change programme, and will be further addressed in business planning for 2018-19.

2.4 As well as a continued overall increase in numbers, the demographic characteristics of our LAC population is changing, reflecting a sharper focus on intervention, children being younger and moving through the looked after children service in a more timely manner. Having an increasingly younger population, whose care pathways are progressed through the courts in a timely manner, indicates that services are acting more effectively. They remain challenged however by higher numbers of older children and young people that case audits reflect have experienced many years of intervention that has not been impactful on what is very often chronic neglect, alcohol abuse or mental health. These children's needs and behaviours are often complex and require an enhanced level of provision.

## 3.0 BUDGETARY POSITION

3.1 The table below shows the outturn position and total LAC population numbers at year-end for each of the previous 5 years.

| Financial Year | Total LAC Population No's. (at end of year) | Budget | Expenditure |
|---|---|---|---|
| | | £'000 | £'000 |
| 2012/13 | 479 | £16,781 | £15,903 |
| 2013/14 | 506 | £16,113 | £16,428 |
| 2014/15 | 535 | £15,579 | £17,119 |
| 2015/16 | 609 | £14,737 | £16,520 |
| 2016/17 | 674 | £12,512 | £16,664 |

The budget available in 2017/18 is £14.431m. Despite LAC numbers being higher than ever, this is £2m less than we have spent on LAC placements in recent years.

These figures show that despite significant increases in overall LAC numbers, actual levels of spend have not increased at the same rate. Essentially, although unit costs have been managed down, spend is forecast to be greater than budgeted simply because of the sheer volume.

3.2 The original budget of £14,431k for 2017/18 includes funding in recognition of £3,000k of structural underfunding and £2,070k of demography. These were offset by £1,490k of demand management savings and £1,698k composition savings resulting in a net budget of £2,233k less than the final 2016/17 outturn.

3.3 The table below shows the forecast positons for the LAC Placement budget as at 1st June 2017:

| **Forecast Position as at 01/06/2017** | **£'000** |
|---|---|
| Current Commitments (01/06/17) | £19,040 |
| Forecast growth for the period 29/05/17 – 31/03/18 | £1,492 |
| Demand Management Savings (target -£1,490k) | -£1,490 |
| Composition Savings (target -£1,698k) | -£1,425 |
| **Total Estimated Commitment** | **£17,617** |
| Available Budget | £14,431 |
| **Total Estimated Pressure** | **£3,186** |

3.4 Of the current forecast £3,186k pressure, £273k can be attributed to undeliverable composition savings. Mitigating actions to offset this element of the pressure include:

- Threshold and Resources Panel (TARP) to review requests and decisions for children to become looked after
- A creative care panel meets to agree alternative to care packages
- The joint housing protocol is being refreshed as we move into districts and we will look to the most effective way to ensure we meet the housing needs of 16/17 year olds.
- We continue to increase our numbers of in-house foster carers
- We are bringing CCC properties back into use with floating support to provide an increased range of supported accommodation.

- The Permanency Monitoring Group tracks children through care proceedings, Section 20, kinship, adoption and long term fostering until matched with carers and can predict and measure future needs.
- Development of a robust contract and Service Level Agreement with the mutualised Multi-systemic Treatment service to ensure that those most at risk of becoming looked after are suitably identified and offered a service
- Revision of the Placement Sufficiency Statement which sets out our need for placements and strategy for delivery.

3.5 The remaining £2,913k can be directly attributed to an increase in numbers and, as such, it is recommended that CYP Committee request a permanent allocation of this amount from the corporately held demography and demand budget (£3,400k). This would rebase the LAC placement budget to £17,344k, which more realistically aligns with levels of spend and increases in numbers over the last two financial years. Future years LAC demand requirements will be addressed through the 2018/19 Business Planning process.

3.6 This still assumes delivery of all demand management savings which is still challenging in the context of the local and national trends in respect of LAC numbers, but a number of strategies are in place such as:

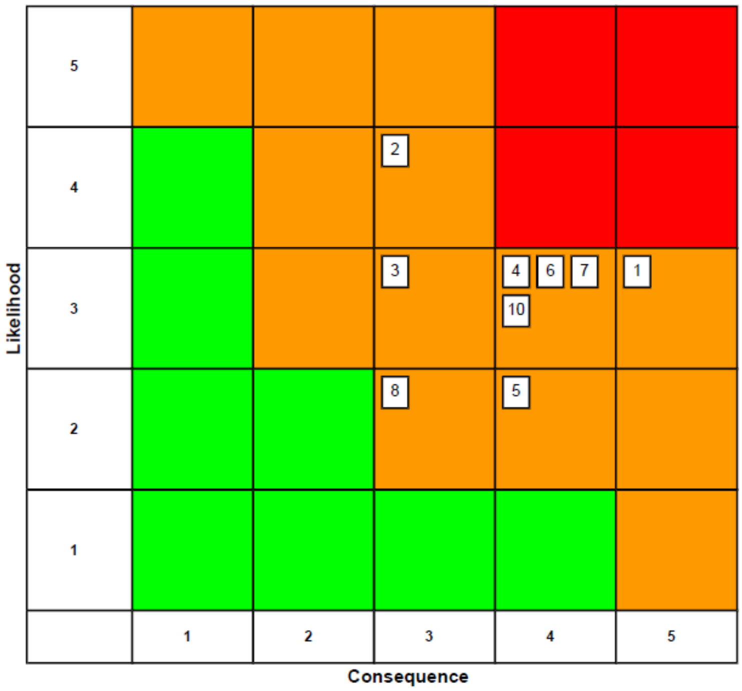
- Development of a ‘No Wrong Door’ model to bring together the residential home, specialist fostering placements, supported lodgings and supported accommodation, with outreach services under one management arrangement – this will enable rapid de-escalation of crisis situations in families preventing admissions to care, and delivery of holistic, creative team of support for young people with the most complex needs, improving outcomes for young people and preventing use of expensive externally-commissioned services
- Development of systemic family meeting model refocusing our practice in the social work units to ensure that all children and their families who are assessed as requiring a social work intervention are facilitated to identify sustainable support within their family network and community. Aligned closely with the principles of systemic family work, families will be supported by the social work unit to identify internal resources through the completion of a Family Safety Plan, which the family and professional network can utilise at times of crisis or need.
- Enhanced intervention service for children with disabilities – through a specialist team the number of children with disabilities placed in out of county residential homes will reduce, to enable children to safely live with their family and access education in their local area. Some children may become looked after but the team will work with others to sustain them in local services; avoiding out of area placement.

3.7 The LAC placement budget has been subject to significant savings targets in previous years and despite success in managing costs, demand has continued to increase at higher levels than forecast, giving rise to an underlying demographic pressure.

# APPENDIX 5 – SUMMARY RISK REGISTER

## CCC Dashboard Summary

*Entity: Cambridgeshire County Council, Risk Register open, Current Risk version, Risk is open*



| Risk # | Risk | Risk Owner | Residual Risk Level | Risk Appetite | Review Date |
|---|---|---|---|---|---|
| **Cambridgeshire County Council** | | | | | |
| 1 | 01. Vulnerable children or adults are harmed | Wendi Ogle-Welbourn | 15 | | 01/07/2017 |
| 2 | 02. The Business Plan (including budget and services) is not delivered | Chris Malyon | 12 | | 01/07/2017 |
| 3 | 03. Personal data is inappropriately accessed or shared | Sue Grace | 9 | | 01/07/2017 |
| 4 | 04. A serious incident prevents services from operating | Sue Grace | 12 | | 01/07/2017 |
| 5 | 05. The Council does not deliver its statutory or legislative obligations | Quentin Baker | 8 | | 01/07/2017 |
| 6 | 06. Our resources (human resources and business systems, CCC and providers) are not sufficient to meet business need | Gillian Beasley | 12 | | 01/07/2017 |
| 7 | 07. The infrastructure and services (e.g. transport, education, services for children, families and adults) required to meet the current and future needs of a population is not provided at the right time | Graham Hughes | 12 | | 01/07/2017 |
| 8 | 08. The Council is a victim of major fraud or corruption | Gillian Beasley | 6 | | 01/07/2017 |
| 9 | 09. Our partnerships are not successful in delivering the intended outcomes | Gillian Beasley | | | 01/07/2017 |
| 10 | 10. Inequalities in the county continues | Gillian Beasley | 12 | | 01/07/2017 |
| 11 | 11. Change and transformation of services is not successful | Chris Malyon | | | 01/07/2017 |

## APPENDIX 6 – PROPOSED NEW FRONT SHEET OF REPORT

1.1 In order to summarise the key elements of the Integrated Resources and Performance Report clearly and easily, a new graphical report has been drafted and is shown below. GPC requested at the key performance indicator workshop, that performance indicators monitored by Service Committees be grouped by outcome area and shown clearly. The pie charts in the example report below group 90 performance indicators that are currently monitored by Service Committees in Finance and Performance Reports by outcome areas, and summarise the proportion that are on, near or off target.

1.2 Each Service Committee has a slightly different approach to monitoring performance indicators. Adults, Children and Young People's and Health Committee Finance and Performance reports are not currently using the Council's outcome areas to group indicators, whereas Highways and Community Infrastructure and Economy and Environment are. Furthermore, some Service Committees maintain annual indicators on their scorecards, whereas others do not. The example graphical report has therefore been included in order to show the approach, but is not an accurate reflection of current performance at this time. Service Committees will review the indicators they monitor in order to show a balanced and representative picture of performance in that area. A detailed report, showing all indicators included in the groupings, will be made available through a web link.

1.3 The new report also includes information about the progress of the Council's transformation programme and a key measure of workforce resilience, sickness rate. Transformation information has been extracted from our new database implemented in June 2017 and current projects are being migrated across. Therefore the numbers do not reflect work completed before then.

1.4 The second page of the report shows the key information about finance from section 2 of this report. Alongside the information about finance, a summary of the current risk position is also shown, in terms of the number of risks that are within the Council's risk appetite. A summary risk report will be included in an appendix, with a detailed risk register made available through a link. In this report the summary risk report is shown in Appendix 5 and the detailed risk register is Appendix 9.

1.5 Information about activity is also summarised. This shows both the scale of Council operations in terms of the number of people using key services; it also is helpful supporting information in contextualising the financial position of the Council. For example, the number of older people and people of working age using social care services, and the number of children open to social care, are key cost drivers of demand-led budgets, therefore the trend in the number of people open to services is a key piece of information to consider. It is important to note that cost also depends on other factors such as the level and complexity of need, or the availability of services. More information about the relationship between cost and activity is in the Finance and Performance Reports reported to Service Committees.

1.6 It is suggested that the lower row of boxes is used to highlight activity information about Council services that are 'universal', i.e. available to everyone rather than targeted at specific groups. These may be related to cost (e.g. website hits, percentage of waste recycled) or may illustrate activity which is important to residents.

# Integrated Resources and Performance Report
For period ending 31 May 2017

## Outcomes

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

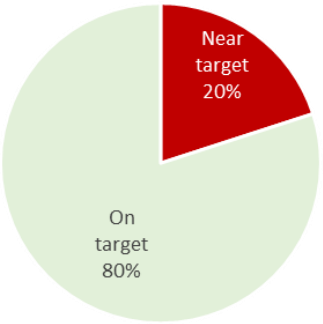
Older people live well independently

4 indicators

People with disabilities live well independently

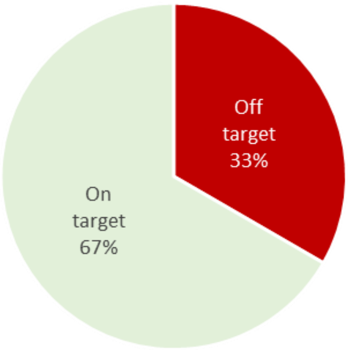
4 indicators

Adults and children at risk of harm are kept safe



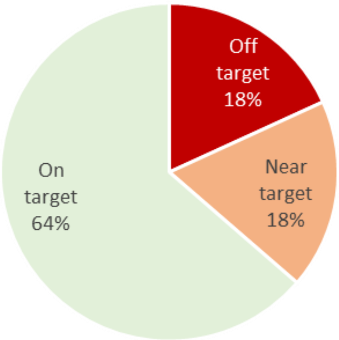
5 indicators

People live in a safe environment



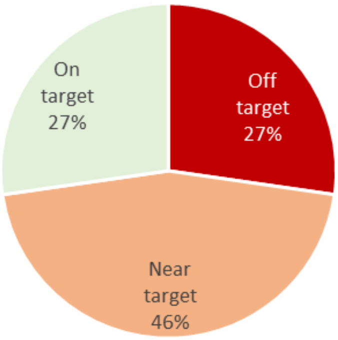
5 indicators, 2 of which are
not set targets

The Cambridgeshire economy prospers to the benefit of all residents



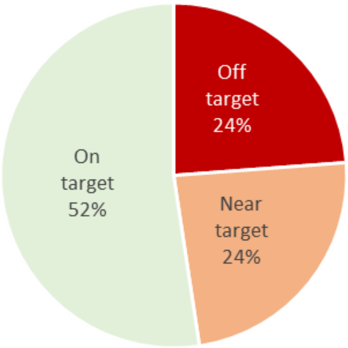
14 indicators

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



11 indicators

People lead a healthy lifestyle and stay healthy for longer



47 indicators, 5 of which are
not set targets

Further detail about exceptions can be found in section 6 of the report

Our Transformation Programme is on track

**16** Early ideas
**24** Business cases in development
**23** Projects being implemented
**3** projects in the benefits realisation stage
**1** project fully closed

Sustain a high performing, talented, engaged and resilient workforce

At the end of 2016/17 we had lost 6.91 days on average per staff member to sickness during the year (better than target)

## Learning and Growth

## Finance and risk

Revenue budget forecast

+£2.1m, 0.6% variance at end of year

AMBER

Capital programme forecast

£0.0m, 0% variance at end of year

GREEN

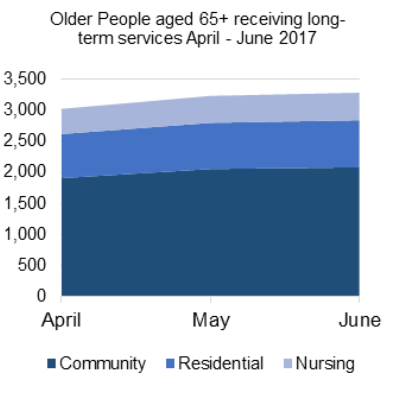
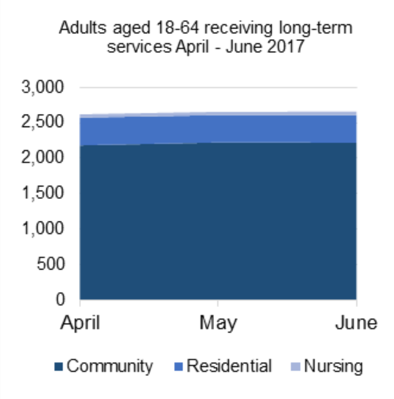
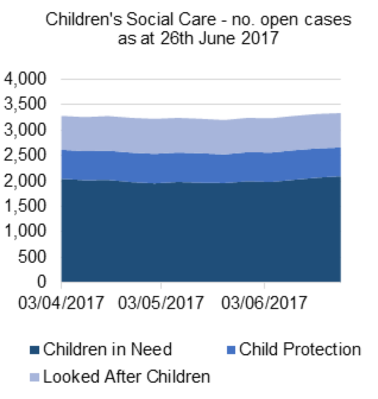
Balance sheet health

Net borrowing activity £466m

GREEN

| Residual risk score | **Green** | **Amber** | **Red** |
|---|---|---|---|
| Number of risks | ***0*** | ***9*** | ***0*** |

## Activity in the previous month

| | | |
|---|---|---|
|  |  |  |
| **2.6m** items had been loaned at Cambridgeshire's libraries during 2016/17 | **67.4%** of waste has been recycled over the past 12 months | **432,000** unique page views on our website in June (↑)<br>In May, **17,400** telephone calls received by the Contact Centre (↔), and **9,000** other contacts received (↓) |

Further detail on the relationship between activity and budget is available in the Finance and Performance Reports for each Service Committee

Offsets | Partial offsets

**CHANGE IN FIGURES**

COMPLETE WHITE FIELDS - COLUMNS P AND Q

| Scheme Ref. | Scheme Name | EXPENDITURE | | | | | | | | FUNDING | | | | | Reason for Change in Spend / Rephasing | Is there a detailed plan for spend in place? Y/N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Up to 2016-17 (£k) | 2017-18 (£k) | 2018-19 (£k) | 2019-20 (£k) | 2020-21 (£k) | 2021-22 (£k) | Later Yrs (£k) | TOTAL (£k) | Grants (£k) | Dvp Cont. (£k) | Other Cont. (£k) | Capital Receipts (£k) | Borrow-ing (£k) | | |
| A/C.01.007 | Huntingdon Primary | -59 | 59 | - | - | - | - | - | - | - | - | - | - | - | Slippage | Y |
| A/C.01.008 | Isle of Ely Primary | 7 | -7 | - | - | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.01.012 | Ermine Street Primary, Alconbury Weald | -92 | 92 | - | - | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.01.013 | Fourfields, Yaxley | -27 | 27 | - | - | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.01.014 | Grove Primary, Cambridge | 7 | -7 | - | - | - | - | - | - | - | - | - | - | - | Accelerated Spend | |
| A/C.01.018 | Pathfinder Primary, Northstowe | -275 | 90 | 185 | - | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.01.019 | Westwood Primary, March. Phase 1 | 64 | -59 | - | - | - | - | - | **5** | - | - | - | - | 5 | Scheme Finished - small increase in cost | |
| A/C.01.020 | Godmanchester Bridge, (Bearscroft Development) | 71 | -71 | - | - | - | - | - | - | - | - | - | - | - | Accelerated Spend | |
| A/C.01.021 | North West Cambridge (NIAB site) primary | -52 | 50 | - | -100 | 102 | - | - | - | - | - | - | - | - | Brought Forward 1 year as Housing has begun | |
| A/C.01.022 | Burwell Primary | 237 | -237 | - | - | - | - | - | - | - | - | - | - | - | Accelerated Spend | |
| A/C.01.024 | Clay Farm / Showground primary, Cambridge | 274 | -841 | 183 | - | - | - | - | **-384** | - | - | - | - | -384 | Accelerated Spend | |
| A/C.01.025 | Fordham Primary | 99 | -99 | - | - | - | - | - | - | - | - | - | - | - | Accelerated Spend | |
| A/C.01.026 | Little Paxton Primary | -416 | 416 | - | - | - | - | - | - | - | - | - | - | - | Accelerated Spend | |
| A/C.01.027 | Ramnoth Primary, Wisbech | -1,072 | -900 | 1,972 | - | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.01.028 | Fulbourn Phase 2 | -185 | 600 | 800 | - | - | - | - | **1,215** | - | - | - | - | 1,215 | Slippage | |
| A/C.01.029 | Sawtry Infants | 51 | -1,050 | -902 | 1,719 | 182 | - | - | - | -686 | - | - | - | 686 | Accelerated Spend | |
| A/C.01.030 | Sawtry Junior | -40 | -1,250 | 390 | 790 | 110 | - | - | - | - | - | - | - | - | Rephased backwards 1 year | |
| A/C.01.031 | Hatton Park, Longstanton | 1,039 | -1,039 | - | - | - | - | - | - | - | - | - | - | - | Accelerated Spend | |
| A/C.01.032 | Meldreth | -60 | 60 | - | - | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.01.033 | St Ives, Eastfield / Westfield / Wheatfields | -30 | -250 | -3,220 | 500 | 2,811 | 189 | - | - | - | - | - | - | - | Rephased backwards 1 year | |
| A/C.01.034 | St Neots, Wintringham Park. | -2 | 2 | - | - | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.01.035 | The Shade Primary, Soham | 28 | -141 | - | - | - | - | - | **-113** | - | - | - | - | -113 | Accelerated Spend | |
| A/C.01.036 | Pendragon, Papworth | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.037 | Chatteris New School | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.038 | Westwood Primary, March. Phase 2 | -100 | 100 | - | - | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.01.039 | Wyton Primary | 189 | 2,000 | 3,100 | -2,313 | -203 | - | - | **2,773** | -1,310 | - | - | - | 4,083 | Increase in scheme to a 1.5 FE replacement school, Grant reduced to reflect 2019/20 asicNeed allocation reduction | |
| A/C.01.040 | Ermine Street, Alconbury, Phase 2 | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.041 | Barrington | -10 | 10 | - | - | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.01.042 | Harston Primary | - | - | - | - | - | - | - | - | -235 | - | - | - | 235 | Grant reduced to reflect 2019/20 Basic Need allocation reduction | |
| A/C.01.043 | Littleport 3rd primary | - | - | - | - | - | - | - | - | -1,550 | - | - | - | 1,550 | Grant reduced to reflect 2019/20 Basic Need allocation reduction | |
| A/C.01.044 | Loves Farm primary, St Neots | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.045 | Melbourn Primary | -82 | 82 | 281 | - | - | - | - | **281** | - | - | - | - | 281 | Slippage | |
| A/C.01.046 | Sawston Primary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.047 | Fourfields Primary, Yaxley Phase 2 | - | - | - | -70 | -1,500 | -730 | - | **-2,300** | -2,300 | - | - | - | - | Scheme Removed | |
| A/C.01.048 | Histon Additional Places | -67 | -1,550 | - | 1,617 | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.01.049 | Northstowe 2nd primary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.050 | March new primary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.051 | Wisbech new primary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.052 | NIAB 2nd primary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.053 | Robert Arkenstall Primary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.054 | Wilburton Primary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.055 | Benwick Primary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.056 | Alconbury Weald 2nd primary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.057 | Northstowe 3rd primary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.01.060 | Wyton New School | - | - | - | - | - | -300 | -9,700 | **-10,000** | - | -7,750 | - | - | -2,250 | Scheme Removed | |
| A/C.01.061 | Gamlingay First | - | 1,100 | 1,800 | 100 | -100 | -1,100 | -1,800 | - | - | - | - | - | - | Accelerated spend | |
| A/C.02.003 | Littleport secondary and special | -1,975 | 1,975 | - | - | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.02.004 | Bottisham Village College | 279 | -279 | - | - | - | - | - | - | - | - | - | - | - | Accelerated Spend | |
| A/C.02.006 | Northstowe secondary | -377 | -2,000 | 1,300 | 1,077 | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.02.007 | North West Fringe secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.02.008 | Cambridge City secondary | 10 | -10 | - | - | - | - | - | - | - | - | - | - | - | Accelerated Spend | |
| A/C.02.009 | Alconbury Weald secondary and Special | -50 | 50 | - | - | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.02.010 | Cambourne Village College | -1,691 | 1,691 | - | - | - | - | - | - | - | - | - | - | - | Slippage | |
| A/C.02.011 | Additional secondary capacity to serve March & Wisbech | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.02.012 | Cromwell Community College | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.02.013 | St. Neots secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.02.014 | Northstowe secondary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| A/C.03.001 | Orchard Park Primary | - | - | - | - | - | - | - | - | - | - | - | - | - | | |

## CHANGE IN FIGURES

COMPLETE WHITE FIELDS - COLUMNS P AND Q

🟩 Offsets
🟧 Partial offsets

| | | EXPENDITURE | | | | | | | | FUNDING | | | | | Reason for Change in Spend / Rephasing | Is there a detailed plan for spend in place? Y/N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scheme Ref. | Scheme Name | Up to 2016-17 (£k) | 2017-18 (£k) | 2018-19 (£k) | 2019-20 (£k) | 2020-21 (£k) | 2021-22 (£k) | Later Yrs (£k) | TOTAL (£k) | Grants (£k) | Dvp Cont. (£k) | Other Cont. (£k) | Capital Receipts (£k) | Borrowing (£k) | | |
| A/C.03.003 | LA maintained Early Years Provision | -1,096 | 353 | 250 | - | - | - | - | **-493** | 757 | - | - | - | -1,250 | rephasing from 2016/17, Increase in budget to cover peckover - as per CPB paper and also substitution of borrowing for Early Years Grant for Specific Schemes in Cambridge and St Neots. | |
| A/C.04.001 | Hauxton Primary | -14 | - | - | - | - | - | - | **-14** | - | - | - | - | -14 | Slippage | |
| A/C.04.004 | Morley Memorial Primary | -12 | 200 | 255 | - | - | - | - | **443** | - | - | - | - | 443 | Increased costs as per CPB Paper | y |
| A/C.05.001 | School Condition, Maintenance & Suitability | - | - | - | - | - | - | - | **-** | 433 | - | - | - | -433 | Reflects 2017/18 additional SCA grant than estimated at business planning | |
| A/C.05.002 | Kitchen Ventilation | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| A/C.07.001 | School Devolved Formula Capital | -780 | 709 | -71 | -71 | -71 | -71 | -284 | **-639** | -639 | - | - | - | - | Roll forward from schools and Reduction in DFC funding for school assumed over all future years | |
| A/C.08.001 | Trinity School Hartford, Huntingdon | 7 | -7 | - | - | - | - | - | **-** | - | - | - | - | - | Accelerated Spend | |
| A/C.08.002 | Trinity School, Wisbech base | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| A/C.08.003 | SEN Pupil Adaptations | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| A/C.09.001 | Site Acquisition, Development, Analysis and Investigations | 119 | - | - | - | - | - | - | **119** | - | - | - | - | 119 | overspend in 2016/17 | |
| A/C.10.001 | Temporary Accommodation | 433 | - | - | - | - | - | - | **433** | - | - | - | - | 433 | overspend in 2016/17 | |
| A/C.11.001 | Children's Minor Works and Adaptions | -25 | - | - | - | - | - | - | **-25** | - | - | - | - | -25 | Undespend in 2016.17 | |
| A/C.11.002 | Cambridgeshire Alternative Education Service Minor Works | -20 | - | - | - | - | - | - | **-20** | -20 | - | - | - | - | Undespend in 2016.17 | |
| A/C.11.003 | CFA Buildings & Capital Team Capitalisation | 88 | - | - | - | - | - | - | **88** | - | - | - | - | 88 | overspend in 2016/17 | |
| A/C.11.005 | CFA Management Information System IT Infrastructure | -782 | 532 | 250 | - | - | - | - | **-** | - | - | - | - | - | Rephased - new project team inplace | |
| A/C.12.001 | Strategic Investments | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| A/C.12.002 | Enhanced Frontline | 46 | - | - | - | - | - | - | **46** | - | - | - | - | 46 | overspend in 2016/17 | |
| A/C.12.004 | Disabilities Facilities Grant | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| A/C.12.005 | Integrated Community Equipment Service | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| A/C.13.001 | Variation Budget | - | -3,641 | -4,114 | -3,237 | -2,486 | -1,275 | -5,105 | **-19,858** | - | - | - | - | -19,858 | Revision to variation budgets based on updated slippage figures. Take account of all slippage, however funded. | |
| A/C.13.002 | Capitalisation of Interest Costs | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| B/C.1.002 | Air Quality Monitoring | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| B/C.1.009 | Major Scheme Development & Delivery | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| B/C.1.011 | Local Infrastructure improvements | - | 181 | - | - | - | - | - | **181** | 181 | - | - | - | - | Schemes to be completed in 1718 LTP funded. Highway schemes on attachment | Y |
| B/C.1.012 | Safety Schemes | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| B/C.1.015 | Strategy and Scheme Development work | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| B/C.1.019 | Delivering the Transport Strategy Aims | - | 1,816 | - | - | - | - | - | **1,816** | 1,107 | 709 | - | - | - | Schemes to be completed in 1718 LTP and S106 funded. Highway schemes on attachment plus Yaxley to Farcet cycleway. | Y |
| B/C.2.001 | Carriageway & Footway Maintenance including Cycle Paths | - | 812 | - | - | - | - | - | **812** | 667 | 145 | - | - | - | Schemes to be completed in 1718 LTP and S106 funded. Highway schemes on attachment. Budget increased by £159k grant as increased for incentive element (more than originally budgeted). | Y |
| B/C.2.002 | Rights of Way | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| B/C.2.004 | Bridge strengthening | - | 239 | - | - | - | - | - | **239** | 239 | - | - | - | - | Schemes to be completed in 1718 LTP funded. Highway schemes on attachment | Y |
| B/C.2.005 | Traffic Signal Replacement | - | 683 | - | - | - | - | - | **683** | 66 | 617 | - | - | - | Schemes to be completed in 1718 LTP and S106 funded. Highway schemes on attachment. | Y |
| B/C.2.006 | Smarter Travel Management - Integrated Highways Management Centre | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| B/C.2.007 | Smarter Travel Management - Real Time Bus Information | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| B/C.3.001 | Highways Maintenance (carriageways only from 2015/16 onwards) | 2,201 | -269 | -250 | -250 | -250 | -250 | -932 | **-** | 474 | - | - | - | -474 | £2.2m Schemes done in advance of 1718, rest of funding reprofiled. Underspend on LTP grant used to reduce borrowing in this area. | Y |
| B/C.3.012 | Waste – Household Recycling Centre (HRC) Improvements | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| B/C.3.101 | Development of Archives Centre premises | -1,637 | -85 | 1,842 | - | - | - | - | **120** | - | - | - | - | 120 | Rephasing compared to original plan. Delays casued by Member decision to review alternative sites. Increased costs based on MS3 estimate which includes an inflationary increase. | Y |
| B/C.3.103 | Library service essential maintenance and infrastructure renewal | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| B/C.3.107 | New Community Hub / Library Provision Clay Farm | -157 | 157 | - | - | - | - | - | **-** | - | - | - | - | - | Scheme run by Cambridge City - slight dealy in scheme. We are committed to this level of expenditure | Y |
| B/C.3.108 | New Community Hub / Library Service Provision Darwin Green | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| B/C.4.001 | Ely Crossing | 1,034 | 891 | -625 | -1,300 | - | - | - | **-** | - | - | - | - | - | Mainly due to £2m land costs charged to 16/17 | Y |
| B/C.4.006 | Guided Busway | -334 | -170 | - | 504 | - | - | - | **-** | - | - | - | - | - | Outstanding costs relate to land compensation payments which are ongoing and hard to judge in which year they are paid | N |
| B/C.4.014 | Huntingdon West of Town Centre Link Road | -660 | 660 | - | - | - | - | - | **-** | - | - | - | - | - | Land deals outstanding - uncertainly as to when these are resolved. | Y |
| B/C.4.017 | Cambridge Cycling Infrastructure | - | - | - | - | - | - | - | **-** | - | - | - | - | - | | |
| B/C.4.021 | Abbey - Chesterton Bridge | 83 | -83 | - | - | - | - | - | **-** | - | - | - | - | - | Spend slightly ahead of forecast | Y |

## CHANGE IN FIGURES

COMPLETE WHITE FIELDS - COLUMNS P AND Q

🟩 Offsets 🟧 Partial offsets

| | | EXPENDITURE | | | | | | | | FUNDING | | | | | Reason for Change in Spend / Rephasing | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scheme Ref. | Scheme Name | Up to 2016-17 (£k) | 2017-18 (£k) | 2018-19 (£k) | 2019-20 (£k) | 2020-21 (£k) | 2021-22 (£k) | Later Yrs (£k) | TOTAL (£k) | Grants (£k) | Dvp Cont. (£k) | Other Cont. (£k) | Capital Receipts (£k) | Borrow-ing (£k) | | Is there a detailed plan for spend in place? Y/N |
| B/C.4.022 | Cycling City Ambition Fund | -565 | 565 | - | - | - | - | - | - | - | - | - | - | - | Delays with some schemes. Need to be completed bu March 18 although likely DFT will allow work to go past this date. | Y |
| B/C.4.023 | King's Dyke | -503 | -5,667 | 6,170 | - | - | - | - | - | - | - | - | - | - | Delay in scheme due to land issues - this has now been resolved | Y |
| B/C.4.024 | Soham Station | -259 | 500 | - | - | - | - | -241 | - | - | - | - | - | - | Balance of initial work to be completed in 1718. Work likely to be undertaken by Network Rail but currently under resourced to do this. CCC probably need to push this scheme to get any progress made. | Y |
| B/C.4.028 | A14 | -42 | 42 | - | - | - | - | - | - | - | - | - | - | - | Mainly funded by highways england. Funding to cover work not claimable. | N |
| B/C.4.031 | Growth Deal - Wisbech Access Strategy | -170 | 170 | - | - | - | - | - | - | - | - | - | - | - | Balance of Growth Deal work to be completed in 1718 | Y |
| B/C.4.032 | Scheme Development for Highways Initiatives | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| B/C.5.002 | Investment in Connecting Cambridgeshire | -627 | 627 | - | - | - | - | - | - | - | - | - | - | - | Revised profile of spend | Y |
| B/C.6.001 | Variation Budget | - | -5,078 | -2,516 | -2,077 | -1,570 | -1,655 | -2,449 | **-15,345** | - | - | - | - | -15,345 | Revision to variation budgets based on updated slippage figures. Take account of all slippage, however funded. | |
| B/C.6.002 | Capitalisation of Interest Costs | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| C/C.1.001 | Essential CCC Business Systems Upgrade | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| C/C.1.003 | Citizen First, Digital First | 130 | -130 | - | - | - | - | - | - | - | - | - | - | - | Reflects rephasing of budget from 17/18 to fund project work in 16/17 | Y |
| C/C.2.005 | Microsoft Enterprise Agreement for CCC | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| C/C.2.006 | CPSN Replacement | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| C/C.2.108 | Community Hubs - Sawston | -140 | 140 | - | - | - | - | - | - | - | - | - | - | - | Scheme expected to progress in 17/18 | Y |
| C/C.3.001 | Capitalisation of Transformation Team | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| C/C.3.002 | Capitalisation of Redundancies | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| C/C.10.001 | Variation Budget | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| C/C.10.002 | Capitalisation of Interest Costs | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| D/C.1.001 | Next Generation Enterprise Resource Planning (ERP) solution | -81 | 221 | - | - | - | - | - | **140** | - | - | 140 | - | - | Expected to complete 17/18. Rephased to correct for £140k budget and matching funding from LGSS Ops savings not included in BP. | |
| F/C.2.101 | County Farms investment (Viability) | -305 | 121 | - | - | - | - | - | **-184** | - | - | - | - | -184 | Carry forward £121k re Bettys Nose & Whitehall farm shop. Re-alignment of prior year spend miscoded - transfer of £184k relating to Soham Solar Farm. | |
| F/C.2.103 | Local Plans - representations | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| F/C.2.111 | Shire Hall | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| F/C.2.112 | Building Maintenance | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| F/C.2.114 | MAC Joint Highways Depot | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| F/C.2.119 | Energy Efficiency Fund | -146 | - | - | - | 146 | - | - | - | - | - | - | - | - | Planned projects under review - to be discussed at CPB 22/5/17. Long lead in time has led to delays in initiating projects | N |
| F/C.2.240 | Housing schemes | 1,267 | -1,267 | - | - | - | - | - | - | - | - | - | - | - | A number of schemes progressed to the planning application stage in advance of schedule and £1.4m funding was rephased into 16/17. Balance of this funding is required in 17/18 in line with original plans. | Y |
| F/C.3.001 | Variation Budget | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| F/C.3.002 | Capitalisation of Interest Costs | - | - | - | - | - | - | - | - | - | - | - | - | - | | |
| *****NEW SCHEMES***** | | | | | | | | | | | | | | | | |
| A/C.02.001 | Trumpington Community College (Southern Fringe) | -523 | 150 | 200 | 173 | - | - | - | - | - | - | - | - | - | Slippage due to IT not yet procured, will carryforward for a number of years while the school grows. | Y |
| A/C.02.005 | Hampton Gardens | -64 | 64 | - | - | - | - | - | - | - | - | - | - | - | Remaining contingency, expected to be used in 17/18 | Y |
| A/C.04.003 | Holme Conditions | -95 | 95 | - | - | - | - | - | - | - | - | - | - | - | Slippage | Y |
| B/C.3.106 | Library Provision Cambourne | -151 | 151 | - | - | - | - | - | - | - | - | - | - | - | Scheme rolled forward from 16/17. Fully funded from developer contributions | Y |
| B/C.3.109 | Replacement of accrued streetlights with LEDs | -705 | 736 | - | - | - | - | - | **31** | - | - | - | - | 31 | Scheme rolled forward from 16/17. Scheme likely to be competed early in 17/18. was £705k but now costs have increased slightly. | Y |
| B/C.5.003 | Heritage Lottery fund contribution for Wisbech | -200 | 200 | - | - | - | - | - | - | - | - | - | - | - | Scheme rolled forward from 16/17. We are committed to this contribution. Expected to be resolved in 17/18. | Y |
| Pothole fund | Pothole Action Fund | - | 1,155 | - | - | - | - | - | **1,155** | 1,155 | - | - | - | - | Notification of grant too late for Business planning | Y |
| Nat producti | National Productivity Fund | - | 2,890 | - | - | - | - | - | **2,890** | 2,890 | - | - | - | - | Notification of grant too late for Business planning | Y |
| C/C.1.008 | Other Committed Projects (EPAM) | -20 | 20 | - | - | - | - | - | - | - | - | - | - | - | Roll forward balance of K2 funding (£20k) to fund continuing work on CCC implementation | Y |
| C/C.2.102 | Renewable Energy - Soham | -775 | 775 | - | - | - | - | - | - | - | - | - | - | - | Final network and consruction costs of £315k and a retention payment of £460k are due in 17/18. A scheme underspend of £340k is forecast. | Y |

## CHANGE IN FIGURES

COMPLETE WHITE FIELDS - COLUMNS P AND Q

Offsets | Partial offsets

| | | EXPENDITURE | | | | | | | | FUNDING | | | | | Reason for Change in Spend / Rephasing | Is there a detailed plan for spend in place? Y/N |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Scheme Ref. | Scheme Name | Up to 2016-17 (£k) | 2017-18 (£k) | 2018-19 (£k) | 2019-20 (£k) | 2020-21 (£k) | 2021-22 (£k) | Later Yrs (£k) | TOTAL (£k) | Grants (£k) | Dvp Cont. (£k) | Other Cont. (£k) | Capital Receipts (£k) | Borrow-ing (£k) | | |
| C/C.2.003 | IT Infrastructure Investment | -245 | 245 | - | - | - | - | - | - | - | - | - | - | - | The carry forward is due to shifting priorities from CCC leading to the delay of several planned projects. It is planned that the carry forward will be used for:<br>Hardware Expansion and Refresh<br>Computer server hardware has a finite lifecycle and the server estate needs periodic refresh. This is staggered so that it is a continual process rather than a single event at regular intervals. In addition, additional hardware for the server infrastructure is often needed to meet increased requirements from the council as business needs change. For FY17/18 it is anticipated that we will require an extra enclosure and upto 4 new servers.<br>Network Refresh<br>Network hardware has a finite lifecycle and the network estate needs periodic refresh. This is staggered so that it is a continual process rather than a single event at regular intervals. During FY 15/16 and FY16/17 the datacentre network core was refreshed, however the distribution layer remained unchanged. The recent independent network audit highlighted a number of pieces of equipment which were classified as either end of life or approaching end of life. In addition the firewall on the NHS connection is now end of life and needs to be replaced.<br>DR capability<br>The current implementation of IT DR for CCC, delivers a small subset of services from a facility based at Scott House. This was designed and implemented as a solution which would be invoked in the case of long term downtime for a small number of key services. One of the key drivers for the implementation of the new storage are network (SAN) was the ability to improve the disaster recovery capability for the council. Now that the SAN is in place, data is replicated across a dedicated link to the LGSS West data centre at Angel Street, | Y |
| C/C.2.002 | Implementing IT Resilience Strategy for Data Centres | -176 | 176 | - | - | - | - | - | - | - | - | - | - | - | see C/C.2.003 | Y |
| C/C.1.002 | Office Portfolio Rationalisation | -200 | 200 | - | - | - | - | - | - | - | - | - | - | - | Ongoing work on office rationalisation, moves and co-location projects - including Sawtry, Hill Rise, Shire Hall, Hereward Hall, Buttsgrove, Scott House/Stanton House and Meadows closure. | Y |
| CS variation | Corporate Services variation budget | - | -279 | - | - | - | - | - | -279 | - | - | - | - | -279 | Capital programme variation budget for Corporate Services, not allocated in business planning. | Y |
| LGSS Op va | LGSS Operational variation budget | - | -20 | - | - | - | - | - | -20 | - | - | - | - | -20 | Capital programme variation budget for LGSS Operational, not allocated in business planning. | Y |
| | | -10,408 | -1,606 | 7,280 | -2,938 | -2,829 | -5,192 | -20,511 | -36,204 | 1,229 | -6,279 | 140 | - | -31,294 | | |

**APPENDIX 6 - Savings Tracker 2017-18**

| | | | | | | | Planned £000 | | | | | Forecast £000 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 4,073 | -15,026 | -6,648 | -4,753 | -4,357 | **-30,784** | -13,282 | -5,949 | -4,646 | -4,404 | **-28,281** | 2,503 | | | | | |
| **Reference** | **Title** | **Description** | **Service** | **Transformation Workstream** | **BP Saving or Funnel?** | **Investment 17-18 £000** | **Original Phasing - Q1** | **Original Phasing - Q2** | **Original Phasing - Q3** | **Original Phasing - Q4** | **Original Saving 17-18** | **Current Forecast Phasing - Q1** | **Current Forecast Phasing - Q2** | **Current Forecast Phasing - Q3** | **Current Forecast Phasing - Q4** | **Forecast Saving** | **Variance from Plan £000** | **Saving complete?** | **RAG** | **Direction of travel** | **Forecast Commentary** | **Links with partner organisations** |
| C/R.6.101 | Commercial approach to contract management | Ensuring the Council pursues all commercial opportunities, with a focus on contract management through improved commissioning and procurement. | CS | Contracts, commercial & procurement | BP Saving | 0 | 0 | 0 | -250 | -250 | -500 | 0 | 0 | 0 | -160 | -160 | 340 | No | Red | ↔ | V4 currently working on detailed opportunities | 0 |
| C/R.6.102 | Organisational Structure Review | Ensuring that the Council's structures are as efficient and effective as possible, to meet the needs of our communities. This is part of an ongoing programme of organisational redesign. | CS | Workforce planning & development | BP Saving | 0 | -333 | -333 | -333 | -313 | -1,312 | -386 | -300 | -200 | -100 | -986 | 326 | No | Red | ↑ | [] SMT workshop held. Variance remains after applying posts reduction secured and employment budget saving. | 0 |
| A/R.6.001 | DAAT - Saving from integrating drug and alcohol misuse service contracts | The NHS trust 'Inclusion' provides countywide specialist drug & alcohol treatment services. Currently there are separate treatment contracts for alcohol and drugs. Inclusion have agreed to commence full service integration in 2016-17. This will require fewer service leads employed in management grades and reduces the overall management on-costs in the existing contract agreement. It is also proposed to reduce Saturday clinics and/or move to a volunteer/service user led model for these clinics. | CFA | Contracts, commercial & procurement | BP Saving | 0 | -100 | 0 | 0 | 0 | -100 | -100 | 0 | 0 | 0 | -100 | 0 | Yes | Green | ↔ | Saving Achieved | N/A |
| A/R.6.101 | Recouping under-used direct payment budget allocations for service users | Improving central monitoring and coordination arrangements for direct payments - ensuring budget allocations are proportionate to need and any underspends are recovered. | CFA | Finance & budget review | BP Saving | 87 | -98 | -99 | -99 | -99 | -395 | 0 | 0 | 0 | -100 | -100 | 295 | No | Red | ▽ | Expecting to achieve direct payment clawbacks totalling £1.96m, which is £295k short of target based on monitoring after first two months of the year.<br>This position will be kept under close review as direct payments are monitored each month. Scheduled for CFA Delivery Board on 6 July. | N - except LD: Pooled budget - learning disability partnership |
| A/R.6.111 | Supporting people with physical disabilities and people with autism to live more independently | The focus will be on helping people lead independent lives through the Transforming Lives programme and measures approved by Adults Committee in 2016. | CFA | Commissioning | BP Saving | 128 | -377 | -138 | -138 | -138 | -791 | -377 | -138 | -138 | -138 | -791 | 0 | No | Green | ↔ | On track | N/A |
| B/R.6.001 | Senior management review in ETE | A review of senior management in ETE to reduce cost and simplify structures, as well as sharing services with partners. | ETE | Workforce planning & development | BP Saving | 0 | -250 | 0 | 0 | 0 | -250 | 0 | 0 | 0 | -63 | -63 | 187 | No | Red | ▽ | Given timescales this will now only be a part year saving, but other efficiencies may make up the difference. | N |
| A/R.6.112 | Securing appropriate Continuing Healthcare Funding for people with physical disabilities and ongoing health needs | Careful consideration of the needs of people with complex needs to identify where these needs meet the criteria for Continuing Healthcare and full funding by the NHS. | CFA | Finance & budget review | BP Saving | 0 | -80 | -80 | -80 | -80 | -320 | -80 | -80 | -80 | -80 | -320 | 0 | No | Green | ↔ | On track | NHS fund continuing healthcare |
| A/R.6.113 | Specialist Support for Adults with Autism to increase their independence | Recruitment of two full time Support Workers for a twelve month period to work with service users to develop skills and access opportunities such as training or employment that would reduce the need for social care support. | CFA | Adults services | BP Saving | 50 | -18 | -18 | -18 | -18 | -72 | -6 | -6 | -7 | -7 | -26 | 46 | No | Red | ▽ | Mitigation work involves expanding the activity of the Workers to other Vulnerable Adults; monitoring the saving against avoided costs and the demographic expectation. | N/A |
| A/R.6.114 | Increasing independence and resilience when meeting the needs of people with learning disabilities | The focus will be on helping individuals to be independent and resilient through the Transforming Lives initiative, together with policies approved by Adults Committee in 2016. Care and support will focus on developing skills and opportunities, wherever possible, to increase independence. In the short term this may include more intensive support in order to reduce reliance on social care support in the longer term. | CFA | Commissioning | BP Saving | 750 | -2,307 | -74 | 0 | 0 | -2,381 | -1,448 | -722 | -211 | 0 | -2,381 | 0 | No | Green | ↔ | On track | Pooled budget - learning disability partnership |
| F/R.6.107 | Rationalisation of Property Portfolio | Savings generated by the more efficient use of Council properties. | A&I | Assets, estates & facilities management | BP Saving | 0 | 0 | 0 | 0 | -154 | -154 | -14 | -14 | -14 | -39 | -81 | 73 | No | Red | ↔ | Savings based on 2 properties Meadows and Benedict Court. Benedict Court was vacated in 16/17. Will not make full year saving for the Meadows as lease was renewed to accommodate staff who were planned to move elsewhere. The lease has a break clause but is likely to be required for an additional 6-9 months. However new lease is at reduced rate from £57k to £41k so some saving is achieved. | N |
| A/R.6.115 | Retendering for residential, supported living and domiciliary care for people with learning disabilities | Contracts will be retendered in 2017-18 with the intention of reducing the unit cost of care. | CFA | Contracts, commercial & procurement | BP Saving | 0 | -63 | -63 | -102 | -103 | -331 | 0 | 0 | -36 | -35 | -71 | 260 | No | Red | ↔ | Domiciliary care retender has taken place and is expected to deliver associated saving. Decision taken to delay retender for supported living and residential frameworks to allow time to undertake detailed analysis of clients and the market to ensure retender is as effective as possible, will achieve in 18/19 instead. | Pooled budget - learning disability partnership |
| A/R.6.116 | Using assistive technology to help people with learning disabilities live and be safe more independently without the need for 24hr or overnight care | New and existing care packages will be reviewed by specialist Assistive Technology and Occupational Therapy staff to identify appropriate equipment which could help disabled people to be safe and live more independently. | CFA | Adults services | BP Saving | 186 | -53 | -53 | -54 | -54 | -214 | -53 | -53 | -54 | -54 | -214 | 0 | No | Green | ↔ | On track | N/A |
| A/R.6.117 | Developing a new learning disability care model in Cambridgeshire to reduce the reliance on out of county placements | This work will entail a review of the most expensive out-of-county placements to inform the development of the most cost-effective ways of meeting needs by commissioning new services within county. In particular we know we will need to develop additional in-county provision with the expertise to manage behaviours that may be challenging. By replacing high-cost out of county placements with new in-county provision tailored to our needs we will reduce overall expenditure on care placements. | CFA | Commissioning | BP Saving | 0 | -58 | -47 | -35 | 0 | -140 | 0 | -140 | 0 | 0 | -140 | 0 | No | Green | ↔ | On track | Pooled budget - learning disability partnership |
| A/R.6.118 | Review of Health partner contributions to the Learning Disability Partnership | Negotiating with the NHS for additional funding through reviewing funding arrangements, with a focus on Continuing Healthcare and joint funded packages. | CFA | Finance & budget review | BP Saving | 0 | -500 | 0 | 0 | 0 | -500 | -500 | 0 | 0 | 0 | -500 | 0 | No | Green | ↔ | On track | NHS funding to pooled budget |
| A/R.6.121 | Managing the assessment of Deprivation of Liberty cases within reduced additional resources | The March 2014 Supreme Court judgment on Deprivation of Liberty requires councils to undertake a large number of new assessments, including applications to the Court of Protection.<br>Funding was made available to increase capacity to undertake best interest assessments and process applications for DoLS. The national demand for staff who are trained as best interest assessors has meant that it has not been possible to deploy all the available funding in this way. This position is not expected to change, and so a saving has been identified against this budget. | CFA | Finance & budget review | BP Saving | 0 | -100 | 0 | 0 | 0 | -100 | -100 | 0 | 0 | 0 | -100 | 0 | Yes | Green | ↔ | Saving Achieved | N/A |

**APPENDIX 6 - Savings Tracker 2017-18**

| | | | | | | | Planned £000 | | | | | Forecast £000 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 4,073 | -15,026 | -6,648 | -4,753 | -4,357 | **-30,784** | -13,282 | -5,949 | -4,646 | -4,404 | **-28,281** | 2,503 | | | | | |
| **Reference** | **Title** | **Description** | **Service** | **Transformation Workstream** | **BP Saving or Funnel?** | **Investment 17-18 £000** | **Original Phasing - Q1** | **Original Phasing - Q2** | **Original Phasing - Q3** | **Original Phasing - Q4** | **Original Saving 17-18** | **Current Forecast Phasing - Q1** | **Current Forecast Phasing - Q2** | **Current Forecast Phasing - Q3** | **Current Forecast Phasing - Q4** | **Forecast Saving** | **Variance from Plan £000** | **Saving complete?** | **RAG** | **Direction of travel** | **Forecast Commentary** | **Links with partner organisations** |
| A/R.6.122 | Transforming In-House Learning Disability Services | We will review and make necessary changes to in house services focussed on ensuring that resource is appropriately targeted to provide intensive short term support aimed at increasing independence. We will also Identify where we can work with the independent sector to provide for assessed needs in a different way and consider whether any under-utilitsed services are required for the future. | CFA | Workforce planning & development | BP Saving | 0 | -375 | 0 | -55 | 0 | -430 | -265 | 0 | -95 | 0 | -360 | 70 | No | Amber | ⇔ | A saving of £265k delivered from restructure implemented in May 2017. Phase two of restructure to deliver additional savings due to be designed and implemented later in year. the time taken to design and implement phase two means that an element of this saving will be delivered in 2018/19 instead of 2017/18. | |
| B/R.6.101 | Improve efficiency through shared county planning, minerals and waste service with partners | Reduced costs to the Council by sharing our services for minerals and waste planning applications with other Councils. | ETE | Commissioning | BP Saving | 0 | -25 | 0 | 0 | 0 | -25 | 0 | 0 | 0 | 0 | 0 | 25 | No | Red | ⇔ | Savings no longer viable as partner is not able to progress discussions about shared services in those areas. | N |
| B/R.6.102 | Improve efficiency through shared growth and development service with partners | Reduced costs to the Council by sharing our services with other councils to process major planning applications and negotiate financial contributions from developers that can be used to pay for essential infrastructure such as schools and roads. | ETE | Commissioning | BP Saving | 0 | -25 | 0 | 0 | 0 | -25 | 0 | 0 | 0 | 0 | 0 | 25 | No | Red | ⇔ | Savings no longer viable as partner is not able to progress discussions about shared services in those areas. | N |
| A/R.6.123 | Rationalisation of housing related support contracts | In 2016-17 we completed a review of contracted services which support individuals and families to maintain their housing. A contract was terminated in November 2016, with the full-year effect of the associated budget reduction affecting 2017-18. | CFA | Commissioning | BP Saving | 0 | -58 | 0 | 0 | 0 | -58 | -58 | 0 | 0 | 0 | -58 | 0 | Yes | Green | ⇔ | Saving Achieved | N/A |
| A/R.6.125 | Supporting young people with learning disabilities to live as independently as possible in adult life | This work has two elements which are focused on managing demand for long term funded services. 1. Work in children's services and in the Young Adults Team will ensure that young people transferring to the LDP will be expected to have less need for services. 2. Working proactively with people who are living at home with carers who are needing increased support to maintain their caring role for whatever reason. | CFA | Adults services | BP Saving | 0 | -181 | -181 | -182 | -182 | -726 | -181 | -181 | -182 | -182 | -726 | 0 | No | Green | ⇔ | On track | Pooled budget - learning disability partnership |
| B/R.6.002 | Centralise business support posts across ETE | Costs will be reduced by centralising business support for the whole of ETE. | ETE | Workforce planning & development | BP Saving | 0 | 0 | 0 | -20 | 0 | -20 | 0 | 0 | 0 | -5 | -5 | 15 | No | Red | ▽ | This will follow on from the senior management review so not yet started | N |
| A/R.6.132 | Promoting independence and recovery and keep people within their homes by providing care closer to home and making best use of resources for adults and older people with mental health needs | Reducing the cost of care plans for adults and older people with mental health needs will lead to savings. We aim to reduce residential and nursing care costs and increase the availability of support in the community. | CFA | Adults services | BP Saving | 0 | -353 | -252 | -52 | -19 | -676 | -353 | -252 | -52 | -19 | -676 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.134 | Increase in income from Older People and Older People with mental health's client contributions from increased frequency of reassessments | Older people and those receiving elderly mental health services are not always being financially reassessed every year. The council will therefore reassess all clients more regularly to ensure that the full contributions are being collected. This programme has begun in 2016-17 and will continue into 2017-18 to complete. | CFA | Finance & budget review | BP Saving | 46 | -121 | -139 | -87 | -34 | -381 | -121 | -139 | -87 | -34 | -381 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.140 | Helping older people to take up their full benefits entitlements | The council will work with service users to make sure they receive all the benefits to which they are entitled and this is expected to increase service user contributions. | CFA | Finance & budget review | BP Saving | 0 | -72 | -82 | -51 | -21 | -226 | -72 | -82 | -51 | -21 | -226 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.143 | Savings from Homecare: re-tendering of home care to develop the market through a number of best practice initiatives including the expansion of direct payments | This proposal will focus specifically on piloting an alternative but complementary approach to home-based care that would try and find alternative and local solutions to traditional homecare - whilst still improving outcomes for service users, promote independence, and achieve savings to the Council.<br>Through the tendering process for home care, the Council will engage potential providers within a price range consistent with achieving this saving. The model also envisages greater efficiency through working across all service user groups including those that that are the responsibility of the CCG. | CFA | Commissioning | BP Saving | 0 | 0 | 0 | -306 | 0 | -306 | 0 | 0 | -306 | 0 | -306 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.145 | Using assistive technology to support older people to remain independent in their own homes | The proposal is to invest in and expand the use of Just Checking (or similar) equipment to reduce spending in older people's services. As part of a social care assessment the equipment gives us a full report of a person's movements during a given period allowing us to test whether they are able to go about daily life (eating, washing, dressing, going to the toilet) unaided and to check that overnight they are safe at home.<br>This full picture of a person's daily patterns and movements allows us to say with significantly more accuracy and confidence whether they can or cannot cope independently at home. This additional information and confidence would allow older people, their families and social workers to only make the decision to recommend a move into residential or nursing care where it is absolutely essential. In this way we can reduce care spending overall whilst ensuring we do make provision for those who cannot be independent in their own homes. | CFA | Adults services | BP Saving | 110 | -187 | -134 | -27 | -10 | -358 | -187 | -134 | -27 | -10 | -358 | 0 | No | Green | ⇔ | On track | N/A |

**APPENDIX 6 - Savings Tracker 2017-18**

| | | | | | | | Planned £000 | | | | | Forecast £000 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 4,073 | -15,026 | -6,648 | -4,753 | -4,357 | **-30,784** | -13,282 | -5,949 | -4,646 | -4,404 | **-28,281** | 2,503 | | | | | |
| **Reference** | **Title** | **Description** | **Service** | **Transformation Workstream** | **BP Saving or Funnel?** | **Investment 17-18 £000** | **Original Phasing - Q1** | **Original Phasing - Q2** | **Original Phasing - Q3** | **Original Phasing - Q4** | **Original Saving 17-18** | **Current Forecast Phasing - Q1** | **Current Forecast Phasing - Q2** | **Current Forecast Phasing - Q3** | **Current Forecast Phasing - Q4** | **Forecast Saving** | **Variance from Plan £000** | **Saving complete?** | **RAG** | **Direction of travel** | **Forecast Commentary** | **Links with partner organisations** |
| A/R.6.146 | Expansion of the Adult Early Help Team to minimise the need for statutory care | The Adult Early Help team was established in April 2016 to provide an enhanced first response to people contacting the County Council with social care concerns. The team help people to retain independence, access services and advise on ways in which older people and their carers can organise help for themselves. The goal is to try to resolve issues without the need to wait for a formal assessment or care plan.<br>Through either telephone support or through a face to face discussion, we hope to work with older people to find solutions without the need for further local authority involvement. The intial phase is already resulting in a reduced number of referrals to social care teams. This business case builds on the first phase and proposes continuing the expansion of the Adult Early Help team, so that the team is able to meet more of the need at tier 2, preventing further escalation of need and hence minimising care expenditure. This contributes further savings in 2017-18 as part of the care budget targets in Older People's Services. | CFA | Customer & communities | BP Saving | 0 | -201 | -143 | -29 | -11 | -384 | -201 | -143 | -29 | -11 | -384 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.149 | Administer Disability Facilities Grant within reduced overhead costs | At present the County Council invests £300k into the Home Improvement Agencies, which oversee the Disabled Facilities Grants by each of the Districts. The County Council is working in partnership with the District Councils to reduce the cost of the administration of these services. There will be no reduction in the level of grant or service and the intention is to speed up the decision making process. | CFA | Finance & budget review | BP Saving | 0 | -150 | 0 | 0 | 0 | -150 | -150 | 0 | 0 | 0 | -150 | 0 | Yes | Green | ⇔ | Saving Achieved | District Council capital grants via Better Care Fund and central government significantly increased. District Councils engaged in review project |
| A/R.6.155 | Securing appropriate contributions from health to section 117 aftercare. | Careful consideration of the needs of people sectioned under the Mental Health Act to identify joint responsibility and ensure appropriate contributions by the council and the clinical commissioning group to section 117 aftercare. | CFA | Finance & budget review | BP Saving | 0 | -150 | -150 | -80 | -40 | -420 | -150 | -150 | -80 | -40 | -420 | 0 | No | Green | ⇔ | On track - however there is a slight risk pending full implementation and confirmation of joint funding tool applied and agreed by both sides | NHS funding to section 117 aftercare |
| A/R.6.157 | Increase in income from Older People and Older People with Mental Health's client contributions following a change in Disability Related Expenditure | Following a comparative exercise, the Adults Committee agreed a change to the standard rate of disability related expenditure (DRE) during 2016. This means that additional income is being collected through client contributions. This line reflects the 'full-year' impact of this change, reflecting that the new standard rate is applied at the planned point of financial assessment or reassessment for each person. | CFA | Finance & budget review | BP Saving | 0 | -53 | -38 | -22 | -6 | -119 | -53 | -38 | -22 | -6 | -119 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.159 | Efficiencies from the cost of Transport for Older People | Savings can be made through close scrutiny of the expenditure on transport as part of care packages in Older People's Services to ensure that travel requirements are being met in as cost efficient a way as possible. | CFA | Commissioning | BP Saving | 0 | -25 | -25 | -25 | -25 | -100 | 0 | -16 | -16 | -16 | -48 | 52 | No | Red | ▽ | Investigation has identified three areas in which £64k can be made and these are being implemented. £16k of this will be achieved next financial year and £48k will be achieved in year. This leaves £36k that is unlikely to be achieved. | N/A |
| A/R.6.160 | Ensuring joint health and social care funding arrangements for older people are appropriate | We have been working with NHS colleagues to review continuing health care arrangements including joint funding, with a view to ensuring that the decision making process is transparent and we are clearer about funding responsibility<br>between social care and the NHS when someone has continuing health care needs.<br>Several cases has been identified where potentially health funding should be included or increased based on a review of needs. | CFA | Finance & budget review | BP Saving | 0 | -196 | -143 | -89 | -36 | -464 | -196 | -143 | -89 | -36 | -464 | 0 | No | Green | ↑ | On track | N/A |
| A/R.6.161 | Managing the Cambridgeshire Local Assistance Scheme within existing resources | The Adults Committee has considered several proposals on how to deliver the Cambridgeshire Local Assistance Scheme (CLAS). The contingency budget previosuly held for CLAS has now been removed, as is no longer required to support the redesigned service. | CFA | Finance & budget review | BP Saving | 0 | -163 | 0 | 0 | 0 | -163 | -163 | 0 | 0 | 0 | -163 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.163 | Ensuring homecare for adults with mental health needs focuses on supporting recovery and piloting peer support delivered through the Recovery College | Savings will be achieved through reproviding homecare services for adults with mental health needs and helping people to return to independence more quickly. | CFA | Adults services | BP Saving | 0 | -75 | -75 | -60 | -40 | -250 | -75 | -75 | -60 | -40 | -250 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.164 | Reablement for Older People - Improving effectiveness to enable more people to live independently | Development of the Reablement Service to ensure it promotes independence and reduces the costs of care by being directed at the right people. Changes to the way the service operates will release additional capacity, allowing it to work with more people, achieve better outcomes and so reduce demand and cut costs. It is proposed that within existing staffing levels we can increase the number of people receiving a reablement service and increase the number of people for whom the reablement intervention is ended without the need for ongoing care or with a reduced need for ongoing care.<br>To achieve this we will improve team structures and working practices and ensure the cases referred to the service are appropriate, where there is good potential for people to live independently again. | CFA | Adults services | BP Saving | 0 | -93 | -67 | -42 | -17 | -219 | -93 | -67 | -42 | -17 | -219 | 0 | No | Green | ⇔ | On track | N/A |

**APPENDIX 6 - Savings Tracker 2017-18**

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|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 4,073 | -15,026 | -6,648 | -4,753 | -4,357 | **-30,784** | -13,282 | -5,949 | -4,646 | -4,404 | **-28,281** | 2,503 | | | | | |
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| A/R.6.165 | Enhanced Occupational Therapy Support to reduce the need for double-handed care | The Double-Up Team was set up as a ‘spend to save’ initiative in 2013 based on evidence from other local authorities. Initially set up as a pilot project, it was endorsed as part of the County Council’s prevention agenda, the implementation of Transforming Lives and the requirements of The Care Act.<br>The team consists of two Senior Occupational Therapists (OTs) and two OT Technicians employed directly by the County Council. The team’s remit is to focus on the review of service users to assess whether it is possible to either:<br>• Reduce existing double-up packages of care to single-handed care OR<br>• Prevent single-handed care packages being increased to double-up<br>This team is currently based outside of the existing mainstream OT service to ensure focus on the delivery of actions that will benefit the recipients whist returning a saving direct to the Council.<br>Through the actions of the existing team, savings from the Councils homecare budget were generated in the region of £1.1m in 2015-16 and are on track to achieve a similar figure in the current financial year.<br>This business case proposes the expansion of the service through the recruitment of an additional two OT workers so they can share learning and benefits associated with the current model to other settings (further details are listed in the 'scope' section of this document) as well as providing additional review capacity. | CFA | Adults services | BP Saving | 90 | -132 | -94 | -19 | -7 | -252 | -132 | -94 | -19 | -7 | -252 | 0 | No | Green | ⇔ | On track | Alongside mainstream occupational therapy service provided within community (CPFT) and hospitals based OTs |
| A/R.6.167 | Voluntary Sector Contracts for Mental Health Services | Renegotiation of a number of voluntary sector contracts for mental health support has resulted in lower costs to the Council whilst maintaining levels of service provision for adults with mental health needs. The reductions have been discussed and negotiated with the providers impacted, and they have factored this into their own business planning. On-going investment by the Mental Health service in the voluntary and community sector remains over £3.7m | CFA | Finance & budget review | BP Saving | 0 | -130 | 0 | 0 | 0 | -130 | -130 | 0 | 0 | 0 | -130 | 0 | Yes | Green | ⇔ | Saving Achieved | N/A |
| A/R.6.168 | Establish a review and reablement function for older people with mental health needs | Redirect support workers within the Older People Mental Health team to provide a review and reablement function for service users in receipt of low cost packages (under £150 per week). | CFA | Adults services | BP Saving | 0 | -20 | -25 | -15 | -9 | -69 | -20 | -25 | -15 | -9 | -69 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.169 | Better Care Fund improvement | Each year the Council and the local NHS agree a Better Care Fund plan, this includes an element for social care services.<br>Given the uplift in the BCF allocation in 2016-17 and an anticipated further increase in 2017-18 the Council will negotiate that a greater share of BCF monies are focused on provision of social care services. This supports the local NHS. | CFA | Finance & budget review | BP Saving | 0 | -930 | 0 | 0 | 0 | -930 | 0 | -880 | 0 | 0 | -880 | 50 | No | Amber | ⇔ | Full guidance for BCF planning round 2017-19 still awaited.<br>Council negoiating position of uplifts for 2017/18 and 2016/17 (which was not agreed last year) is likely to clash with CCG intentions.<br>Risk of delayed non-agreement.<br>Focus is on financial negotiation. | The Better Care Fund is a pooled budget with the NHS |
| A/R.6.170 | OP contractual & demand savings (including respite beds) 6.170 | Retendering of contracts in 2016-17 has presented the opportunity to reduce our block purchasing of respite beds, following under-utilisation and unused voids in previous arrangements. Use of spot purchasing for respite will be monitored.<br>Additionally, as trends have continued towards supporting fewer people overall in 2016-17 it has been possible to reflect this cost reduction in a further small saving on demographic allocations. | CFA | Commissioning | BP Saving | 0 | -450 | 0 | 0 | -100 | -550 | -450 | 0 | 0 | -100 | -550 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.201 | Staffing reductions in Commissioning Enhanced Services | Review of Commissioning across CFA. | CFA | Workforce planning & development | BP Saving | 0 | 0 | 0 | -107 | 0 | -107 | 0 | 0 | -107 | 0 | -107 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.202 | Children's Change Programme: Changes to Management Structure in Children's Services | The Children's Change Programme is reviewing and transforming the system of children's services across early help, safeguarding and protection teams. Phase 1 of the programme will realise savings from staffing by deleting duplication and simplifying processes. Specifically, we will integrate social work and early help services into a district-based delivery model, unifying services around familiar and common administrative boundaries so they can align with partners better; and reducing the number of team manager level posts required. | CFA | Workforce planning & development | BP Saving | 0 | -619 | 0 | 0 | 0 | -619 | -619 | 0 | 0 | 0 | -619 | 0 | No | Green | ⇔ | On track - Plan in place to deliver. Awaiting response from DfE on Innovation Funding | N/A |
| A/R.6.203 | Amalgamating Family Support Services | Amalgamation of Specialist Family Support Service Family Support Workers in localities to produce better efficiency and subsequent a reduction of associated relief staff costs. | CFA | Workforce planning & development | BP Saving | 0 | -50 | 0 | 0 | 0 | -50 | -50 | 0 | 0 | 0 | -50 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.205 | Children’s Social Care Support for young people with complex needs | Prevention of placement or family breakdowns by providing outreach support and the provision of a consistent wrap-around support for young people with complex needs to avoid the use of costly external residential provision that may not meet need. | CFA | 0 | BP Saving | 497 | 0 | -135 | -181 | -243 | -559 | 0 | -135 | -181 | -243 | -559 | 0 | No | Green | ⇔ | On track - Savings re-profiled across Q2,3,4 | N/A |

## APPENDIX 6 - Savings Tracker 2017-18

| | | | | | | | Planned £000 | | | | | Forecast £000 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 4,073 | -15,026 | -6,648 | -4,753 | -4,357 | **-30,784** | -13,282 | -5,949 | -4,646 | -4,404 | **-28,281** | 2,503 | | | | |
| Reference | Title | Description | Service | Transformation Workstream | BP Saving or Funnel? | Investment 17-18 £000 | Original Phasing - Q1 | Original Phasing - Q2 | Original Phasing - Q3 | Original Phasing - Q4 | Original Saving 17-18 | Current Forecast Phasing - Q1 | Current Forecast Phasing - Q2 | Current Forecast Phasing - Q3 | Current Forecast Phasing - Q4 | Forecast Saving | Variance from Plan £000 | Saving complete? | RAG | Direction of travel | Forecast Commentary | Links with partner organisations |
| A/R.6.210 | Home to School Transport (Special) | Most children and young people with Statements of SEND and Education, Health and Care (EHC) plans do not require special transport arrangements. Wherever possible and appropriate, the child or young person with SEN should be treated in the same way as those without. e.g. in general they should walk to school, travel on a public bus or rail service or a contract bus service or be taken by their parents. They should develop independent travel skills which should be assessed at each Annual Review. The majority of children/ young people of statutory school age (5-16) who have a Statement of Special Educational Need (SSEN) will attend their designated mainstream school. Only if, as detailed in their SSEN/EHC Plan, a child or young person has a special educational need or disability which ordinarily prevents them from either walking to and from school or accessing a bus or rail service or contract bus service, will they be eligible for free transport.<br>With effect from 1 September 2015, the Council stopped providing free transport for young people with SEND over the age of 16, except those living in low income families. The ability to make considerable savings from 2018-19 onwards is based on increased in-county education provision and reduction in EHC Plans due to more need being met within mainstream provision, both of which are needed to reduce the number of pupils requiring transport. | CFA | Children's services | BP Saving | 0 | -124 | -123 | -123 | -123 | -493 | -124 | -123 | -123 | -123 | -493 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.213 | LAC Inflation Savings | Award inflation at 0.7% rather than 1.7% | CFA | Commissioning | BP Saving | 0 | -31 | -31 | -31 | -31 | -124 | -31 | -31 | -31 | -31 | -124 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.214 | Moving towards personal budgets in home to school transport (SEN) | The Personal Transport Budget (PTB) is a sum of money that is paid to a parent/carer of a child who is eligible for free school travel. The cost of a PTB would not be more than current transport arrangements. A PTB gives families the freedom to make their own decisions and arrangements about how their child will get to and from school each day. Monitoring and bureaucracy of PTBs is kept to a minimum with parents not being expected to provide evidence on how the money is spent. However, monitoring of children's attendance at school is done and PTBs are removed if attendance falls below an agreed level. | CFA | Contracts, commercial & procurement | BP Saving | 0 | -58 | -58 | -58 | -58 | -232 | -58 | -58 | -58 | -58 | -232 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.215 | Adaptation and refurbishment of Council Properties to reduce the unit cost of placements | Two properties owned by Cambridgeshire County Council have become vacant, or are becoming vacant over the coming months. This presents an opportunity to increase the capacity for in-county accommodation the Council has for children who are looked after and to contribute to the savings arising from the unit cost of placements. Refurbishment of the properties will take place to make these buildings fit for purpose. | CFA | Commissioning | BP Saving | 0 | -141 | -140 | -141 | -140 | -562 | 0 | -77 | -167 | -167 | -411 | 151 | No | Red | ▽ | The original saving was predicated on a 12 month period for each of these placements. Therefore, as a result of a lead times needed to progress the project, part of the saving will be pushed back into 18/19.<br>A saving of -£257k is currently forecast to be delivered in 18/19, resulting in the project achieving c.£100k more than original planned in total. | N/A |
| A/R.6.216 | Pathways to access contraception and sexual health services for priority groups | To provide intermediate level training to 100 staff from targeted services in residential children's homes, drug and alcohol services, adult mental health services, the Youth Offending Service, the 18-25 team and Domestic Violence Adviser team.<br>We will purchase 12 contraception boxes for offices of services attending training for use with clients. | CFA | Commissioning | BP Saving | 0 | -185 | 0 | 0 | 0 | -185 | 0 | 0 | 0 | 0 | 0 | 185 | No | Red | ⇔ | Due at CFA Delivery Board on 3 August. | N/A |
| A/R.6.217 | Enhanced intervention service for children with disabilities | Establish an Enhanced Intervention Service in Cambridgeshire. The purpose of the team would be to reduce the number of children with disabilities placed in out of county residential homes, to enable children to safely live with their family and access education in their local area. | CFA | Commissioning | BP Saving | 120 | -29 | -48 | -48 | -49 | -174 | -29 | -48 | -48 | -49 | -174 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.218 | SPACE Programme – helping mothers to prevent repeat removals | The Space Programme works to engage with mothers who have had their baby permanently removed from their care, with the aim of reducing the likelihood of it happening again. The programme works with mothers and their partners where appropriate, to help them understand the range of issues they face and which may have contributed to their child becoming permanently removed in the first place. In partnership with other agencies, the programme works to promote positive relationships, self esteem and confidence and assertiveness, whilst encouraging access to universal and specialist services that can help mothers live healthier lives.<br>The programme has been funded by CFA reserves from October 2015 to March 2017 and works on the assumption that the programme prevents six babies entering foster care in 2017-18 and 2018-19 as a result of the intervention work that's taken place in 2015-16 and 2016-17.<br>Outcome data for the programme is currently being prepared and reviewed and options to secure permanent funding to sustain this work are being explored. | CFA | Children's services | BP Saving | 0 | -111 | 0 | 0 | 0 | -111 | 0 | 0 | 0 | 0 | 0 | 111 | No | Red | ⇔ | Savings deemed as not achievable. Under review. | N/A |
| A/R.6.219 | Systemic family meetings to be offered at an earlier stage to increase the number of children being diverted from LAC placements | Change the referral criteria for systemic family meetings so they take place with families at an earlier stage - at the point just before beginning a child protection plan. This would enable us to work with a larger group of 390 children at Child Protection level, rather than 240 at court proceedings level. | CFA | Commissioning | BP Saving | 148 | -115 | -115 | -115 | -116 | -461 | -115 | -115 | -115 | -116 | -461 | 0 | No | Green | ⇔ | On track - currently looking at 5 units to ascertain impact. Q1 savings to be quantified against benchmark data. | N/A |
| A/R.6.220 | Increase the number and capacity of in-house foster carers | Reduce spending on foster placements from external carer agencies by increasing the capacity of the in-house service. | CFA | Commissioning | BP Saving | 0 | -48 | -49 | -49 | -49 | -195 | -48 | -49 | -49 | -49 | -195 | 0 | No | Green | ⇔ | On track | N/A |
| A/R.6.221 | Link workers within Adult Mental Health Services | Two Link Workers will embed a Think Family approach in adult mental health services and increase access to preventative and early help services to keep families together wherever possible. | CFA | Commissioning | BP Saving | 84 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | No | 0 | ⇔ | No savings planned for 17/18 | N/A |

**APPENDIX 6 - Savings Tracker 2017-18**

| | | | | | | | Planned £000 | | | | | Forecast £000 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 4,073 | -15,026 | -6,648 | -4,753 | -4,357 | **-30,784** | -13,282 | -5,949 | -4,646 | -4,404 | **-28,281** | 2,503 | | | | | |
| **Reference** | **Title** | **Description** | **Service** | **Transformation Workstream** | **BP Saving or Funnel?** | **Investment 17-18 £000** | **Original Phasing - Q1** | **Original Phasing - Q2** | **Original Phasing - Q3** | **Original Phasing - Q4** | **Original Saving 17-18** | **Current Forecast Phasing - Q1** | **Current Forecast Phasing - Q2** | **Current Forecast Phasing - Q3** | **Current Forecast Phasing - Q4** | **Forecast Saving** | **Variance from Plan £000** | **Saving complete?** | **RAG** | **Direction of travel** | **Forecast Commentary** | **Links with partner organisations** |
| A/R.6.222 | Independent travel training for children with SEND | Proposal to introduce Independent Travel Training (ITT) for young people with SEND to help them cope with the often more complex journeys required to access further education. Once trained and assessed to be safely able to travel independently, we will no longer have to provide home to school transport for these young people. | CFA | Children's services | BP Saving | 0 | -24 | -24 | -24 | -24 | -96 | 0 | -32 | -32 | -32 | -96 | 0 | No | Green | ↔ | Project delayed due to the commissioning restructure, also awaiting reconfirmation of funding. | N/A |
| A/R.6.225 | Alternative model of delivery for school catering and cleaning [EI] | A new way of providing school catering and cleaning as either a joint venture or a partnership with another provider is at an advanced stage. A minimum of £50K has been set as a project priority. | CFA | Workforce planning & development | BP Saving | 0 | -13 | -13 | -12 | -12 | -50 | 0 | 0 | 0 | 0 | 0 | 50 | No | Red | ↔ | Strategic Partnership reviewed and alternative approach selected. Risks around lease and business rates arrangements, national living wage and food cost inflation.<br>Management changes for the service are effective from 1 July - a recovery plan is being prepared. A positive sign is that the Service has recently won three significant tenders from Multi-Academy Trusts. | N/A |
| A/R.6.227 | Strategic review of the LA's ongoing statutory role in learning | A programme to transform the role of the local authority in education in response to national developments such as the 2016 Education White Paper, and the local context, (e.g. the increasing number of academies and the educational performance of schools) has been started.<br>This has four strands - the LA's core duties, traded services, local authority-initiated Multi-academy Trusts and the recruitment and retention of school staff. Early work has identified savings from reducing core funding by discharging the Education Advisor function with two f.t.e. staff, one funded centrally and one traded; Mathematics, English and Improvement advisers to be fully traded from 2017-18; Primary advisers to be part traded from 2017-18 and fully traded from 2018-19; Senior Advisers to be part traded; and a reduction in the intervention budget, supporting only maintained schools where we have a statutory responsibility to do so. The Education Advisers will generate a £10k surplus in 2018-19. | CFA | Workforce planning & development | BP Saving | 0 | -67 | -68 | -67 | -68 | -270 | -180 | -25 | -35 | -30 | -270 | 0 | No | Green | ↑ | Saving Achieved - through grant funding and reduction in intervention budget | N/A |
| A/R.6.230 | Reduction in Heads of Service | Reduce the number of Heads of Service in the Learning directorate from six to five in line with the reduction in staffing and changing role of the Directorate. | CFA | Workforce planning & development | BP Saving | 0 | -80 | 0 | 0 | 0 | -80 | -60 | 0 | 0 | 0 | -60 | 20 | No | Green | ↔ | On track - | N/A |
| A/R.6.234 | Home to School Transport (Mainstream) | The 2017-18 saving is made up of the summer term changes to post 16 and spare seats charging policy, implemented in 2016-17.<br>As a result of a decision taken by SMT, all services are now required to absorb the impact of the general growth in population and no demography funding will be allocated for this purpose. This represents £598k for this budget. Full year savings of £438k from route retendering (which normally would be offered as savings) will instead be diverted to meet this pressure, with the remainder secured through a programme of route reviews. | CFA | Contracts, commercial & procurement | BP Saving | 0 | -70 | 0 | 0 | -24 | -94 | -70 | 0 | 0 | -24 | -94 | 0 | No | Green | ↔ | On track | N/A |
| A/R.6.236 | Business Support | Development and implementation of course booking and customer feedback systems and new ways of working will enable us to reduce our business support capacity. | CFA | Workforce planning & development | BP Saving | 0 | -51 | 0 | 0 | 0 | -51 | -51 | 0 | 0 | 0 | -51 | 0 | Yes | Green | ↔ | Saving Achieved | N/A |
| A/R.6.238 | Virtual Beds | Tender for 16 Block Distributed Purchasing (Flexi Beds). | CFA | Commissioning | BP Saving | 0 | 0 | -23 | -83 | -99 | -205 | 0 | 0 | 0 | 0 | 0 | 205 | No | Red | ↔ | Decision taken not to take this proposal forward. | N/A |
| A/R.6.239 | Review of top 50 placements | Monthly review by panel of the top 50 most expensive external placements, with the objective of reducing placement costs wherever possible. | CFA | Commissioning | BP Saving | 0 | -81 | -81 | -81 | -81 | -324 | -81 | -81 | -81 | -81 | -324 | 0 | No | Green | ↔ | On track | N/A |
| A/R.6.240 | Negotiating placement fees | Negotiate the costs of external placements for Looked After Children. | CFA | Commissioning | BP Saving | 0 | -17 | -18 | -17 | -18 | -70 | -17 | -18 | -17 | -18 | -70 | 0 | No | Green | ↔ | On track | N/A |
| A/R.6.241 | Foster carers to provide supported lodgings | Delivery of 10 new supported lodging placements | CFA | Commissioning | BP Saving | 0 | 0 | -22 | -65 | -65 | -152 | 0 | -22 | -65 | -65 | -152 | 0 | No | Green | ↔ | On track - Project board in place. Internal resourcing to be reviewed to support delivery | N/A |
| A/R.6.242 | Reducing fees for Independent Fostering Agency placements | Reduce fees for Independent Fostering Agency (IFA) placements | CFA | Commissioning | BP Saving | 0 | -30 | -30 | -3 | -3 | -66 | -30 | -30 | -3 | -3 | -66 | 0 | No | Green | ↔ | On track | N/A |
| A/R.6.243 | Children's Change Programme: Hawthorns, FGC, PIP & Misc | Restructure of Children's Services through the Children's Change Programme, to be reinvested to support the revised structure (see proposal A/R.5.004). | CFA | Children's services | BP Saving | 1,595 | -1,595 | 0 | 0 | 0 | -1,595 | -1,595 | 0 | 0 | 0 | -1,595 | 0 | Yes | Green | ↔ | Saving Achieved | N/A |
| A/R.6.244 | Total Transport | This is an updated proposal, in light of the data and experience gained through Phase 1 of the Total Transport pilot, which was implemented in the East Cambridgeshire area at the start of September 2016. By investing in staff and by extending the use of smartcard technology, the Council will be able to deliver more efficient mainstream school transport services, matching capacity more closely with demand. The intention is to secure financial savings whilst ensuring that all eligible pupils continue to receive free transport with reasonable but efficient travel arrangements. | CFA | Commissioning | BP Saving | 132 | -180 | 0 | -290 | -370 | -840 | 0 | -134 | -336 | -370 | -840 | 0 | No | Green | ↑ | On track. There will be no savings in quarter one because these savings related to the new school year, from September onwards | N/A |
| A/R.6.245 | Cambridgeshire Race, Equality and Diversity Service (CREDS) | The de-delegation received by the Cambridgeshire Race, Equality and Diversity Service (CREDS) from maintained primary schools in 2017-18 will reduce as a consequence of the large number of recent and forthcoming academy conversions. This reduction in funding will require a restructure of the service, including staffing reductions. | CFA | Workforce planning & development | BP Saving | 0 | -125 | 0 | 0 | 0 | -125 | -125 | 0 | 0 | 0 | -125 | 0 | No | Green | ↔ | On track | N/A |
| A/R.7.101 | Early Years subscription package | Proposal to develop Early Years subscription package for trading with settings. | CFA | Children's services | BP Saving | 0 | 0 | 0 | -28 | 0 | -28 | 0 | 0 | -28 | 0 | -28 | 0 | No | Green | ↔ | On track | N/A |
| A/R.7.103 | Education ICT Service | Increase in trading surplus through expanding out-of-county provision. | CFA | Children's services | BP Saving | 0 | -25 | -25 | -25 | -25 | -100 | -25 | -25 | -25 | -25 | -100 | 0 | No | Green | ↔ | On track | N/A |
| A/R.7.104 | Cambridgeshire Outdoors | Increase in trading surplus through cost reduction and external marketing. | CFA | Children's services | BP Saving | 0 | 0 | 0 | -50 | 0 | -50 | -8 | -8 | -8 | -9 | -33 | 17 | No | Amber | ↑ | A plan has been developed across the three centres to achieve this target. Key actions include the development and marketing of new offers, including weekend and school holiday bookings, and a relative reduction in management costs. This plan is already resulting in increased income. | N/A |

## APPENDIX 6 - Savings Tracker 2017-18

| | | | | | | | Planned £000 | | | | | Forecast £000 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 4,073 | -15,026 | -6,648 | -4,753 | -4,357 | **-30,784** | -13,282 | -5,949 | -4,646 | -4,404 | **-28,281** | 2,503 | | | | | |
| **Reference** | **Title** | **Description** | **Service** | **Transformation Workstream** | **BP Saving or Funnel?** | **Investment 17-18 £000** | **Original Phasing - Q1** | **Original Phasing - Q2** | **Original Phasing - Q3** | **Original Phasing - Q4** | **Original Saving 17-18** | **Current Forecast Phasing - Q1** | **Current Forecast Phasing - Q2** | **Current Forecast Phasing - Q3** | **Current Forecast Phasing - Q4** | **Forecast Saving** | **Variance from Plan £000** | **Saving complete?** | **RAG** | **Direction of travel** | **Forecast Commentary** | **Links with partner organisations** |
| A/R.7.105 | Admissions Service | Increase in trading surplus through an increased use of automated systems. | CFA | Children's services | BP Saving | 0 | -3 | -3 | -3 | -1 | -10 | -3 | -3 | -3 | -1 | -10 | 0 | No | Green | ↔ | On track | N/A |
| A/R.7.106 | Reduction in income de-delegated from Schools to CREDS | The de-delegation received by the Cambridgeshire Race, Equality and Diversity Service (CREDS) from maintained primary schools in 2017-18 will reduce as a consequence of the large number of recent and forthcoming academy conversions. This reduction in funding will require a restructure of the service, including staffing reductions. | CFA | Workforce planning & development | BP Saving | 0 | 30 | 30 | 30 | 35 | 125 | 30 | 30 | 30 | 35 | 125 | 0 | No | Green | ↔ | On track | N/A |

## APPENDIX 6 - Savings Tracker 2017-18

| | | | | | | | Planned £000 | | | | | Forecast £000 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 4,073 | -15,026 | -6,648 | -4,753 | -4,357 | **-30,784** | -13,282 | -5,949 | -4,646 | -4,404 | **-28,281** | 2,503 | | | | | |
| **Reference** | **Title** | **Description** | **Service** | **Transformation Workstream** | **BP Saving or Funnel?** | **Investment 17-18 £000** | **Original Phasing - Q1** | **Original Phasing - Q2** | **Original Phasing - Q3** | **Original Phasing - Q4** | **Original Saving 17-18** | **Current Forecast Phasing - Q1** | **Current Forecast Phasing - Q2** | **Current Forecast Phasing - Q3** | **Current Forecast Phasing - Q4** | **Forecast Saving** | **Variance from Plan £000** | **Saving complete?** | **RAG** | **Direction of travel** | **Forecast Commentary** | **Links with partner organisations** |
| C/R.5.304 | Neighbourhood Cares (Buurtzorg) | Piloting a radically different model of social work in Cambridgeshire informed by the latest thinking developed locally through the Transforming Lives project, innovation being led by other local authorities and in particularly by the successful Buurtzory model of community care in Holland. | CFA | | Funnel | | | | | | | | | | | | | | | | Manager appointed.<br>No savings target in 2017/18 | N/A |
| B/R.6.103 | Reduction in Concessionary fare payments | To remove £300k from the Concessionary Fare budget for 2017-18 following actual underspend of £300k for 2015-16 and projected underspend of £300k for 2016-17 | ETE | Environment, transport & economy | BP Saving | 0 | -75 | -75 | -75 | -75 | -300 | -75 | -75 | -75 | -75 | -300 | 0 | No | Green | ↔ | Budget reduced to match reduction in demand | N |
| B/R.6.202 | Upgrade streetlights to LEDs | This will involve upgrading street light bulbs with LEDs where this offers good value for money, such as the energy savings are greater than the cost of conversion. This links to capital proposal B/C.3.109. This is the full year effect of a saving made in 2016-17. | ETE | Contracts, commercial & procurement | BP Saving | 0 | 0 | -14 | 0 | 0 | -14 | 0 | 0 | -14 | 0 | -14 | 0 | No | Green | ↔ | LED project plan for accrued street lights has been agreed with Balfour Beatty and Connect Roads. The contract change is being writted and the deed of variation should be signed by the end of June. Once signed the order will be placed and work will take place in Q3. | N |
| B/R.6.203 | Rationalise business support in highways depots to a shared service | Move to shared service business support across the highway depots. | ETE | Workforce planning & development | BP Saving | 0 | -25 | 0 | 0 | 0 | -25 | -25 | 0 | 0 | 0 | -25 | 0 | Yes | Green | ↑ | Vacant post has been deleted from the establishment. | N |
| B/R.6.205 | Replace rising bollards with cameras | The rising bollards in Cambridge are old and becoming increasingly expensive to maintain. This will save the annual maintenance cost of the bollards. | ETE | Commissioning | BP Saving | 0 | -25 | 0 | 0 | 0 | -25 | -25 | 0 | 0 | 0 | -25 | 0 | Yes | Green | ↑ | Three sites went live in 16/17 (Emmanuel Rd, Bridge St & Regent St). Station Road is due to go live immiently and there is the potential for two further sites in 2017/18, both of which are being investigated further. | N |
| B/R.6.207 | Highways Services Transformation | The Council is replacing its existing contract for highway works such as road maintenance and pot hole filling. This will allow us to achieve greater value for money and reduce costs significantly while improving service quality. | ETE | Contracts, commercial & procurement | BP Saving | 0 | 0 | -267 | -267 | -266 | -800 | 0 | -267 | -267 | -266 | -800 | 0 | No | Green | ↔ | The new highway contract has been procured, with Skanska the successful bidder. The contract starts on 1 July and the year one saving (nine months) of £800k has been captured through the price of the tender. | N |
| B/R.6.209 | Reduce library management and systems support and stock (book) fund | One year reduction of £325k in spending on new library stock, together with further savings in deliveries and some IT systems support. Any further reduction in support would impact the ability of communities to take on their libraries and there is reputational risk in reducing the book fund. | ETE | Commissioning | BP Saving | 0 | -340 | 0 | 0 | 0 | -340 | -340 | 0 | 0 | 0 | -340 | 0 | Yes | Green | ↑ | expect to be able to deliver the saving through cutting back on new stock acquired | 0 |
| B/R.6.211 | Road Safety projects & campaigns - savings required due to change in Public Health Grant | This is a removal of a one off Public Health grant. This has funded specific work and campaigns which have now ended and so the money is no longer required. | ETE | Commissioning | BP Saving | 0 | -84 | 0 | 0 | 0 | -84 | -84 | 0 | 0 | 0 | -84 | 0 | Yes | Green | ↔ | This funding has been removed and therefore this saving achieved. The Road Safety team is utilising opportunities through the PCC To continue certain activities. | N |
| B/R.6.213 | Move to full cost recovery for non-statutory highway works | Communities and Parish/Town Councils can pay for additional highway works such as traffic calming and yellow lines that are extra to the Council's normal work. The Council delivers these works but has not in the past recovered the full cost of delivery of schemes and officer time in preparing them will be charged. | ETE | Commissioning | BP Saving | 50 | -100 | 0 | 0 | 0 | -100 | 0 | 0 | -50 | -50 | -100 | 0 | No | Green | ↔ | On track | N |
| B/R.6.214 | Street Lighting Synergies | Cambridgeshire County Council can make an £8m joint saving with Northamptonshire if both parties enter the same Street Lighting PFI contract. In order for this to happen, CCC will have to pay a Break Cost estimated to be £800k.<br>This cost can be paid upfront or over time. It is proposed that CCC pays the Break Cost upfront. | ETE | Environment, transport & economy | BP Saving | 0 | -32 | -32 | -32 | -33 | -129 | -32 | -32 | -32 | -33 | -129 | 0 | No | Green | ↔ | "£800k investment in 16-17<br>The streetlighting synergies were signed in March 2017, but the full realisation of the saving will not be achieved until year end, with the savings made throughout the year" | N |
| B/R.6.215 | Contract savings for the maintenance of Vehicle Activated signs (VAS) and traffic signal junctions/crossings | A new 5 year contract is now in place to provide maintenance for traffic signalled junctions, crossings and vehicle speed activated signs (VAS). The proposed saving is realised from sharing fixed contract overhead costs with neighbouring authorities and the reallocation of risk. Funding will no longer be available to replace VAS signs if they cannot be repaired unless they are safety critical. | ETE | Contracts, commercial & procurement | BP Saving | 0 | -17 | -17 | -18 | -18 | -70 | -17 | -17 | -18 | -18 | -70 | 0 | No | Green | ↔ | The new contract will be paid for on a monthly basis and therefore the total saving will be achieved at year end | N |
| B/R.6.302 | Renegotiation of the Waste PFI contract. | The Council has a contract with Amey to process and recycle the waste collected across Cambridgeshire. Through negotiation, the Council is seeking to reduce the cost of this contract. | ETE | Contracts, commercial & procurement | BP Saving | 0 | -920 | 0 | 0 | -80 | -1,000 | -100 | -100 | -200 | -600 | -1,000 | 0 | No | Green | ↔ | Savings of approximately £500,000 have been identified that will be delivered in this financial year. It is anticipated that further savings will come on stream in year that will contribute to achieving the overall £1m annual target. | 0 |
| B/R.7.100 | Increase income from digital archive services | The Council currently charges for digital versions of documents from our archive. As more documents are being digitised each year, the Council expects income to increase. | ETE | Environment, transport & economy | BP Saving | 0 | -5 | 0 | -15 | 0 | -20 | 0 | -5 | -15 | 0 | -20 | 0 | No | Green | ↔ | This saving was predicated on better facilities available in new Ely archives centre, which is significantly delayed. However some additional funding should be forthcoming from alternative avenues | 0 |
| B/R.7.109 | Introduce a charge for commercial events using the highway | Large commercial events that require closures of roads such as cycling and running races currently cost the council money to administer. In future, the cost of the Council's work will be recovered. This will not impact on small community events. | ETE | Environment, transport & economy | BP Saving | 0 | -2 | -3 | -3 | -2 | -10 | -2 | -3 | -3 | -2 | -10 | 0 | No | Green | ↔ | This charge was introduced in 16/17 and subject to events continuing to be staged on the public highway then this saving will be achieved. | N |
| B/R.7.110 | Increase highways charges to cover costs | This relates to a wide range of charges levied for use of the highway such as skip licences for example. All charges have been reviewed across ETE. Further targeted review and monitoring of charges will continue to ensure they remain relevant. | ETE | 0 | BP Saving | 0 | -1 | -1 | -1 | -2 | -5 | -1 | -1 | -1 | -2 | -5 | 0 | No | Green | ↔ | Fees & Charges increased inline with inflation for statutory services, whilst discretionary functions have been reveiwed and increased accordingly. | N |
| B/R.7.111 | Introduce a highways permitting system | This proposal will allow the Council to better control works on our roads being carried out by utility and other commercial companies through the use of permits. This will mean better coordination of road works, reduced delays and the ability to fine companies when they do not work efficiently on our roads. | ETE | Environment, transport & economy | BP Saving | 0 | -100 | -40 | 0 | 0 | -140 | -100 | -40 | 0 | 0 | -140 | 0 | No | Green | ↔ | Permitting scheme implemented Oct 16. Already seeing overachievement in the first six months. Although likely to plateaux and drop off slightly as the scheme beds in, the income target will be achieved. | N |
| C/R.5.313 | Enhanced Response Service - Assistive Technology Phase 2 | Following the agreement of GPC to the Assistive Technology proposals (Phase 1) in September 2016 a further business case has been developed to establish an enhanced assistive technology response service to reduce/delay/minimise admissions to hospital and funded care. | CFA | | Funnel | | | | | | | | | | | | | | | | | Savings likely for partner organisations:<br>-reducing non-elective admissions to acute hospitals<br>-reducing ambulance call-outs |
| C/R.6.103 | Courier Contract | A more efficient Council-wide postage service, has generated savings against courier costs. | CS | Commissioning | BP Saving | 0 | -35 | 0 | 0 | 0 | -35 | -35 | 0 | 0 | 0 | -35 | 0 | Yes | Green | ↔ | Existing contract terminated. New arrangements now in place | N |

# APPENDIX 6 - Savings Tracker 2017-18

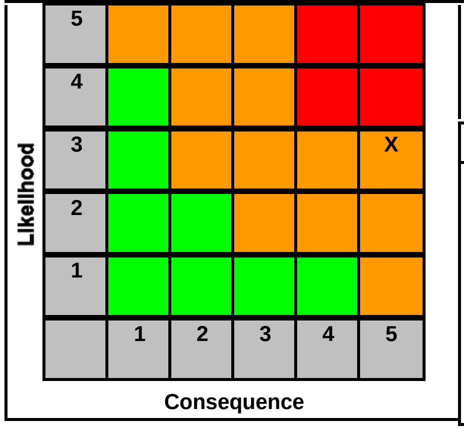
| | | | | | | | Planned £000 | | | | | Forecast £000 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 4,073 | -15,026 | -6,648 | -4,753 | -4,357 | **-30,784** | -13,282 | -5,949 | -4,646 | -4,404 | **-28,281** | 2,503 | | | | | |
| **Reference** | **Title** | **Description** | **Service** | **Transformation Workstream** | **BP Saving or Funnel?** | **Investment 17-18 £000** | **Original Phasing - Q1** | **Original Phasing - Q2** | **Original Phasing - Q3** | **Original Phasing - Q4** | **Original Saving 17-18** | **Current Forecast Phasing - Q1** | **Current Forecast Phasing - Q2** | **Current Forecast Phasing - Q3** | **Current Forecast Phasing - Q4** | **Forecast Saving** | **Variance from Plan £000** | **Saving complete?** | **RAG** | **Direction of travel** | **Forecast Commentary** | **Links with partner organisations** |
| C/R.6.104 | Citizen First, Digital First - Repayment of financing costs | Investment in a range of technology solutions that will enable us to ensure that our digital presence is engaging and easy to use, to integrate our various existing IT systems, and enable the delivery of the Citizen First, Digital First strategy. This saving will repay the debt charges resulting from borrowing. | CS | Customer & communities | BP Saving | 0 | 0 | 0 | 0 | -56 | -56 | -14 | -14 | -14 | -14 | -56 | 0 | No | Green | ↔ | It has been identified how these savings will be released from the Contact Centre | N |
| C/R.6.105 | Citizen First, Digital First - Surplus to repayment of financing costs | Additional savings to C/R.6.104, after repayment of the debt charges resulting from borrowing to invest and enable the delivery of the Citizen First, Digital First strategy. | CS | Customer & communities | BP Saving | 0 | -247 | 0 | 0 | 0 | -247 | -62 | -62 | -62 | -61 | -247 | 0 | No | Green | | These savings will come partially from the Contact Centre and others from services, and further work is needed once products have been moved online to release these savings. | N |
| C/R.6.106 | Reduction in costs on Redundancy, Pensions & Injury budget | Reduction in costs on Redundancy, Pensions & Injury budget, held within Corporate Services. | CS | Finance & budget review | BP Saving | 0 | -10 | 0 | 0 | 0 | -10 | -10 | 0 | 0 | 0 | -10 | 0 | Yes | Green | ↔ | Saving already being made by reducing payroll costs | N |
| C/R.6.107 | Capitalisation of Redundancies | Using the flexibility of capital receipts direction to fund redundancies from capital instead of being funded by revenue. | CS | Finance & budget review | BP Saving | 0 | 0 | -1,000 | 0 | 0 | -1,000 | -1,000 | 0 | 0 | 0 | -1,000 | 0 | No | Green | ↔ | Accounting adjustment already made | N |
| C/R.6.109 | Capitalisation of the Transformation team | Using the flexibility of capital receipts direction to fund the transformation team from capital instead of being funded by revenue. | CS | Finance & budget review | BP Saving | 0 | 0 | -1,293 | 0 | 0 | -1,293 | -1,293 | 0 | 0 | 0 | -1,293 | 0 | Yes | Green | ↔ | Accounting adjustment already made | N |
| C/R.5.319 | ASC/OP investment required to manage demand and reduce cost to serve | To include:<br>- OP Home Care<br>- OP Accommodation<br>- Crisis Response<br>- Section 117<br>- Lifetime Costs: use of upfront spending to reduce the total lifetime costs of service users with long term needs | CFA | | Funnel | | | | | | | | | | | | | | | | £500k tranformation funding has been approved for draw-down in 2017/18 in respect of appointing an external provider to help the Council shape and deliver an ambitious change programme across all adult social care client groups. | N/A |
| E/R.6.003 | CCS contract for integrated contraception and sexual health services | Continued move to a more demand led model which means that although there will be a small reduction in clinic sessions the service will be even more targeted where there is most need. Specific proposals that reflect this approach are being discussed with Cambridgeshire Community Services. | PH | Public Health | BP Saving | 0 | -50 | 0 | 0 | 0 | -50 | -50 | 0 | 0 | 0 | -50 | 0 | No | Green | ↔ | 0 | 0 |
| E/R.6.006 | Review exercise referral schemes | As part of the Public Health drive to promote and increase physical activity to benefit everyone across the County the service is discontinuing investment in the current district based exercise referral schemes by £48k (recurrent). There is inequity in the current investment in exercise referral schemes as only two areas are funded. However the Health Committee approved at its November 2016 meeting a countywide physical activity programme which includes all the Districts.<br><br>An additional £23k saving (recurrent) results from the end of a workplace physical activity pilot at County Council premises Scott House, from which the learning is now mainstreamed, and from ceasing other currently unallocated physical activity project budgets. | PH | Public Health | BP Saving | 0 | -71 | 0 | 0 | 0 | -71 | -71 | 0 | 0 | 0 | -71 | 0 | No | Green | ↔ | 0 | 0 |
| E/R.6.012 | Public health services contract for children and young people aged 0-19 | Reducing the cost of the contract for age 0-19 public health services with Cambridgeshire Community Services, while investing in public health school nursing services for Special Schools. Review of skill mix and ways of working in 0-5 public health services, including health visiting and family nurse partnership, which should enable saving of £150k. Existing staff will be working in a more integrated way with other Council services, such as Children's Centres and Together for Families Programme. Invest £60k to provide a public health school nursing service for Special Schools. | PH | Public Health | BP Saving | 0 | -90 | 0 | 0 | 0 | -90 | -90 | 0 | 0 | 0 | -90 | 0 | No | Green | ↔ | 0 | 0 |
| E/R.6.019 | Public Health Programmes Team: proposed transfer to integrated lifestyles provider | It is proposed to transfer the CAMQUIT team to the current external Integrated Lifestyles Provider, subject to a Voluntary Transparency notice. Staff involved in microcommissioning of smoking cessation services in GP practices and pharmacies will not be transferred and will be in scope for the joint public health commissioning unit. | PH | Public Health | BP Saving | 0 | -13 | -12 | -13 | -12 | -50 | -13 | -12 | -13 | -12 | -50 | 0 | No | Green | ↔ | Subject to VT notice not being challenged. Delay in implementation. | 0 |
| E/R.6.021 | Public health commissioning - explore joint work with other organisations | Create a joint Public Health commissioning unit with Peterborough City Council in order to drive best value across both areas, building on the existing Children's Health Joint Commissioning Unit and existing joint work across the two Councils by the public health specialist team. | PH | Public Health | BP Saving | 0 | -14 | -14 | -14 | -15 | -57 | -14 | -14 | -14 | -15 | -57 | 0 | No | Green | ↔ | Restructure in progress, likely implementation date 1st May. | 0 |
| E/R.6.025 | Smoking Cessation : Reduced spend on NRT and GP Payments | After review of smoking cessation spend on nicotine replacement therapy (NRT) and payments to GP practices and pharmacies in the first two quarters of 2016-17, it has been established that this level of saving can be withdrawn while meeting the current level of demand for the smoking cessation service. | PH | Public Health | BP Saving | 0 | -28 | -27 | -28 | -27 | -110 | -28 | -27 | -28 | -27 | -110 | 0 | No | Green | ↔ | 0 | 0 |
| E/R.6.026 | Chlamydia Screening : Online Testing and reduction in lab costs | Demand for the online chlamydia screening service has declined. This is partially due to adopting a more targeted screening model. This also results in a lower spend on laboratory tests. | PH | Public Health | BP Saving | 0 | -13 | -12 | -13 | -12 | -50 | -13 | -12 | -13 | -12 | -50 | 0 | No | Green | ↔ | 0 | 0 |
| E/R.6.028 | Food for Life : Jointly commission across Cambridgeshire and Peterborough | The Food for Life programme aims to promote a healthier eating lifestyle and reduce childhood obesity. Currently the Council and Peterborough City Council separately commission this programme. The proposal is to reduce costs by recommissioning jointly with Peterborough City Council the programme which will promote healthy eating and physical activity while targeting areas that are more deprived with higher levels of childhood obesity. | PH | Public Health | BP Saving | 0 | -25 | 0 | 0 | 0 | -25 | -25 | 0 | 0 | 0 | -25 | 0 | No | Green | ↔ | 0 | 0 |
| E/R.6.029 | Traveller Health Team : Changed ways of working | Reduce value of contract with Ormiston Trust so that it reflects current level of community worker input, while funding additional input from Traveller Health specialist nurse. | PH | Public Health | BP Saving | 0 | -5 | 0 | 0 | 0 | -5 | -5 | 0 | 0 | 0 | -5 | 0 | No | Green | ↔ | 0 | 0 |
| E/R.6.031 | Contribution to CCC 0-5 voluntary sector contract no longer required | The Council's three year contract with Homestart ceased in September 2016 as part of a wider refocussing of preventive services for children aged 0-5. Public Health made a contribution to the overall budget for this contract, which is no longer required. | PH | Public Health | BP Saving | 0 | -98 | 0 | 0 | 0 | -98 | -98 | 0 | 0 | 0 | -98 | 0 | No | Green | ↔ | 0 | 0 |

## APPENDIX 6 - Savings Tracker 2017-18

| | | | | | | | Planned £000 | | | | | Forecast £000 | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 4,073 | -15,026 | -6,648 | -4,753 | -4,357 | **-30,784** | -13,282 | -5,949 | -4,646 | -4,404 | **-28,281** | 2,503 | | | | | |
| **Reference** | **Title** | **Description** | **Service** | **Transformation Workstream** | **BP Saving or Funnel?** | **Investment 17-18 £000** | **Original Phasing - Q1** | **Original Phasing - Q2** | **Original Phasing - Q3** | **Original Phasing - Q4** | **Original Saving 17-18** | **Current Forecast Phasing - Q1** | **Current Forecast Phasing - Q2** | **Current Forecast Phasing - Q3** | **Current Forecast Phasing - Q4** | **Forecast Saving** | **Variance from Plan £000** | **Saving complete?** | **RAG** | **Direction of travel** | **Forecast Commentary** | **Links with partner organisations** |
| E/R.7.102 | Reduction in income | Reductions in income from Cambridgeshire and Peterborough Clinical Commissioning Group for management of joint Health Intelligence Unit. A reduction in Public Health Consultant sessions of medical student teaching. | PH | 0 | BP Saving | 0 | 56 | 0 | 0 | 0 | 56 | 56 | 0 | 0 | 0 | 56 | 0 | No | Green | ↔ | 0 | 0 |
| F/R.6.108 | Energy Efficiency Fund - Repayment of Financing Costs | Savings to be generated from Energy Efficiency Fund capital investment. Element to repay financing costs. Links to capital proposal F/C.2.119 | A&I | Assets, estates & facilities management | BP Saving | 0 | -3 | -5 | -6 | -6 | -20 | -3 | -5 | -6 | -6 | -20 | 0 | No | Green | ↔ | On track | N |
| F/R.7.103 | County Farms Investment (Viability) - Surplus to Repayment of Financing Costs | Increase in County Farms rental income resulting from capital investment. Element surplus to repaying financing costs. | A&I | 0 | BP Saving | 0 | -4 | -4 | -4 | -3 | -15 | -4 | -4 | -4 | -3 | -15 | 0 | No | Green | ↔ | Additional income expected to be achieved | N |
| F/R.7.104 | County Farms Investment (Viability) - Repayment of Financing Costs | Increase in County Farms rental income resulting from capital investment. Links to capital proposal F/C.2.101. | A&I | 0 | BP Saving | 0 | -15 | -15 | -15 | -15 | -60 | -15 | -15 | -15 | -15 | -60 | 0 | No | Green | ↔ | Additional income expected to be achieved | N |
| F/R.7.105 | Renewable Energy Soham - Repayment of Financing Costs | Income generation resulting from capital investment in solar farm at Soham. Element to repay financing costs. Links to capital proposal C/C.2.102 in BP 2016-17. | A&I | 0 | BP Saving | 0 | -160 | -240 | -240 | -236 | -876 | -160 | -240 | -240 | -236 | -876 | 0 | No | Green | ↔ | Current expectation is that we will start to receive income from May and not April as hoped. . NB this may mean a small change in savings, but the initial targets are conservative, so this may not be affected. | N |
| F/R.7.106 | Renewable Energy Soham - Surplus to Repayment of Financing Costs | Income generation resulting from capital investment in solar farm at Soham. Element to surplus to repaying financing costs. | A&I | 0 | BP Saving | 0 | -33 | -50 | -50 | -50 | -183 | -33 | -50 | -50 | -50 | -183 | 0 | No | Green | ↔ | On track overall | N |
| F/R.7.109 | Telecommunications hosting policy | Review the Council's mobile telecommunications equipment policy. This will include exploring opportunities to generate revenue income from hosting telecommunications equipment on Council land and property assets and actively promoting better mobile coverage across the county. | A&I | Assets, estates & facilities management | BP Saving | 0 | 0 | 0 | -20 | -20 | -40 | 0 | 0 | -20 | -20 | -40 | 0 | No | Green | ↔ | Costs lower than forecast. Policy review went to A&I Committee 31/03/17 who approved relaxation of current policy. Telecoms consultants will be appointed to identify sites and negotiate with operators with agreements anticipated later in the year. | N |
| F/R.7.120 | Income from Rationalisation of Property Portfolio | Income generation from alternative use of major office building(s) to provide ongoing revenue streams. | A&I | 0 | BP Saving | 0 | -98 | -98 | -98 | -99 | -393 | -98 | -98 | -98 | -99 | -393 | 0 | No | Green | ↔ | Full year effect for Castle Court income | N |
| C/R.5.320 | Older People's Service Delivery | Good progress has been made in managing the OP budgets but there are diminishing returns and investment is required to manage the risks to deliver these savings. | CFA | | Funnel | | | | | | | | | | | | | | | | On track | N/A |
| CFA.F.01 | Assessment of Prisoners | Take 50k from this budget as the demand is lower than expected | CFA | | Funnel | | | | | | | | | | | | | | | | On track(awaiting grant notice) | N/A |
| CFA.F.02 | Total Transport | Establish a team to deliver the Total Transport Pilot. | CFA | | Funnel | | | | | | | | | | | | | | | | | N/A |
| CFA.F.04 | Learning Disability In House | Stretch target | CFA | | Funnel | | | | | | | | | | | | | | | | | N/A |
| CFA.F.09 | Non-Residential Protected Income Allowances | The Council continue to allow the current levels of protected income in the financial assessment. This would mean that all benefit income increases would be absorbed in the financial contribution however, the service user would not receive a reduced amount of protected income disregard. | CFA | Finance & budget review | Funnel | | | | | | | | | | | | | | | | First quarter data to be analysed. | N/A |
| CFA.F.10 | LDP - Residential to Supported Living | Potential has been identified to work with residential providers to consider whether some provision could be converted into supported living arrangements. This approach can be beneficial for all parties with a lower cost of care for providers and commissioners and service users having access to additional flexible income as a result of changes to benefit entitlements | CFA | Commissioning | Funnel | | | | | | | | | | | | | | | | | N/A |
| Funnel | Corporately held demography - if this is not utilised an underspend will occur | Target by CFA to not draw down on at least £2m of centrally held demography | CFA | | Funnel | | | | | | | | | | | | | | | | Demand pressures on LAC placements in particular (also Waste) require consideration and deployment of corporately held demography budget by GPC. | N/A |
| Funnel | Learning Disability Reviews | Additional savings on Learning Disability Reviews - investment for Project Assessment Team shown in 6.114 above | CFA | | Funnel | | | | | | | | | | | | | | | | | N/A |
| Funnel | Better Care Fund | Further reduction in the transformation fund in excess of the number at A/R.6.169 | CFA | | Funnel | | | | | | | | | | | | | | | | Delivery considered unlikely. Dependednt on BCF negotiation. | N/A |
| Funnel | Home to School Transport | 2016/17 underspend should be ongoing as agreed at CFA Delivery Board | CFA | | Funnel | | | | | | | | | | | | | | | | | N/A |
| Funnel | Learning Disability Proposal | Out of Area Repatriation savings | CFA | | Funnel | | | | | | | | | | | | | | | | Responsibility for out-of-area re-patriation re-assigned. Contingent on appropriate in-county capacity and best interest consideration | N/A |

# Cambridgeshire County Council

| **Risk** | **01. Vulnerable children or adults are harmed** |
|---|---|



| Likelihood | | | | | |
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**Consequence**

| **Risk Owners** | Wendi Ogle-Welbourn | **Current Score**<br>**Target Score**<br>**Previous Score** | 15 | **Last Review**<br>**Next Review** | 01/07/2017<br>30/09/2017 |
|---|---|---|---|---|---|

| **Triggers** | **Likelihood Factors (Vulnerability)** | **Potential Consequences** |
|---|---|---|
| 1. Council's arrangements for safeguarding vulnerable children and adults fail and someone dies or is seriously harmed<br>2. A serious case review is commissioned because a child or a vulnerable adult dies or is seriously harmed and abuse or neglect is thought to be involved | | 1. Child or vulnerable adult is killed or seriously harmed<br>2. People lose trust in Council services<br>3. Council is judged to have failed in statutory duties |

| **Controls** | **Adequacy** |
|---|---|
| 1. Multi-agency Safeguarding Boards provides oversight and review of safeguarding activity across agencies | Good |
| 2.Comprehensive and robust safeguarding training, development opportunities, and supervisions for staff to instil and monitor safeguarding practice | Good |
| 3.Audits, reviews and training provided to school staff, governors and settings. All schools must have child protection training every 3 years. | Good |
| 4.Continuous process of updating practice and procedures according to latest developments in practice and responding to national and local issues | Good |

| **Action Plans** | **Responsibility** | **Target Date** |
|---|---|---|

| | |
|---|---|
| 5.Whistleblowing policy, robust Local Authority Designated Officer arrangements, complaints process, all of which inform practice | Good |
| 6. Robust process of internal Quality Assurance, including case auditing and monitoring of performance | Good |
| 7.Multi-Agency Safeguarding Hub (MASH) supports timely, effective decision making between partners | Good |
| 8. Regular monitoring of social care providers | Good |

**Risk Path:** Cambridgeshire County Council/Cambridgeshire County Council

**Risk Category:**

**Linked Objective(s):**

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| Risk | 02. The Business Plan (including budget and services) is not delivered |
|---|---|

| | | | | | |
|---|---|---|---|---|---|
| Likelihood 5 | 🟧 | 🟧 | 🟧 | 🟥 | 🟥 |
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| | 1 | 2 | 3 | 4 | 5 |

Consequence

| **Risk Owners** | Chris Malyon | **Current Score**<br>**Target Score**<br>**Previous Score** | 12 | **Last Review**<br>**Next Review** | 01/07/2017<br>30/09/2017 |
|---|---|---|---|---|---|

| Triggers | Likelihood Factors (Vulnerability) | Potential Consequences |
|---|---|---|
| 1. The Council spends more resources than it has by the end of the year and does not have sufficient reserves to cover a minor deviation<br>2. Services are not delivered at the quantity or to the quality required as per the plan | Current forecast is for £2m overspend<br>Risk in previous register focused on waste savings<br>Risk in previous register focused on pension fund being under-funded | 1. Reactive in-year savings or in worst-case, Government intervention<br>2. The Council does not deliver its statutory responsibilities, leading to judicial review<br>3. People do not receive the services to which they are entitled or require, and may be harmed as a result<br>4. Reputational damage |

| Controls | Adequacy |
|---|---|
| 1. Robust Business Planning process | Good |
| 10.Limited reserves for minor deviations | Good |
| 2.Robust service planning, priorities cascaded through management teams and through appraisal process | Good |
| 3.Integrated resources and performance reporting (accountable monthly to GPC), tracking budget, savings, activity and performance | Good |
| 4.Operational division Finance and Performance Reports (accountable monthly to Service Committees), tracking budget, savings, activity and performance | Good |

| Action Plans | Responsibility | Target Date |
|---|---|---|
| 1. Integrated Resources and Performance Report<br>See information in monthly Integrated Resources and Performance Report about remedial action required to correct over- or underspends, or below-target performance | DCEX | 31/03/2018 |
| 2. Finance and Performance Reports<br>Detail is available in the monthly Finance and Performance Reports (which are accessible via hyperlinks in IRPR) | DCEX | 31/03/2018 |

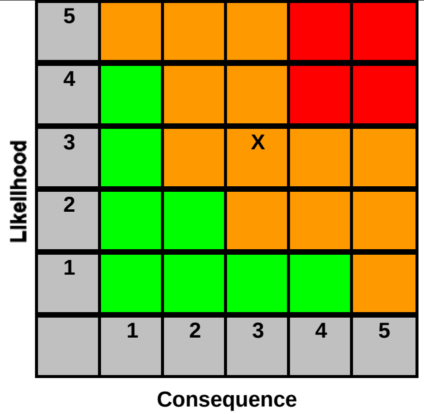
| | |
|---|---|
| 5.Scheme of Financial Management, including Budget Control Report for the Council as a whole and operational divisions | Good |
| 6.Procurement processes and controls ensure that best value is achieved through procurement | Good |
| 7.Regular meetings between Finance and budget holders at all levels of the organisation to track exceptions and identify remedial actions | Good |
| 8.Rigorous treasury management system plus tracking of national and international economic factors and Government policy | Good |
| 9.Rigorous risk management discipline embedded in services and projects | Good |

**Risk Path:** Cambridgeshire County Council/Cambridgeshire County Council

**Risk Category:**

**Linked Objective(s):**

| **Risk** | **03. Personal data is inappropriately accessed or shared** |
|---|---|



| Likelihood | | | | | |
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| | 1 | 2 | 3 | 4 | 5 |

**Consequence**

| | | | | | |
|---|---|---|---|---|---|
| **Risk Owners** | Sue Grace | **Current Score** | 9 | **Last Review** | 01/07/2017 |
| | | **Target Score** | | **Next Review** | 30/09/2017 |
| | | **Previous Score** | | | |

| Triggers | Likelihood Factors (Vulnerability) | Potential Consequences |
|---|---|---|
| 1. Criminal access to data (e.g. cyber-attack, break-in)<br>2. Accidental data breach (e.g. email sent to wrong recipient) | | 1. Harm for individuals<br>2. Loss of trust in the Council<br>3. Penalties from regulator |

| Controls | Adequacy |
|---|---|
| 1. Mandatory information security training for all staff | Good |
| 2. Further training available and encouraged | Good |
| 3. Regular communications to all staff and in key locations (e.g. printers) | Good |
| 4. Strategic Information Management Board, including Senior Information Risk Owner (member of SMT) and Caldicott Guardian, oversee all information governance activity | Good |
| 5. Comprehensive Information Management Policy Framework | Good |
| 6. Procedure for notifying, handling and managing data breaches | Good |

| Action Plans | Responsibility | Target Date |
|---|---|---|
| 1. Complete actions from Internal Audit of Information Governance, including introducing an audit regime examining information management practice across the Council | HoBI | 31/03/2018 |
| 2. Implement actions to comply with General Data Protection Regulations. | HoBI | 31/05/2018 |

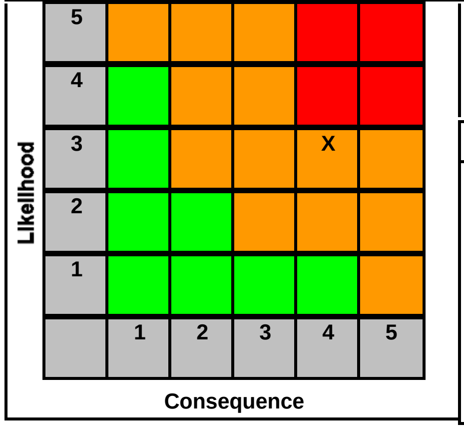
| | |
|---|---|
| 7. Data breaches and performance indicators reported to Information Management Board and SMT | Good |
| 8. IT security – data encryption, hardware firewalls, network traffic monitoring, inbound mail monitoring, spam filters, web content filtering, anti-virus software | Good |

**Risk Path:** Cambridgeshire County Council/Cambridgeshire County Council

**Risk Category:**

**Linked Objective(s):**

| **Risk** | **04. A serious incident prevents services from operating** |
|---|---|



| Likelihood | | | | | |
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| | Consequence | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **Risk Owners** | Sue Grace | **Current Score** | 12 | **Last Review** | 01/07/2017 |
| | | **Target Score** | | **Next Review** | 30/09/2017 |
| | | **Previous Score** | | | |

| **Triggers** | **Likelihood Factors (Vulnerability)** | **Potential Consequences** |
|---|---|---|
| 1. Loss of large quantity of staff or key staff<br>2. Loss of premises (including temporary denial of access)<br>3. Loss of IT, equipment or data<br>4. Loss of a supplier<br>5. Loss of utilities or fuel<br>6. Pandemic | | 1. Inability to deliver services to vulnerable people, resulting in harm to them<br>2. Inability to meet legislative and statutory requirements<br>3. Increase in service demand<br>4. Reputational damage |

| **Controls** | **Adequacy** |
|---|---|
| 1. Corporate and service business continuity plans | Good |
| 2. Relationships with trade unions including agreed exemptions | Good |
| 3. Corporate communication channels in case of emergency | Good |
| 4. Multi-agency collaboration through the Cambridgeshire & Peterborough Local Resilience Forum | Good |
| 5. IT disaster recovery arrangements | Good |

| **Action Plans** | **Responsibility** | **Target Date** |
|---|---|---|
| 1. Accommodation provision<br>Review of accommodation provision in business continuity plans | EPM | 30/06/2017 |

| | |
|---|---|
| 6. Resilient Internet feed | Good |
| 7. Business continuity testing | Good |

**Risk Path:** Cambridgeshire County Council/Cambridgeshire County Council

**Risk Category:**

**Linked Objective(s):**

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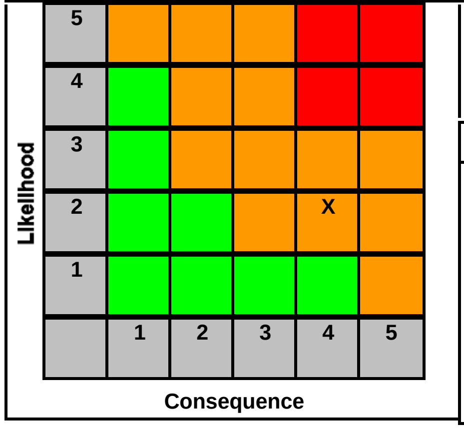
## Risk 05. The Council does not deliver its statutory or legislative obligations



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Consequence

| | | | | | |
|---|---|---|---|---|---|
| **Risk Owners** | Quentin Baker | **Current Score** | 8 | **Last Review** | 01/07/2017 |
| | | **Target Score** | | **Next Review** | 30/09/2017 |
| | | **Previous Score** | | | |

| **Triggers** | **Likelihood Factors (Vulnerability)** | **Potential Consequences** |
|---|---|---|
| 1. Major business disruption<br>2. Lack of management oversight<br>3. Negative inspection judgement<br>4. Poor financial management | | 1. Harm to people as a result of them not getting services they need or are entitled to<br>2. Criminal or civil action against the Council<br>3. Negative impact on Council's reputation |

| **Controls** | **Adequacy** |
|---|---|
| 1. Monitoring Officer role | Good |
| 2. Code of Corporate Governance | Good |
| 3. Community impact assessments required for key decisions | Good |
| 4. Business Planning process used to identify and address changes to legislative/regulatory requirements | Good |
| 5. Projects and training to ensure the implementation of legislative changes (e.g. Care Act) | Good |
| 6. Constitutional delegation to Committees and SMT | Good |
| 7. Health and safety policies and processes | Good |

| **Action Plans** | **Responsibility** | **Target Date** |
|---|---|---|

| | |
|---|---|
| 8. Preparation and improvement undertaken for inspections by regulators (e.g. Ofsted) | Good |
| 9.Service managers kept up to date with changes by Monitoring Officer / LGSS Law, Government departments, professional bodies, involvement in regional and national networks | Good |

**Risk Path:** Cambridgeshire County Council/Cambridgeshire County Council

**Risk Category:**

**Linked Objective(s):**

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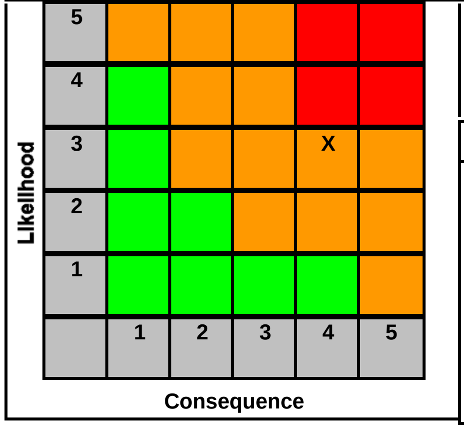
| Risk | 06. Our resources (human resources and business systems, CCC and providers) are not sufficient to meet business need |
|---|---|



| Likelihood | | | | | |
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| | 1 | 2 | 3 | 4 | 5 |
| | Consequence | | | | |

| **Risk Owners** | Gillian Beasley | **Current Score**<br>**Target Score**<br>**Previous Score** | 12 | **Last Review**<br>**Next Review** | 01/07/2017<br>30/09/2017 |
|---|---|---|---|---|---|

| Triggers | Likelihood Factors (Vulnerability) | Potential Consequences |
|---|---|---|
| 1. LGSS services not sufficient in quantity or quality<br>2. Key business systems are unavailable or insufficient<br>3. The Council is unable to recruit staff with the right skills and experience<br>4. Providers / partners are unable to recruit staff with the right skills and experience | Cost of living in some areas of Cambridgeshire is particularly high<br>Key business system developments underway (Agresso / Mosaic) | 1. Failure to deliver effective services<br>2. Regulatory criticism / sanctions<br>3. Civil or criminal action<br>4. Reputational damage to the Council<br>5. Low morale, increased sickness levels |

| Controls | Adequacy |
|---|---|
| 1.LGSS Joint Committee structure including CCC councillor representation, LGSS Overview and Scrutiny Working Group including CCC councillor representation, Chief Executive sits on LGSS Management Board | Good |
| 2. LGSS director representation at SMT | Good |
| 3. LGSS Strategic Plan, Strategy Map and Improvement Activities identified | Good |
| 4. Deputy Chief Executive responsible for managing LGSS / CCC relationship | Good |
| 5. Robust performance management and development practices in place for staff | Good |
| 6. Flexible terms and conditions of employment | Good |

| Action Plans | Responsibility | Target Date |
|---|---|---|
| 1. Workforce strategy<br>1. LGSS Management Board will review the workforce strategy as part of the Transformation Programme | LGSS MB | 30/09/2017 |
| 2. Production of common training programme<br>2. Production of common training programme by OWD taken from service needs and compiled from PADP outcomes (annually) | LGSS | 30/09/2017 |
| 3. Annual employee survey<br>3. Annual employee survey to feed into LGSS service improvement plans | LGSS SAC&S | 30/09/2017 |
| 4. Reference to the SLA and KPI review per service line (new plan for 2017/18 being produced | DCEX | 31/07/2017 |
| 5. The appropriate signposting of the other LGSS audits and associated recommendations e.g Payroll etc | DCEX | 31/07/2017 |
| 6. Cross referencing customer satisfaction with service delivery standards | DCEX | 31/07/2017 |

| | |
|---|---|
| 7. Employee support available | Good |
| 8. Cross-directorate Social Care Strategic Recruitment and Workforce Development Board and Social Work Recruitment and Retention Task and Finish Group proactively address issue of social care recruitment and retention | Good |
| 9. IT resilience arrangements | Good |

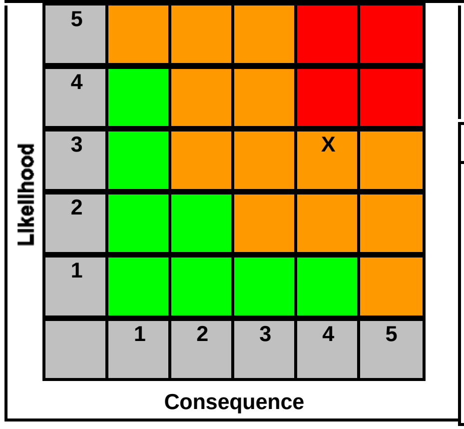
| | | |
|---|---|---|
| 7. ERP Gold implementation | DCEX | 30/09/2017 |
| 8. Mosaic implementation | DCEX | 30/06/2018 |

**Risk Path:** Cambridgeshire County Council/Cambridgeshire County Council

**Risk Category:**

**Linked Objective(s):**

| **Risk** | **07. The infrastructure and services (e.g. transport, education, services for children, families and adults) required to meet the current and future needs of a population is not provided at the right time** |
|---|---|



| **Likelihood** | | | | | |
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| | **1** | **2** | **3** | **4** | **5** |
| | **Consequence** | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **Risk Owners** | Graham Hughes | **Current Score** | 12 | **Last Review** | 01/07/2017 |
| | | **Target Score** | | **Next Review** | 30/09/2017 |
| | | **Previous Score** | | | |

| **Triggers** | **Likelihood Factors (Vulnerability)** | **Potential Consequences** |
|---|---|---|
| 1. Insufficient funding to meet needs received from<br>•Growth funds<br>•Section 106<br>•Community infrastructure levy<br>•School infrastructure funding<br>2. Partnerships do not deliver new infrastructure / services to meet needs of population | Significant infrastructure funding available from Greater Cambridge Partnership / City Deal, and Combined Authority | 1. Impacts on transport, economic, environmental and social outcomes<br>2. Greater borrowing requirement to deliver infrastructure which is unsustainable financially |

| **Controls** | **Adequacy** |
|---|---|
| 1. Maximisation of developer contributions through Section 106 negotiations. Policy is to deal with strategic development sites through s106, not including CIL | Good |
| 2. Section 106 deferrals policy is in place. | Good |
| 3. Capital Programme Board | Good |
| 4. Prudential borrowing strategy | Good |
| 5. Review, scrutiny and challenge of design and build costs to ensure maximum value for money | Good |

| **Action Plans** | **Responsibility** | **Target Date** |
|---|---|---|
| 15. County Planning obligation strategy<br>County Planning obligation strategy for district's and County Council use, to go to E&E Committee | HoG&E | 31/10/2017 |

| | |
|---|---|
| 6. Co-ordination of requirements across partner organisations to secure viable shared infrastructure | Good |
| 7. Annual school capacity return to Department for Education seeks to ensure maximum levels of funding for basic need | Good |
| 8.Maintain dialogue with Cambridge City Council and South Cambridgeshire District Council to input into Community Infrastructure Level prior to the adoption of the Local Plan (anticipated 2017) | Good |

**Risk Path:** Cambridgeshire County Council/Cambridgeshire County Council

**Risk Category:**

**Linked Objective(s):**

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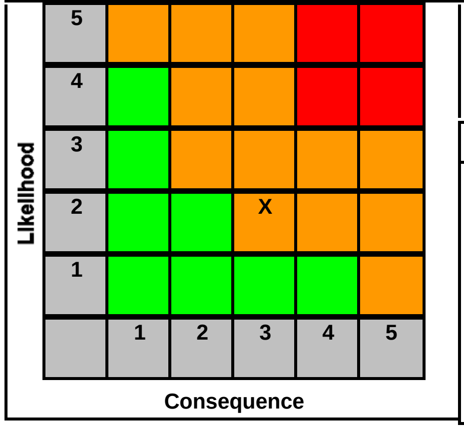
| **Risk** | **08. The Council is a victim of major fraud or corruption** |
|---|---|



| Likelihood | | | | | |
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| | Consequence | | | | |

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|---|---|---|---|---|---|
| **Risk Owners** | Gillian Beasley | **Current Score**<br>**Target Score**<br>**Previous Score** | 6 | **Last Review**<br>**Next Review** | 01/07/2017<br>30/09/2017 |

| **Triggers** | **Likelihood Factors (Vulnerability)** | **Potential Consequences** |
|---|---|---|
| 1. The Council loses money through fraudulent action or corrupt activity<br>2. Partners lose money<br>3. Council is unable to deliver its obligations | | 1. Financial loss<br>2. Reputational damage<br>3. Regulator sanctions |

| **Controls** | **Adequacy** |
|---|---|
| 1. Financial Procedure rules | Good |
| 2. Anti Fraud and Corruption Strategy incl Fraud Response Plan | Good |
| 3. Whistle blowing policy | Good |
| 4. Codes of conduct | Good |
| 5. Internal control framework | Good |
| 6. Fraud detection work undertaken by Internal Audit, Counter Fraud Team in LGSS | Good |
| 7. Awareness campaigns | Good |
| 8. Anti Money Laundering policy | Good |

| **Action Plans** | **Responsibility** | **Target Date** |
|---|---|---|

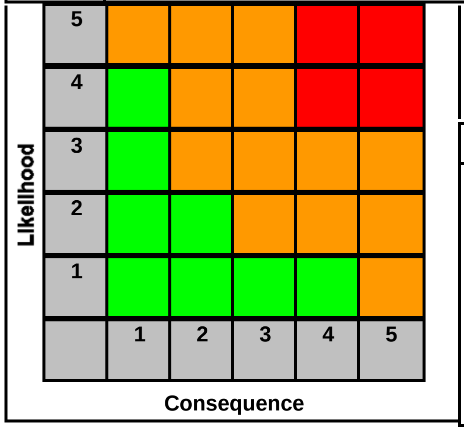
| | |
|---|---|
| 9. Publication of spend data | Good |

**Risk Path:** Cambridgeshire County Council/Cambridgeshire County Council

**Risk Category:**

**Linked Objective(s):**

| **Risk** | **09. Our partnerships are not successful in delivering the intended outcomes** |
|---|---|



| Likelihood | | | | | |
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| | Consequence | | | | |

| | | | | | |
|---|---|---|---|---|---|
| **Risk Owners** | Gillian Beasley | **Current Score** | | **Last Review** | 01/07/2017 |
| | | **Target Score** | | **Next Review** | 30/09/2017 |
| | | **Previous Score** | | | |

| **Triggers** | **Likelihood Factors (Vulnerability)** | **Potential Consequences** |
|---|---|---|
| 1. Objectives of partnerships are not achieved<br>2. Partnership is not able to work together | | 1. Negative impact on outcomes for people in Cambridgeshire |

| **Controls** | **Adequacy** |
|---|---|
| 1. Negotiated and agreed governance framework for partnerships | Good |
| 2. Corporate partnership guidance | Good |

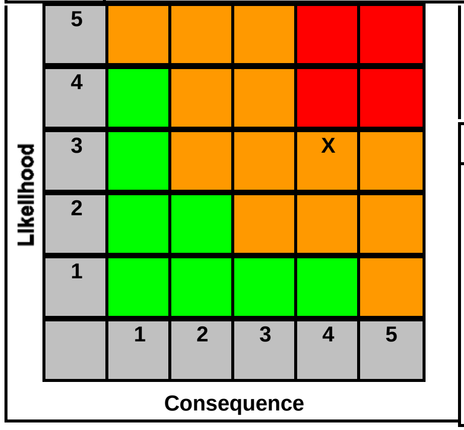
| **Action Plans** | **Responsibility** | **Target Date** |
|---|---|---|
| 1. Review control environment and complete detailed risk register | HoBI | 30/09/2017 |

**Risk Path:** Cambridgeshire County Council/Cambridgeshire County Council

**Risk Category:**

**Linked Objective(s):**

## Risk 10. Inequalities in the county continues



| Likelihood | | | | | |
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Consequence

| | | | | | |
|---|---|---|---|---|---|
| **Risk Owners** | Gillian Beasley | **Current Score** | 12 | **Last Review** | 01/07/2017 |
| | | **Target Score** | | **Next Review** | 30/09/2017 |
| | | **Previous Score** | | | |

| Triggers | Likelihood Factors (Vulnerability) | Potential Consequences |
|---|---|---|
| 1. Health, economic, educational and other inequalities increase in Cambridgeshire<br>2. Failure across Council services and partnerships to target or promote services to disadvantaged or vulnerable populations, or in areas of deprivation, appropriately for local need | | 1. People living in deprived areas in the county do not have the same life chances as people living in non-deprived areas, in terms of health, educational achievement, income and other areas<br>2. People from minority groups living in the county do not have the same life chances as people living in non-deprived areas, in terms of health, educational achievement, income and other areas |

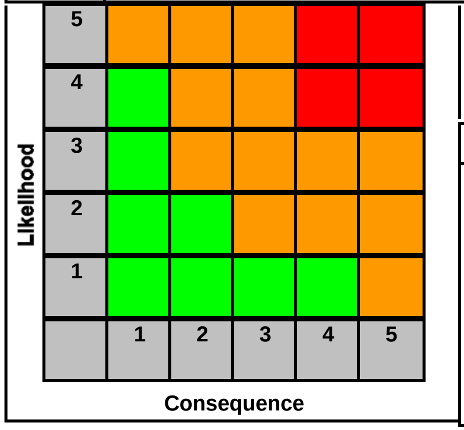
| Controls | Adequacy |
|---|---|
| 1. Council's business plan and community impact assessments for change to service | Good |
| 10. Cambridgeshire Older People Strategy | Good |
| 2. Committee monitoring of indicators for outcomes in areas of deprivation | Good |
| 3. Joint Strategic Needs Assessment, Annual Public Health Report, and Joint Health and Wellbeing Strategy | Good |
| 4. Health Committee Priority on health inequalities, targetting of Public Health programmes | Good |
| 5. Child Poverty Strategy | Good |

| Action Plans | Responsibility | Target Date |
|---|---|---|
| 1. Joint Health and Wellbeing Strategy<br>Implementation of health inequalities aspects of Joint Health and Wellbeing Strategy | DoPH | 31/03/2018 |

| | |
|---|---|
| 6. Targetted services e.g: Travellers Liaison, Traveller Health Team, Chronically Excluded Adults Team, etc. | Good |
| 7. Buy with confidence approved trader scheme. | Good |
| 8. Wisbech 20:20 programme | Good |
| 9. Cambridgeshire 0-19 Education Organisation Plan | Good |

| | |
|---|---|
| **Risk Path:** | Cambridgeshire County Council/Cambridgeshire County Council |
| **Risk Category:** | |
| **Linked Objective(s):** | |

| **Risk** | **11. Change and transformation of services is not successful** |
|---|---|



| **Likelihood** | | | | | |
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**Consequence**

| | | | | | |
|---|---|---|---|---|---|
| **Risk Owners** | Chris Malyon | **Current Score**<br>**Target Score**<br>**Previous Score** | | **Last Review**<br>**Next Review** | 01/07/2017<br>30/09/2017 |

| **Triggers** | **Likelihood Factors (Vulnerability)** | **Potential Consequences** |
|---|---|---|
| 1. Services do not change to meet current demands<br>2. Projects and programmes stall or do not make sufficient impact | Any issues with specific projects that might affect the score | 1. Statutory obligations not delivered<br>2. The Council does not work in a transformed way<br>3. Over-spend on budget |

| **Controls** | **Adequacy** |
|---|---|
| 1. Transformation Team established to support change in services | Good |
| 2. Transformation Fund to ensure access to resources | Good |
| 3. Communications with staff about innovation and opportunities for development | Good |
| 4. GPC monitor transformation programme monthly as part of Integrated Resources and Performance Report | Good |
| 5. Project and programme governance established to oversee delivery | Good |
| 6. Rigorous risk management embedded in project and programme governance | Good |

| **Action Plans** | **Responsibility** | **Target Date** |
|---|---|---|
| 1. Implement project management system | Head of Transformation | 30/09/2017 |
| 2. Review control environment and complete detailed risk register | HoBI | 30/09/2017 |

**Risk Path:** Cambridgeshire County Council/Cambridgeshire County Council

**Risk Category:**

**Linked Objective(s):**

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**Agenda Item No: 11**

## DRAFT STATEMENT OF ACCOUNTS 2016-17

| | | | |
|---|---|---|---|
| *To:* | **Audit and Accounts Committee** | | |
| *Date:* | **25th July 2017** | | |
| *From:* | **Chief Finance Officer** | | |
| *Electoral division(s):* | **All** | | |
| *Forward Plan ref:* | **N/a** | *Key decision:* | |
| *Purpose:* | **This report presents the unaudited draft Statement of Accounts for 2016-17.** | | |
| *Recommendation:* | **The Committee is asked to acknowledge and comment on the attached 2016-17 Statement of Accounts as submitted for audit, ahead of its final review and approval at the Committee meeting on the 19th September 2017.** | | |

| | ***Officer contact:*** | | ***Member contact*** |
|---|---|---|---|
| Name: | Chris Malyon | Name: | Cllr. Michael Shellens |
| Post: | Deputy Chief Executive & Chief Finance Officer | Portfolio: | Chairman of Audit and Accounts Committee |
| Email: | chris.malyon@cambridgeshire.gov.uk | Email: | shellens@waitrose.com |
| Tel: | 01223 699796 | Tel: | 01223 699612 |

## 1. BACKGROUND

1.1 The annual Statement of Accounts (the Statement) provides a financial representation of the Council’s direct and indirect activities over the course of the 2016-17 financial year. The publication of this document is an essential feature of public accountability as it details how the Council has used the public funds for which it is responsible.

1.2 The Statement is produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 (CoP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and based upon International Financial Reporting Standards (IFRS).

1.3 The process required for the approval and publication of the Statement is set out in the Accounts and Audit Regulations 2015. Accordingly, a draft Statement was certified by the Section 151 Officer by 30 June, prior to submission for audit by the Council’s external auditor - BDO. Once the audit is completed, the finalised Statement will require further certification before being presented for approval by the Audit and Accounts Committee; the deadline for this approval is 30 September.

1.4 Although the Accounts and Audit Regulations do not require the draft Statement to be approved by this Committee, it is good practice to provide the opportunity to review the draft Statement ahead of the formal approval in September.

1.5 The deadlines required by the Accounts and Audit Regulations are changing from next year and the draft Statement for 2017/18 will be presented for audit before 31 May, with the final Statement presented for approval by 31 July. Work is being undertaken with colleagues across all LGSS authorities to identify the changes required that will allow these earlier deadlines to be met.

## 2. STATEMENT OF ACCOUNTS

### 2.1 Presentation

2.1.1 The draft Statement is produced in the format prescribed by the CoP and is attached at **appendix 3**.

2.1.2 The Statement is made up of the following sections:

- The Narrative Report - providing a summary of the most significant matters reported within the accounts and of the Council’s financial position, this section is intended to outline the overall context within which the Council operates and provide a commentary on the Council’s performance in 2016-17
- Statement of Responsibilities – provides details of the formal responsibilities assigned to the Council and the Chief Finance Officer in respect of the Statement and the financial management of the Council.

- The Core Financial Statements – providing a financial snapshot at 31 March 2017 of the Council’s position and activity during the preceding year, they comprise:

    **Comprehensive Income and Expenditure Statement (CIES)**
    Reports the net cost for the year of all of the functions for which the Council is responsible and demonstrates how that cost has been financed from general government grants and income from local taxpayers.

    **Movement in Reserves Statement (MIRS)**
    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

    **Balance Sheet**
    Presents the value of the Council’s current and non-current assets and liabilities as at 31st March 2017 with the bottom line effectively being the net worth of the organisation.

    **Cash Flow Statement**
    Summarising the inflows and outflows of cash arising from transactions with third parties, this analysis shows how the Council generates and uses cash and cash equivalents.

    **Expenditure and Funding Analysis**
    Demonstrating to council tax payers how the funding available to the Council has been used to provide services, the EFA also shows how this expenditure is allocated between the Council’s directorates.

- Notes to the Core Financial Statements – provide further supporting details in order to aid readers’ understanding.

- Accounting Policies – this section details the accounting policies followed by the Council throughout the year and applied in producing the Statement

- Local Government Pension Scheme Accounts – details the financial activities relating to the pension fund, together with a snapshot of the assets and liabilities of the fund at 31 March 2017.

- Glossary – the Statement inevitably includes a number of technical terms and this section provides an explanation of their meaning.

2.1.3 Although there are no significant changes in accounting treatment in 2016-17, the Committee may recall that changes were planned in respect of the valuation of Highways Network Assets. For various technical reasons these have not yet been progressed by CIPFA and there are no changes to the treatment of such assets in the 2016-17 accounts.

2.1.4 A significant change in the presentation of the CIES has, however, been introduced in 2016-17. The CIES shows revenue expenditure and income for the year and, in previous years, this was presented under service headings prescribed by CIPFA. The objective was to ensure a standard presentation, allowing comparability between authorities. This approach created problems, however, as it broke the link between the Council’s monthly financial monitoring reporting and the statutory accounts, where the Council’s internal Directorate structure was not reported. The change for 2016-17 allows the Council to use this internal reporting structure within the CIES, allowing consistency with internal reports.

2.1.5 A further change in 2016-17 is the inclusion of the Expenditure and Funding Analysis (EFA) within the Core Financial Statements. The EFA explains the difference between the CIES ‘Deficit on Provision of Services’ and the internal Outturn Report. This variance is made up of a series of technical accounting adjustments, including those associated with capital assets, such as depreciation and impairment, the pension fund and the Collection Fund.

## 2.2 Review of Content – CIES

2.2.1 **Appendix 1** provides a summary of financial variances between the CIES produced for 2015-16 and 2016-17. The causes of key variances are described below:

2.2.2 The Corporate Services line of the CIES contains a variety of technical accounting adjustments including reserve movements, accounting for retirement benefits, debt charges and expenditure relating to long-term assets. The increase from 2015/16 to 2016/17 reflects the net change across all of these areas.

2.2.3 Similarly, the reduction in net expenditure on Assets and Investments arises from accounting adjustments associated with capital funding and long term asset revaluations.

2.2.4 The increase in Other Operating Expenditure is caused by losses on disposals of long-term assets, resulting from the transfer of schools converting to academy status. The figure of £88.7m for 2016-17 relates to the transfer of 16 sites and this compares to £69.6m for 9 sites in 2015-16. The 2015-16 figure also included a gain of £12m in relation to the sale of Castle Court, which reduced the overall loss in that year.

2.2.5 Included within the net increase in Taxation and Non-specific Grant income is a reduction in the Revenue Support Grant of £20.4m (£33.3m in 2016-17 / £53.7m in 2015-16), reflecting the changing nature of central finance for Local Government.

2.2.6 The large changes relating to the revaluation of long term assets reflect the changes required by the detailed reassessment of 20% of the Council’s property portfolio, undertaken in line with the 5-year rolling programme of revaluation.

2.2.7 The movement in the value of the Pension Fund assets and liabilities is included in the ‘remeasurement of net defined benefit/liability’ and reflects the changes in the actuary's financial and demographic assumptions since 1 April 2016.

## 2.3 Review – Balance Sheet

2.3.1 **Appendix 2** provides a summary of financial variations from 31 March 2016 to 31 March 2017. The causes of key variances are described below:

2.3.2 The net book value of the Council's Property, Plant and Equipment assets has increased by £18.3m during 2016-17. The key movements that have contributed to this net increase are:

- Disposals – reduction of £89m
- Depreciation charges – reduction of £38m
- Reclassifications to other asset classes – reduction of £4m
- Revaluation increases – increase of £34m
- Infrastructure additions – increase of £46m
- Asset Under Construction (AUC) – increase of £69m
  This includes £27m in respect of a new secondary school that is due to be completed during the summer of 2017.

2.3.3 Long term debtors has increased by £5.8m since 2015-16, largely due to a £4m loan issued to Arthur Rank Hospice.

2.3.4 The total for Cash and Cash Equivalents has increased largely due to a £35.5m balance held in the Money Market Fund account at 31 March and for which there is no equivalent balance in the prior year. This relates to the short term borrowing referred to at paragraph 2.3.6 and reflects the need to maintain liquidity.

2.3.5 Short term debtors / Short term creditors – a large volume of transactions pass through these categories, including trade creditors, and the balance at the year-end provides a snapshot of this activity. As such, the balance is impacted by the timing of the recording and payment of these transactions.

2.3.6 The total for Short Term Borrowing includes £92m of short-term loans arranged in 2016-17 as a result of the strategy to move away from long-term, high interest loans towards short-term, low interest loans.

2.3.7 The reduction in the balance of Capital Grants and Contributions is largely due to £17.8m of City Deal Funding that was carried forward from 2015/16 being applied in 2016/17.

2.3.8 Other Long Term Liabilities include the Council's pension liability, which is adjudged by the actuary to have increased by £30.4m during 2016-17. The actuary provides estimates based on various assumptions including, for example, investment returns, mortality rates and future salary levels. The evaluation of this liability is independent of Council influence and is reported in accordance with the relevant accounting standards. Movements in the Pension Fund liability do not affect the Council's General Fund or other Useable Reserves.

2.3.9 The decrease in Usable Reserves reflects the requirement to fund the net Council overspend in 2016/17, which was largely due to overspending on Children's Families and Adults, offset by a £2.2m underspend on Debt Charges.

2.3.10 The reduction in the balance of Unusable Reserves is primarily a result of the movement in the pension fund deficit, partially offset by increases in the revaluation reserves relating to long term assets.

2.3.11 The net result of these and all other changes is that, during the financial year 2016/17, the total equity of the Council decreased by £30.1m.

### 2.4 Other Matters

2.4.1 The published Statement of Accounts is accompanied by the Annual Governance Statement (AGS), which is also subject to approval by the Audit and Accounts Committee at this meeting. The auditor's consideration of the AGS does not, however, form part of the overall audit opinion on the Statement of Accounts.

2.4.2 Certain disclosure and presentational changes to the Statement will be required ahead of the final version being approved in September, including those arising from:

- Further work carried out by either the finance team or the external auditor;
- The inclusion of the auditor's report, which contains the overall audit opinion issued at the conclusion of the audit.

## 3. NEXT STEPS

3.1.1 The Statement is the result of a process vital to the delivery of robust financial management and provides a key element of the forward plan through confirming the availability of reserves and balances for future use.

3.1.2 As outlined above, the draft Statement is subject to external audit and this process started on 27 June. Once the audit is concluded, the auditor will issue a formal opinion on the Statement and this will be reported to the Audit and Accounts Committee on 19 September.

3.1.3 In accordance with statutory requirements, the accounts will be open to public inspection for a period of 30 working days before the final audit opinion is issued. This opportunity runs from 30 June to 10 August 2017 inclusive and is advertised on the Council's website. During this period, officers will be available to deal with enquiries from the public and electors may also raise questions directly with the auditor.

3.1.4 The statutory deadline for publication is 30 September and, in accordance with recognised practice, the Council considers the Statement is published from the date that a final, approved copy is made available on the Council's website.

## 4. ALIGNMENT WITH CORPORATE PRIORITIES

### 4.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

### 4.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

### 4.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 5. SIGNIFICANT IMPLICATIONS

### 5.1 Resource Implications

There are no significant implications within this category.

### 5.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

### 5.3 Equality and Diversity Implications

There are no significant implications within this category.

### 5.4 Engagement and Consultation Implications

There are no significant implications within this category.

### 5.5 Localism and Local Member Involvement

There are no significant implications within this category.

### 5.6 Public Health Implications

There are no significant implications within this category.

| **Source Documents** | **Location** |
|---|---|
| CIPFA Code of Practice 2016-17<br>Statement of Accounts 2016-17<br>Statement of Accounts working papers.<br>Outturn Integrated Resources & Performance Report for 2016-17 | First floor Octagon (OCT 1114)<br>Shire Hall,<br>Cambridge<br>CB3 0AP |

## Appendix 1: Comprehensive Income and Expenditure Statement Changes

| | 2016-17 £000 | 2015-16 £000 | Change £000 | Change % | Para Ref |
|---|---|---|---|---|---|
| Economy, Transport and Environment | 86,366 | 82,924 | 3,442 | 4.2% | |
| Children, Families and Adults | 328,041 | 305,672 | 22,369 | 7.3% | |
| Public Health | 274 | 75 | 199 | 265.3% | |
| Corporate Services | 11,451 | -4,603 | 16,054 | -348.8% | 2.2.2 |
| LGSS Managed | 6,497 | 3,932 | 2,565 | 65.2% | |
| Assets & Investments | 5,123 | 14,061 | -8,938 | -63.6% | 2.2.3 |
| LGSS Operational | 9,350 | 10,091 | -741 | -7.3% | |
| **Cost Of Services** | **447,102** | **412,152** | **34,950** | | |
| Other operating expenditure | 88,668 | 59,570 | 29,098 | 48.8% | 2.2.4 |
| Financing and investment income/expenditure | 36,372 | 42,845 | -6,473 | -15.1% | |
| Taxation and Non-Specific Grant Income | -477,549 | -431,941 | -45,608 | 10.6% | 2.2.5 |
| **(Surplus) or Deficit on Provision of Services** | **94,593** | **82,626** | **11,967** | | |
| Surplus on revaluation of long-term assets | -101,748 | -72,986 | -28,762 | 39.4% | 2.2.6 |
| Impairment and revaluation losses charged to the Revaluation Reserve | 28,819 | 4,024 | 24,795 | 616.2% | 2.2.6 |
| Remeasurement of net defined benefit/ liability | 8,478 | -99,262 | 107,740 | -108.5% | 2.2.7 |
| **Other Comprehensive Income and Expenditure** | **-64,451** | **-67,535** | **103,773** | | |
| **Total Comprehensive Income and Expenditure** | **30,142** | **15,091** | **115,740** | | |

## Appendix 2: Balance Sheet Changes

| | 31-Mar-17 £000 | 31-Mar-16 £000 | Change £000 | Change % | Para Ref |
|---|---|---|---|---|---|
| Property, Plant & Equipment | 1,779,704 | 1,761,452 | 18,252 | 1.0% | 2.3.2 |
| Heritage assets | 20,705 | 20,717 | -12 | -0.1% | |
| Investment Property | 7,222 | 2,658 | 4,563 | 171.7% | |
| Intangible Assets | 258 | 0 | 258 | 0.0% | |
| Long Term Investments | 400 | 400 | 0 | 0.0% | |
| Long Term Debtors | 31,370 | 25,598 | 5,772 | 22.5% | 2.3.3 |
| **Long Term Assets** | **1,839,658** | **1,810,825** | **28,833** | **1.6%** | |
| Short Term Investments | 0 | 0 | 0 | | |
| Assets Held for Sale | 3,531 | 614 | 2,917 | 475.2% | |
| Inventories | 924 | 951 | -26 | -2.8% | |
| Short Term Debtors | 82,626 | 53,593 | 29,033 | 54.2% | 2.3.5 |
| Cash and Cash Equivalents | 28,173 | 1,064 | 27,109 | 2548.9% | 2.3.4 |
| **Current Assets** | **115,253** | **56,221** | **59,032** | **105.0%** | |
| Cash and Cash Equivalents | 0 | 0 | 0 | | |
| Short Term Borrowing | -95,399 | -3,428 | -91,971 | 2682.6% | 2.3.6 |
| Short Term Creditors | -127,394 | -95,066 | -32,328 | 34.0% | 2.3.5 |
| Provisions | -4,013 | -5,657 | 1,644 | -29.1% | |
| Capital Grants and Contributions Receipts in Advance | -6,829 | -14,169 | 7,340 | -51.8% | 2.3.7 |
| **Current Liabilities** | **-233,635** | **-118,320** | **-115,314** | **97.5%** | |
| Provisions | -5,682 | -6,215 | 534 | -8.6% | |
| Long Term Borrowing | -345,298 | -356,305 | 11,008 | -3.1% | |
| Other Long Term Liabilities | -633,190 | -600,257 | -32,933 | 5.5% | 2.3.8 |
| Capital Grants and Contributions Receipts in Advance | -23,326 | -42,024 | 18,698 | -44.5% | 2.3.7 |
| **Long Term Liabilities** | **-1,007,495** | **-1,004,802** | **-2,693** | **0.3%** | |
| **Net Assets** | **713,782** | **743,924** | **-30,142** | **-4.1%** | |
| Usable Reserves | 97,778 | 112,587 | -14,809 | -13.2% | 2.3.9 |
| Unusable Reserves | 616,004 | 631,337 | -15,333 | -2.4% | 2.3.10 |
| **Total Reserves** | **713,782** | **743,923** | **-30,142** | **-4.1%** | 2.3.11 |

Cambridgeshire
County Council

# CAMBRIDGESHIRE COUNTY COUNCIL
# STATEMENT OF ACCOUNTS
# AND
# ANNUAL GOVERNANCE STATEMENT
# 2016-17

cambridgeshire.gov.uk

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# NARRATIVE REPORT

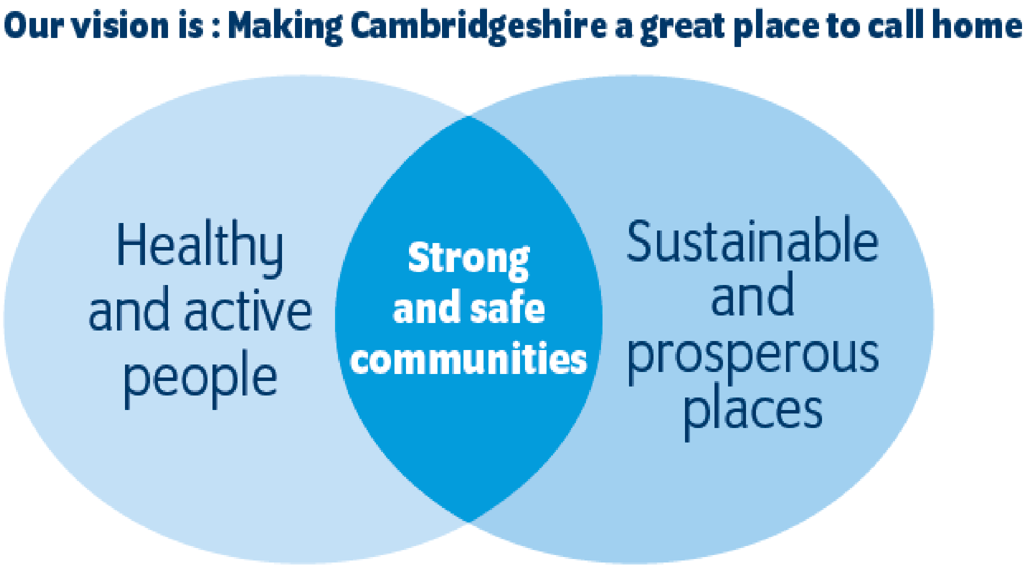
## INTRODUCTION

This document presents the statutory financial statements for Cambridgeshire County Council (the Council) for the period 1 April 2016 to 31 March 2017 and provides a comprehensive summary of the overall financial position of the Council giving a true and fair view.

The accounts are presented in the format recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA), as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 (the Code). Our core financial statements use this format and meet the conditions of the Code.

This narrative statement provides a summary of the most significant matters reported within the accounts and of the Council's financial position.

## OUR VISION AND AMBITION



To achieve our vision we are focussing on achieving a number of outcomes for the people of Cambridgeshire:

- Older people live well independently
- People with disabilities live well independently
- Adults and children at risk of harm are kept safe
- Places that work with children help them to reach their potential
- The Cambridgeshire economy prospers to the benefit of all residents
- People live in a safe environment
- People lead a healthy lifestyle and stay healthy for longer

These are the outcomes we believe we must be guided by when deciding how we can best meet our vision. It is a huge challenge to deliver these with decreasing resource but one that we are committed to. We are taking a whole Council approach to delivering these outcomes, with all areas of the organisation responsible for their achievement.

In 2016-17 we began to radically transform the way the Council operates beginning with creating an investment fund to support change and re-configuring our corporate services to support our Council wide investment. We have already made over £170m in savings over the last five years. 2017-18 will require us to find a further £30.7m largely due to inflation and demographic pressures as well as falling central government grant. As our resources come under increasing pressure our plans for transforming how we support our citizens will be accelerated.

The Council's Business Plan, approved at the Full Council meeting on 14 February 2017, outlines these priorities in more detail and is available at:
https://www.cambridgeshire.gov.uk/council/finance-and-budget/business-plans/

## OUR PERFORMANCE

The performance of the Council is monitored by the General Purposes Committee using a monthly Integrated Resources and Performance Report, which combines financial reporting with performance reporting. You can view the most recent copies of these reports on our website using the following link to the agendas, minutes and reports of the latest committee meetings:

https://cmis.cambridgeshire.gov.uk/ccc_live/Committees.aspx

### Performance against the 2016-17 Business Plan

Significant matters and variances are summarised in this section and supported by the detail included in the statement of the accounts and core financial statements.

Amongst a wider set of Key Performance Indicators (KPIs), sixteen were chosen to represent key measures of success against priorities and were reported on monthly to the General Purposes Committee.

Achievement of the priorities is within the context of the challenging funding position for local authorities. The Council has become more efficient in order to deliver the outcomes it has prioritised and to enable the delivery of the objectives and services that it has planned to deliver within the business plan.

The following table provides a snapshot of the Authority's performance at year end by value and RAG (Red, Amber, Green) status, and was reported to the General Purposes Committee on
13 June 2017.

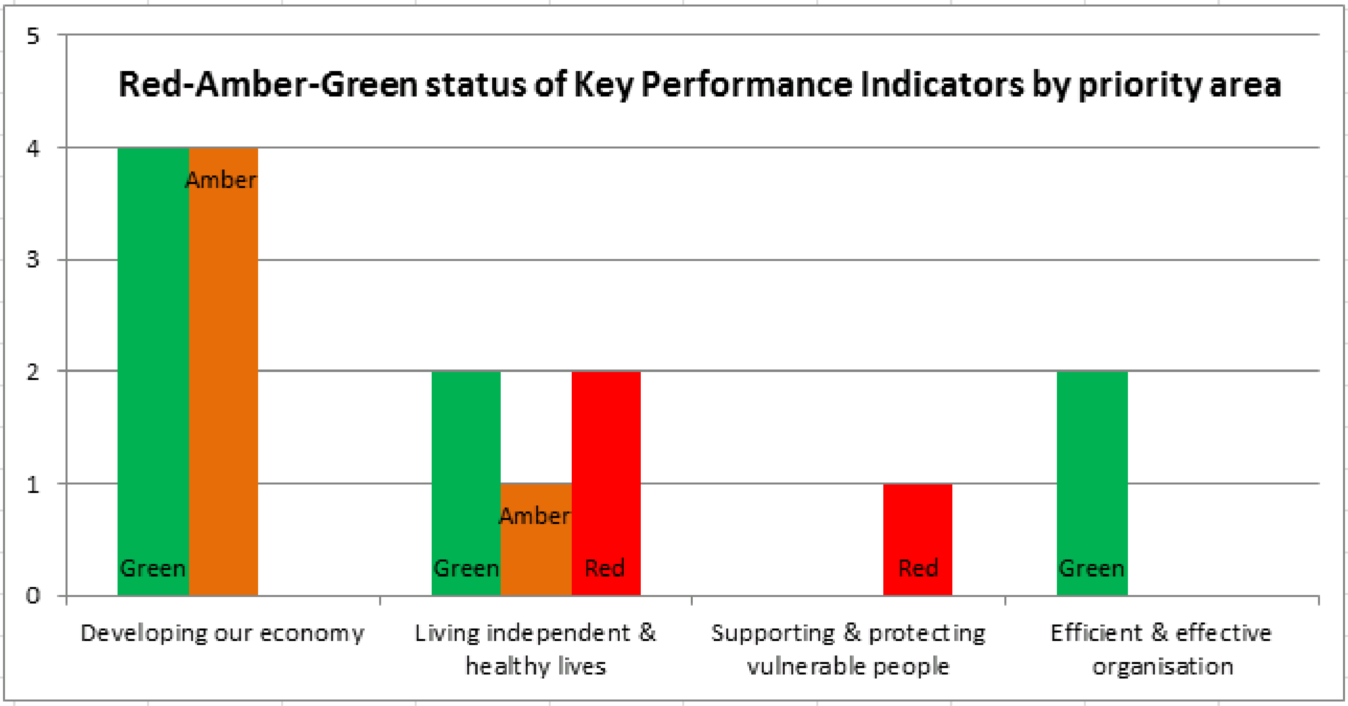
# NARRATIVE REPORT

| Budget | Area | Measure | Year End Position | Status |
|---|---|---|---|---|
| £355.4m | Revenue Budget | Variance (£m) | +£0.5m | Amber |
| - | Basket Key Performance Indicators | Number at target (%) | 50%<br>(8 of 16) | Amber |
| £157.5m | Capital Programme | Variance (£m) | -£5.3m | Green |
| - | Balance Sheet Health | Net borrowing activity (£m) | £399m | Green |

As shown in the table above, two of the three key financial indicators are rated green. However, for the basket of key performance indicators, 8 (50%) have been given a green rating, outlining confidence that the target has been met or will be delivered, with 5 being amber rated, and the remaining 3 being red rated.

The graph below shows the performance against the KPI's for each of the priorities identified for 2016-17.

The business plan outlines the priorities for the next five years, therefore the red and amber rated KPI's will receive appropriate intervention (in partnership with other agencies, where appropriate) to ensure that the KPI (and therefore the priority) is delivered within the medium term.



# NARRATIVE REPORT

## OVERVIEW OF THE YEAR

### 1. Revenue spending on services

The Council's net cost of services for 2016-17 was £447.1m. This figure was £91.2m higher than the net expenditure for the year of £355.9m that was reported to the General Purposes Committee within the Outturn Integrated Resources and Performance Report in June 2017. The reason for this is that the Statement of Accounts is prepared on a different accounting basis to those reports presented to members for resource allocation decisions. (The Statement of Accounts takes account of charges for items such as capital expenditure and variations in the accounting for retirement benefits. Tables which summarise these results are shown in note 1.)

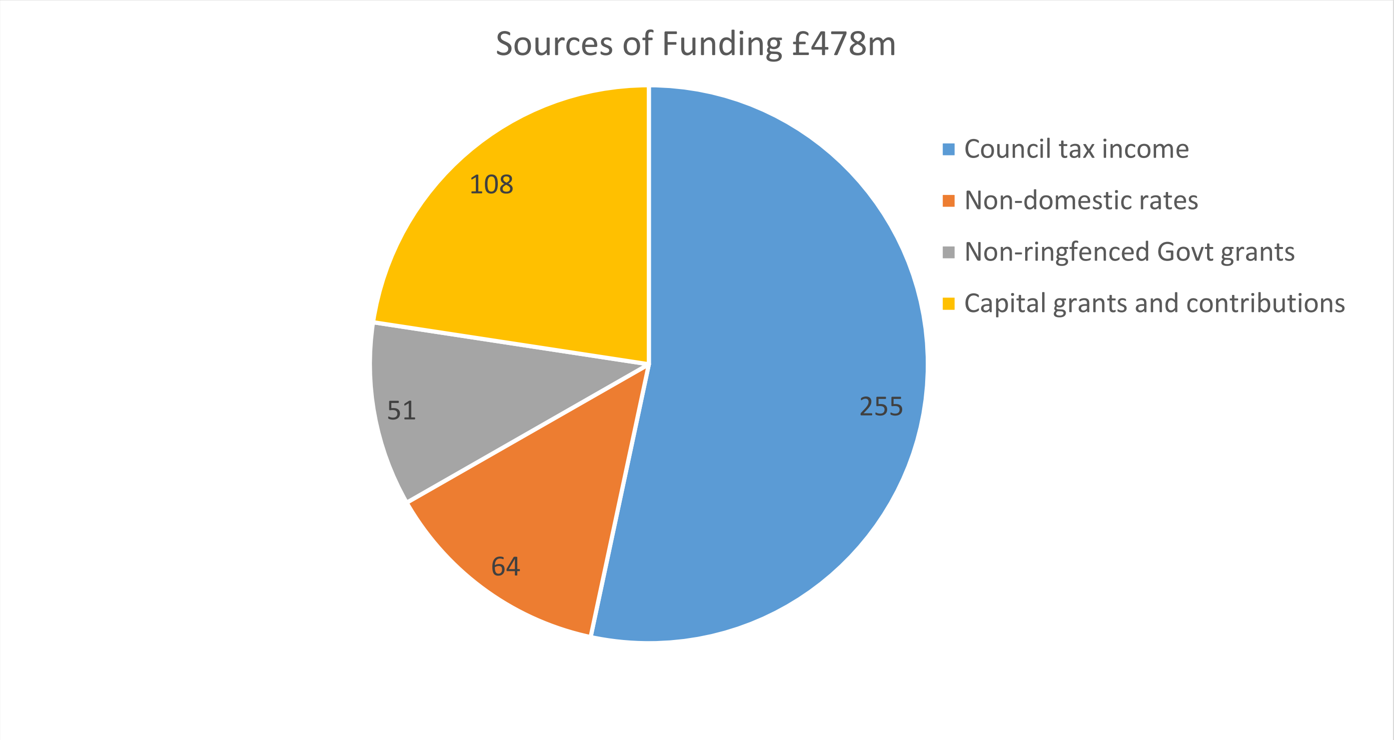
The most significant budget pressures during the year were in Children's, Families & Adults Services, where the year-end overspend was £5m. After offsetting underspends in Adults Services were removed, the pressure in Children's Social Care was £7.8m. At the end of March, the number of children looked after by the Council was at a historically high level causing a financial impact across placement costs, social work activity and legal fees. Plans for this area at the start of the year had been to decrease spend through delivery of major savings plans, so as demand has actually increased significantly, the budgetary position has been particularly exacerbated.

The main favourable variances, which in large part offset the pressures on social care, occurred in the Council's financing, assets and investment activity. Within the financing items, interest rates on capital financing loans were lower than had been budgeted and £1m was received as interest on section 106 income. Additional income was also received through the education services grant, as academy conversions were slower than expected, and through the business rates growth retention pilot. The position on assets was favourable due to additional farms income and lower than expected net costs of the County office estate.

For much of the year, the forecast overspend was between £1.5m and £2m. To reach a final position of £0.5m (0.1%) represents a significant improvement overall and reflects considerable efforts across the Council to reach a more balanced position by year-end. The £0.5m year-end overspend was balanced by drawing on the general fund reserve; the Council restores the general fund reserve to its planned level as part of annual business planning.

The Council's net budget is mainly financed through council tax, business rates and government grant, and totals £478m as shown below:

# NARRATIVE REPORT



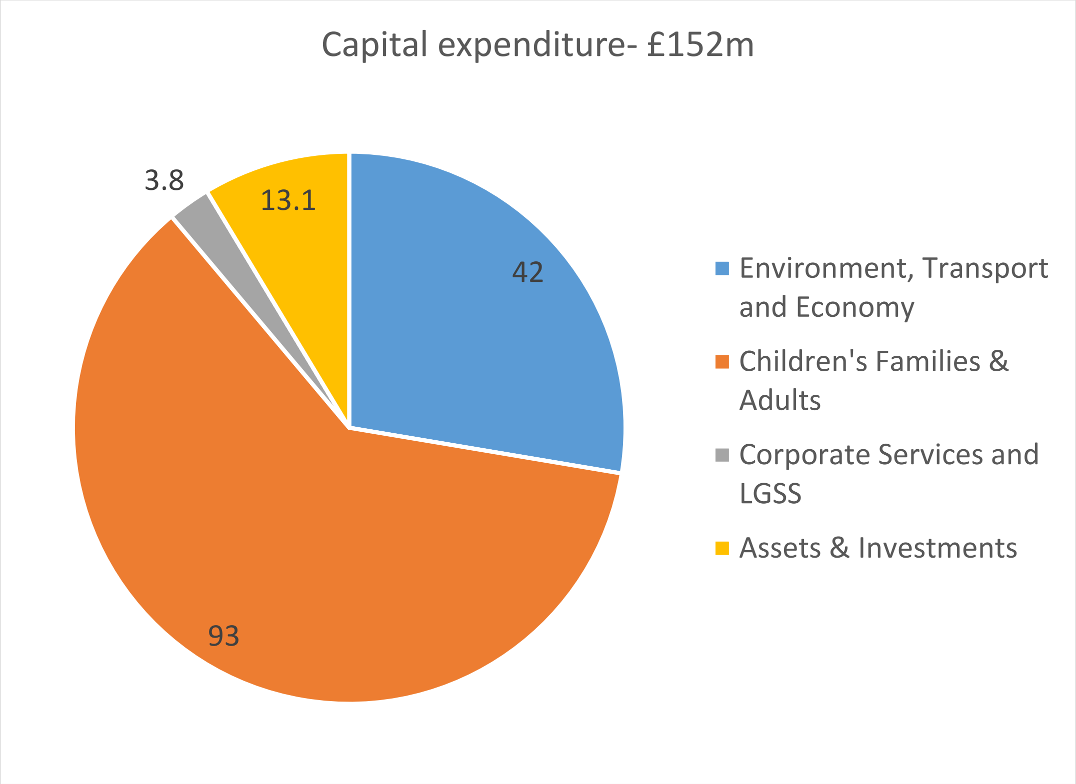
The Council's gross income also includes specific government grants, charges from fees, income from sales, and partnership funding from other public sector bodies. The scale of this income is outlined in the Comprehensive Income and Expenditure Statement.

## 2. Capital spending and financing

The Council's adjusted capital budget for the year was £157.5m. Actual capital expenditure financed from capital resources for the year was £152.2m, leaving some £5.3m of the adjusted capital budget unspent (3.4%) at the year end. This was largely due to the timing of spending and does not represent underspends on schemes. Many capital projects span a number of years, so this simply means that expenditure has not occurred as quickly as anticipated. That the overall performance is much closer to budget than previous years is encouraging, and reflects the introduction of a variations budget to account for an expected level of slippage which is inherent within capital projects.

# NARRATIVE REPORT

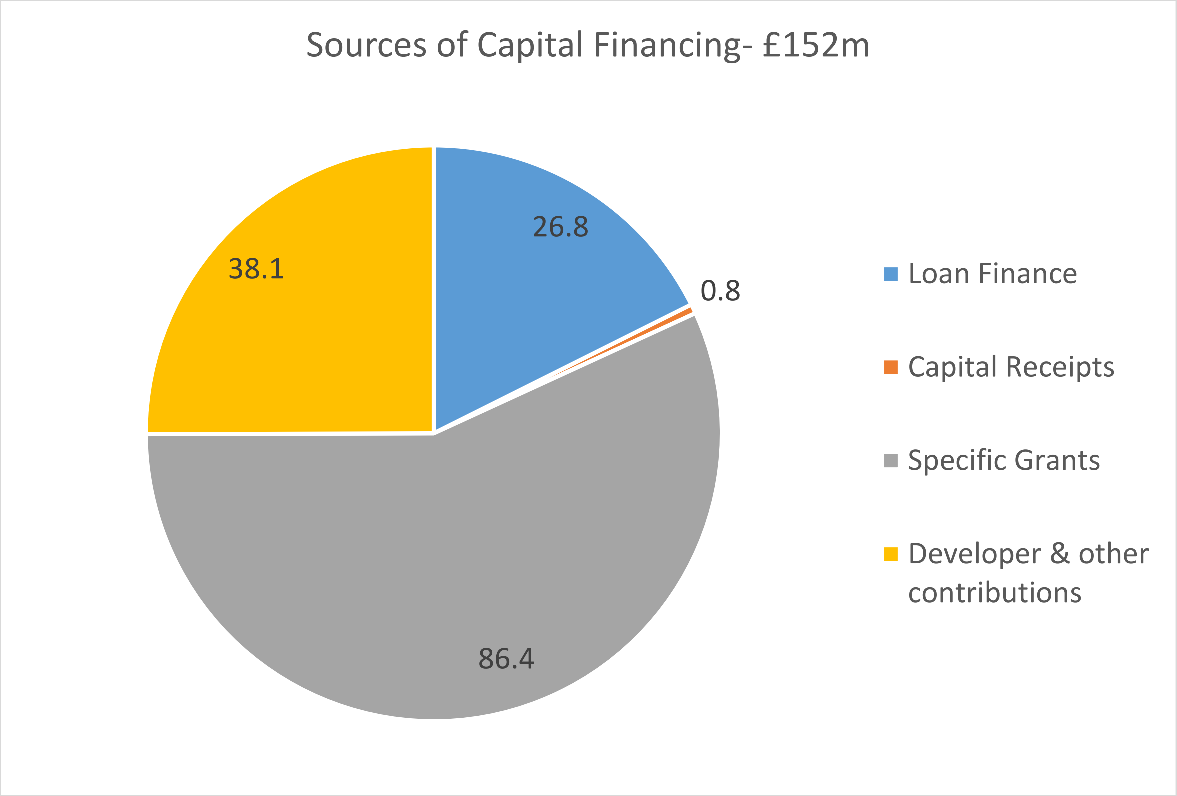
The chart below outlines the £152m investments made during the financial year (in millions of pounds):



The cost of borrowing has been factored into the 2016-17 debt charges outturn position, as well as being accounted for within the 2017-2022 Business Planning process.

# NARRATIVE REPORT

The following chart outlines how the £152m capital expenditure was financed this year (in millions of pounds):



Loan finance is undertaken through borrowing, where the Council subsequently meets interest and repayment costs from its own resources.

## 3. Reserves

The Council's total reserves have decreased in-year by £30.1m, to £713.8m, by 31 March 2017. This balance comprises £97.8m (14%) of 'usable' reserves (cash-backed resources that an authority can apply to the provision of services), and £616.0m (86%) of 'unusable' reserves (those that an authority is not able to utilise to provide services). The usable reserves have decreased in-year by £14.8m from £112.6m to £97.8m (see Movement in Reserves Statement and note 25) and the unusable reserves have decreased in-year by £15.3m from £631.3m to £616.0m (see note 26).

A proportion of the Council's usable reserves (specifically the General Fund and Earmarked Reserves) provide the organisation with vital flexibility when faced with uncertainty and risk. At 31 March 2017, these reserves stood at £86.7m. Of this balance, the General Fund comprised £15.8m (3.3% of the net 2016-17 budget) and reserves earmarked for specific purposes totalled £70.9m, including £15.2m under the control of locally managed schools, a £20.5m transformation fund which will be used for proposals to generate further savings in future years, and £3.3m to cover insurance risks.

The following table shows the ‘net’ change (contribution to and from) in these types of reserves:

| General Fund and Earmarked Reserves | £m |
|---|---|
| Balance at 1st April 2016 | 85.6 |
| Transformation Fund | 8.6 |
| General Fund | (3.1) |
| Schools Carry Forwards | (5.4) |
| Other Earmarked Reserves | 1.0 |
| Balance at 31st March 2017 | 86.7 |

## 4. Assets and liabilities

The Council’s cash and cash equivalents position increased in the year by £27.1m from £1.1m at 31 March 2016 to £28.2m at 31 March 2017. The £28.2m balance at 31 March 2017 reflected the increase in borrowing of £81m, from £359.7m to £440.7m at 31 March 2016. (However, it should be noted that this does not represent the actual balance on the Council’s accounts at the bank, but the book balance taking timing differences into account.)

In terms of liabilities, there was a £18.7m reduction in capital grants and contributions receipts in advance from £42.0m at 31 March 2016 to £23.3m at 31 March 2017. This was primarily due to City Deal funding of £17.8m being utilised in the financial year.

During 2016-17, the net assets of the Council, and therefore its Balance Sheet value, decreased by £30.1m (a 4% reduction) from an opening balance of £743.9m to a closing balance of £713.8m at 31 March 2017. The material items which caused this net increase were a £25.2m increase in the net book value of the Council’s property assets, in the main due to aforementioned increase in borrowing, partially offset by the £28m increase in cash and cash equivalents. There was also an increase of £30.4m in the estimated pension deficit for the Council, measured on an actuarial basis, from £479m at 1 April 2016 to £510m at 31 March 2017.

## 5. External borrowing and investment

Total debt outstanding at 31 March 2017 was £440.7m (consisting of £345.3m long term borrowing and £95.4m short term borrowing), which was well within the maximum limit determined in accordance with legislation of £702.5m. There was a net decrease of £11m in long-term loans in the year and a net increase of £92m in short term loans.

Cash surpluses during the year have been invested in accordance with guidance issued by the Government and the Council’s agreed Treasury Management Strategy. The primary objective is to ensure that funds are invested prudently, with priority given to security and risk minimisation.

# NARRATIVE REPORT

## KEY PROJECTS AND ACTIVITIES

### Academy Conversions

Since 2010 Central Government has promoted academy schools which have greater autonomy and receive their funding directly from Central Government rather than through the local authority.

As at 31 March 2017, a total of 90 schools had either opened as academies (including free schools) or converted to academy status. This is an increase of 14 conversions (plus 2 new schools) on the numbers a year ago. There are now 154 primaries, 5 special schools, 5 nurseries, and 1 secondary school in Cambridgeshire which are maintained by the local authority.

Academies produce their own financial statements and this means a sizeable proportion of school spending, assets and workforce information in the Cambridgeshire area is no longer reported as part of the Council's accounts.

### Connecting Cambridgeshire

Connecting Cambridgeshire is improving the County's fixed and mobile broadband infrastructure, whilst supporting online skills, business growth and technological innovation to meet future digital challenges.

In March 2017, the Council approved the Cambridgeshire digital connectivity blueprint for 2017-2020 with associated targets for broadband access, mobile coverage and public Wi-Fi access.

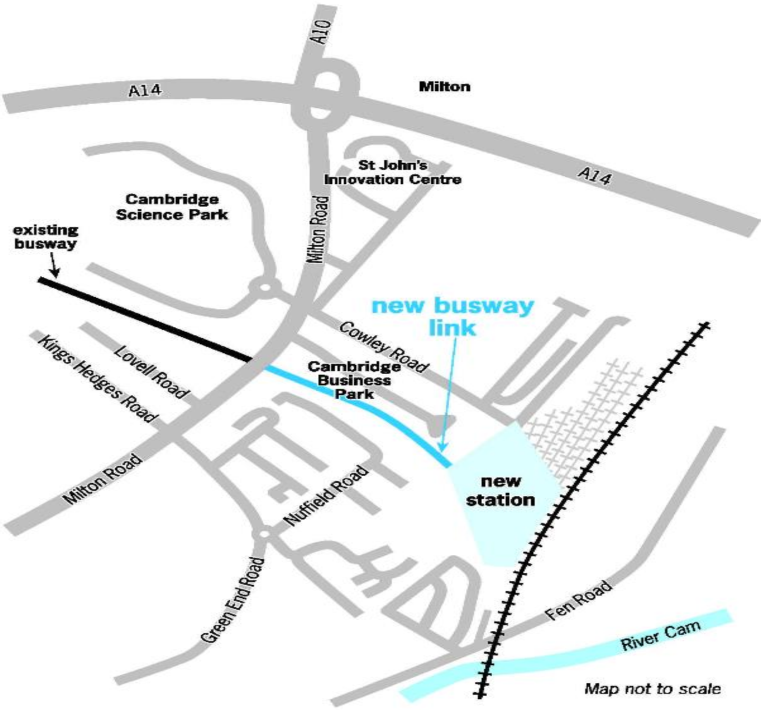
connecting
CAMBRIDGESHIRE
Superfast broadband across Cambridgeshire & Peterborough

### Cambridge North Station

Opened in May 2017, this new railway station serves the north of Cambridge with direct trains to London, Ely, Peterborough and Norwich.

Following the Council's lead on the development phase of the project, Network Rail and the Department for Transport took responsibility for the delivery phase of the scheme. With government funding, the Council has led on access works including the extension of the Busway as well as cycle and footway links.

# NARRATIVE REPORT



## Cambridge City Deal

Signed in June 2014, the Greater Cambridge City Deal is a partnership arrangement between the County Council, Cambridge City Council, South Cambridgeshire District Council, the Greater Cambridge, Greater Peterborough Local Enterprise Partnership and the University of Cambridge. It aims to enable a new wave of innovation-led growth in Cambridge and South Cambridgeshire ("Greater Cambridge") by investing in the infrastructure, housing and skills that will facilitate the continued growth of the Cambridge phenomenon. It acknowledges the city-region's strong track record of delivering growth and seeks to support existing and new businesses in achieving their full potential. The deal agreed between Greater Cambridge and Government allows Greater Cambridge to maintain and grow its status as a prosperous economic area.

The City Deal represents a step change in the ability of local partners to deliver the infrastructure necessary to support the area's ambitious growth plans. Greater Cambridge will receive a confirmed £100 million from Government for infrastructure investment up to 2019-20. This scale of investment will enable a strategy that enhances the transport network to link areas of population and employment within the city-region, through high quality public transport, cycling and pedestrian improvements. It will transform connectivity within Greater Cambridge and around the wider county and Local Enterprise Partnership area. Depending on the economic impact of local investments, Greater Cambridge will be able to access up to an additional £400 million over the following 10 years, in two tranches of £200 million. This complements and sits alongside existing capital expenditure plans in the area.

For further details please visit http://www.gccitydeal.co.uk/

## Commercial, Assets and Investments

At the full Council meeting on 10th May 2016, Members approved a change to the Council's Constitution to establish an Assets and Investment Committee to deliver effective governance and management of the Council's property and asset portfolio.

This is driven by a number of major programmes that are supporting the delivery of the Council's overall objectives.

## Cambridgeshire Housing Investment Company (CHIC)

One of the key priorities for the newly formed Committee was housing investment, leading to the incorporation of a company wholly owned by the Council (CHIC) in June 2016.

CCC is in the fortunate position of continuing to be a major landowner in Cambridgeshire. In view of the buoyant economic conditions for housing development, the company will enable the Council to develop its own land rather than sell it for straightforward capital receipts. The company is working on the ambition to develop an initial 10-year pipeline of sites, including the delivery of 2,000 residential units.

## Cambridgeshire and Peterborough Combined Authority

The Cambridgeshire and Peterborough Combined Authority was constituted in March 2017. The authority is made up of representatives of the seven local Councils in Cambridgeshire and Peterborough along with the Local Enterprise Partnership and is led by a Mayor, directly elected for the first time in May 2017. As part of a devolution deal with government, the responsibilities of the Combined Authority include local economic growth, housing, transport and infrastructure improvements and adult skills. There are no financial or accounting implications that affect the Council's accounts for 2016-17.

## Pensions

The accounts reflect the underlying commitment that the Council has to pay future retirement benefits for its employees. This information has been compiled by the Fund's actuary in accordance with the International Accounting Standard 19 Employee Benefits (IAS 19 (Revised 2011)).

The estimated pension deficit for the Council, measured on an actuarial basis, has increased from £479m at 1 April 2016 to £510m at 31 March 2017. The fair value of plan assets increased during 2016-17; however this has been more than offset by a greater increase in the value of the Fund's liabilities. Overall this has resulted in a £31m increase in the deficit amount (see note 39 ).

# NARRATIVE REPORT

## LGSS Summary

LGSS is the shared back office operation with three partners – Milton Keynes Council (MKC), Northamptonshire County Council (NCC) and Cambridgeshire County Council (CCC). LGSS began in October 2010 with MKC joining as a third Partner from 1 April 2016. LGSS provides a wide range of strategic, professional, operational and transactional services including finance, pensions, legal, procurement, audit, HR, IT and transactional financial services.

It is governed by a Joint Committee with the financial transactions of each shareholder county included in the respective county's statutory accounts.

The LGSS overall performance for 2016-17 is summarised below:

| | 2016-17 Budget £000 | 2016-17 Expenditure £000 | 2016-17 Variance £000 |
|---|---|---|---|
| **LGSS Total** | **32,136** | **31,564** | **(572)** |

All surpluses and deficits, after any retained earnings re-invested by LGSS, are shared on a 33.3% arrangement via a dividend to each of the host authorities.

## Workforce Profile

The Council is an equal opportunities employer and promotes fairness to all. For further information please see the Workforce Profile which is available at the following link:

https://www.cambridgeshire.gov.uk/council/communities-&-localism/equality-and-diversity/

## 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 2017, and to summarise the overall financial position of the Council as at 31 March 2017. This section provides an overview of the financial performance of the Council.

The Statement of Accounts brings together the major financial statements for the Council for the financial year 2016-17. The various sections, and their contents, are as follows:

# NARRATIVE REPORT

### Independent Auditors' Report to Members (page 20)

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.

### Statement of Responsibilities, Certificate and Approval of Accounts (page 21)

This statement sets out the responsibilities of the Council and the Chief Finance Officer of the Council regarding the proper administration of the Council's finances.

### Comprehensive Income and Expenditure Statement (page 23)

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. The presentation of this statement has changed in 2016-17, due to a change within the CIPFA Code, so the cost of services is now displayed based upon the Council's directorate structure.

The net cost of services for 2016-17 across the Council's directorates was £447.1m. After taking into consideration other operating expenditure, financing and investment income/expenditure, grant income, and income from taxation (Council Tax and Business Rates), the Council's deficit on the provision of services was £94.6m.

### Movement in Reserves Statement (page 24)

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.

The headline figures from this statement are that the Council's General Fund and earmarked reserves have increased overall by £1.1m in 2016-17. The balance in the Capital Grants Unapplied Reserve has decreased by £17m due to the net effects of income received in year, reclassifications and the funding of capital expenditure in 2016-17.

The primary movement within unusable reserves has been on the Pensions Reserve. The deficit on this reserve has increased by £31m to £510m, based upon the actuary's latest assessment of the value of the Pension Scheme.

### Balance Sheet (page 25)

The Balance Sheet presents the value of the Council's current and non-current assets and liabilities recognised by the Council as at 31st March 2017 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 '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.

The largest movement on the balance sheet has been in Short Term Borrowings which has increased by £92m during 2016-17 to a liability of £95.4m. This in line with the Council's Treasury Management Strategy to restructure the loan portfolio from high interest long term borrowings to low interest short term borrowings.

### Cash Flow Statement (page 26)

This Statement summarises the inflows and outflows of cash 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 which the Council owes money to) 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.

The headline figures from this statement are that during 2016-17 the Council's cash and cash equivalents increased by £27.1m from £1.1m as at 31st March 2016 to £28.2m as at 31st March 2017. Cash flows from the Council's investing activities included receipt of £107.3m of capital grants. Purchases of property, plant and equipment were £114.9m. Cash flows from the Council's financing activities included cash receipts of short term and long term borrowing of £173.5m, and repayments of short term and long term borrowing of £92.5m.

Borrowing and investments were made in accordance with the Council's published Treasury Management Strategy.

### Expenditure and Funding Analysis (page 27)

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers 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 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 net expenditure chargeable to the Council's General Fund is £3.1m, with a £4.2m net increase to earmarked reserves. This differs from the income and expenditure shown in the CIES by £95.7m. This difference comprises a number of technical accounting adjustments which the Council is required to make by the Code, including capital charges such as depreciation, actuarial pensions adjustments and adjustments to the Collection Fund. A reconciliation of these adjustments is shown in note 1 to the accounts.

### Notes to the core financial statements (page 28)

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 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 (page 114)

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.

## RISK MANAGEMENT AND ARRANGEMENTS FOR VALUE FOR MONEY

The Council has developed a range of integrated approaches and organisational processes which together help to drive risk management and value for money.

Members exercise strategic leadership by developing the Council's vision and priorities and keeping these under-review. There is an established business planning process which ensures that services are delivered in accordance with the Council's objectives and represents the best use of resources. The Annual Governance Statement, later in these accounts sets out the Council's wider approach to risk management.

The Council's Scheme of Financial Management sets out the internal regulatory framework for financial control, procurement compliance and resource distribution. Following the agreement of the budget by Members, savings delivery is closely monitored through a "tracker methodology" alongside monthly reporting to Council Committees.

## FUTURE CHALLENGES AND MEDIUM TERM OUTLOOK

Cambridgeshire is one of only ten Councils who have not accepted the government's multi-year funding settlement, this adds a further level of uncertainty regarding how any changes to government funding will be applied.

Looking forward, cost pressures are forecast to outstrip available resources. Cambridgeshire is the fastest growing county in England. These demographic pressures combine with rising costs caused by inflation, including the rising national living wage and reducing levels of funding as part of a medium

# NARRATIVE REPORT

term economic outlook which is uncertain. Consequently, the Council needs to make significant savings to close the budget gap.

The following table illustrates the current size of the challenge that lies ahead (as presented to Council on the 14 February 2017), as it sets out the latest annual savings requirement:

| | 2017-18 £000 | 2018-19 £000 | 2019-20 £000 | 2020-21 £000 | 2021-22 £000 | Total £000 |
|---|---|---|---|---|---|---|
| **Total Savings Requirement For The Year** | **31,795** | **25,441** | **16,713** | **22,256** | **6,871** | **103,076** |
| 2017-18 Ongoing Savings | | 31,795 | 31,795 | 31,795 | 31,795 | |
| 2018-19 Ongoing Savings | | | 25,441 | 25,441 | 25,441 | |
| 2019-20 Ongoing Savings | | | | 16,713 | 16,713 | |
| 2020-2021 Ongoing Savings | | | | | 22,256 | |
| | | | | | | |
| **Total Savings For The Year (Including Ongoing Savings)** | **31,795** | **57,236** | **73,949** | **96,205** | **103,076** | |

## CONCLUSION

I am extremely grateful to all the finance staff across the Council, and for those within service directorates, for the support and enthusiasm that they have brought to the many and challenging tasks they have faced, and who have worked hard to close the accounts to a demanding timescale.

Chris Malyon
Deputy Chief Executive and Chief Finance Officer (Section 151 Officer)

FURTHER INFORMATION

Further information about the Statement of Accounts can be obtained from the Council's website or Corporate Finance:

Address: OCT1114, Shire Hall,
Cambridge,
CB3 0AP

Telephone: 0345 045 5200
Email: LGSS.finance@cambridgeshire.gov.uk
Web: Statement of Accounts

# INDEPENDENT AUDITORS' REPORT

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# STATEMENT OF RESPONSIBILITIES, CERTIFICATE AND APPROVAL OF ACCOUNTS

## STATEMENT OF RESPONSIBILITIES

### 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.

### THE CHIEF FINANCE OFFICER'S RESPONSIBILITIES

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts 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 Chief Finance Officer 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 Chief Finance Officer 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.

## 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 2017 and its income and expenditure for the year 2016-17, and authorise the accounts for issue.

Chris Malyon
Chief Finance Officer
**Date: 30th June 2017**

# STATEMENT OF RESPONSIBILITIES, CERTIFICATE AND APPROVAL OF ACCOUNTS

## APPROVAL OF ACCOUNTS

I confirm that these accounts were approved by the Council at the meeting of the Audit and Accounts Committee held on 19th September 2017.

Signed on behalf of
Cambridgeshire County Council:

Cllr. Michael Shellens
Chairman of the Audit and Accounts Committee
Date:

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

| [1]Restated 2015-16 Gross Expenditure £000 | Gross Income £000 | Net Expenditure/ Income (-) £000 | | 2016-17 Gross Expenditure £000 | Gross Income £000 | Net Expenditure/ Income (-) £000 |
|---|---|---|---|---|---|---|
| 121,187 | -38,263 | **82,924** | Economy, Transport and Environment | 115,274 | -28,908 | **86,366** |
| 702,749 | -397,077 | **305,672** | Children, Families and Adults | 709,798 | -381,757 | **328,041** |
| 17,017 | -16,942 | **75** | Public Health | 21,301 | -21,027 | **274** |
| -3,267 | -1,336 | **-4,603** | Corporate Services | 12,147 | -696 | **11,451** |
| 5,633 | -1,701 | **3,932** | LGSS Managed | 8,127 | -1,630 | **6,497** |
| 23,999 | -9,938 | **14,061** | Assets & Investments | 12,513 | -7,390 | **5,123** |
| 23,285 | -13,194 | **10,091** | LGSS Operational | 22,049 | -12,699 | **9,350** |
| **890,603** | **-478,451** | **412,152** | **Cost Of Services** | **901,209** | **-454,107** | **447,102** |
| 59,570 | - | **59,570** | Other operating expenditure (note 10) | 88,668 | 0 | **88,668** |
| 43,389 | -544 | **42,845** | Financing and investment income/ expenditure (note 11) | 43,121 | -6,749 | **36,372** |
| - | -431,941 | **-431,941** | Taxation and Non-Specific Grant Income (note 12) | 0 | -477,549 | **-477,549** |
| | | **82,625** | **Surplus (-) or Deficit on Provision of Services** | | | **94,593** |
| | | **-72,986** | Surplus on revaluation of long-term assets | | | **-101,748** |
| | | **4,024** | Impairment and revaluation losses charged to the Revaluation Reserve | | | **28,819** |
| | | **-99,262** | Remeasurement of net defined benefit/ liability | | | **8,478** |
| | | **-168,224** | **Other Comprehensive Income and Expenditure** | | | **-64,451** |
| | | **-85,599** | **Total Comprehensive Income (-) and Expenditure** | | | **30,142** |

[1]The prior year Comprehensive Income and Expenditure Statement has been restated according to the CIPFA Code.

This statement shows the accounting cost of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from local taxation. The Council raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

# MOVEMENT IN RESERVES STATEMENT

| | General Fund £000 | Capital Receipts Reserve £000 | Capital Grants Unapplied £000 | Usable Reserves Total £000 | Unusable Reserves Total £000 | Reserves Total £000 |
|---|---|---|---|---|---|---|
| **Balance at 1-Apr-15** | **70,649** | **1,439** | **15,850** | **87,938** | **570,387** | **658,325** |
| Movement in 2015-16: | | | | | | |
| **Total comprehensive income and expenditure** | -82,625 | - | - | **-82,625** | **168,224** | **85,599** |
| Adjustments between accounting and funding basis under regulations (note 8) | 97,573 | -1,439 | 11,140 | **107,274** | **-107,274** | **-** |
| **Increase/ decrease (-) in 2015-16** | **14,948** | **-1,439** | **11,140** | **26,649** | **60,950** | **85,599** |
| **Balance at 31-Mar-16** | **85,597** | **0** | **26,990** | **112,587** | **631,337** | **743,924** |
| Movement in 2016-17: | | | | | | |
| **Total comprehensive income and expenditure** | -94,593 | 0 | 0 | **-94,593** | **64,451** | **-30,142** |
| Adjustments between accounting and funding basis under regulations (note 8) | 95,701 | 1,116 | -17,033 | **79,784** | **-79,784** | **0** |
| **Increase/ decrease (-) in 2016-17** | **1,108** | **1,116** | **-17,033** | **-14,809** | **-15,333** | **-30,142** |
| **Balance at 31-Mar-17** | **86,705** | **1,116** | **9,957** | **97,778** | **616,004** | **713,782** |

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other ‘unusable reserves’. The Statement shows how the movements in year of the authority’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

# BALANCE SHEET AS AT 31 MARCH 2017

| Restated<br>[1]31-Mar-16<br>£000 | | Note | 31-Mar-17<br>£000 |
|---|---|---|---|
| 1,761,452 | Property, Plant and Equipment | 13 | **1,779,704** |
| 20,717 | Heritage Assets | 14 | **20,705** |
| 2,658 | Investment Property | 17 | **7,222** |
| 0 | Intangible Assets | | **258** |
| 400 | Long Term Investments | | **400** |
| 25,598 | Long Term Debtors | 15 | **31,370** |
| **1,810,825** | **Long Term Assets** | | **1,839,658** |
| 0 | Investments | | **0** |
| 614 | Assets Held for Sale | 21 | **3,531** |
| 951 | Inventories | | **924** |
| 53,593 | Short Term Debtors | 19 | **82,626** |
| 1,064 | Cash and Cash Equivalents | 20 | **28,173** |
| **56,221** | **Current Assets** | | **115,253** |
| 0 | Cash and Cash Equivalents | 20 | **0** |
| -3,428 | Short Term Borrowing | 16 | **-95,399** |
| -95,066 | Short Term Creditors | 22 | **-127,394** |
| -5,657 | Provisions | 23 | **-4,013** |
| -14,169 | Capital Grants and Contributions Receipts in Advance | 34 | **-6,829** |
| **-118,320** | **Current Liabilities** | | **-233,635** |
| -6,215 | Provisions | 23 | **-5,682** |
| -356,305 | Long Term Borrowing | 16 | **-345,298** |
| -600,257 | Other Long Term Liabilities | 24 | **-633,190** |
| -42,024 | Capital Grants and Contributions Receipts in Advance | 34 | **-23,326** |
| **-1,004,802** | **Long Term Liabilities** | | **-1,007,495** |
| **743,924** | **Net Assets** | | **713,782** |
| 112,587 | Usable Reserves | 25 | **97,778** |
| 631,337 | Unusable Reserves | 26 | **616,004** |
| **743,924** | **Total Reserves** | | **713,782** |

[1] Restated for prior period adjustments to Long Term Provisions (Note 23) and Short Term Creditors (Note 22)

The Balance Sheet shows the value of the assets and liabilities recognised by the Council. The net assets (assets less liabilities) are matched by the level of reserves held by the Council. ‘Usable’ reserves are those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). ‘Unusable’ reserves are those that are not able to be used to provide services and include those that hold unrealised gains and losses (i.e. Revaluation Reserve), where amounts only become available to use if assets are sold; and reserves that hold timing differences. The notes on pages 28 to 113 form part of the financial statements.

Chris Malyon (Chief Finance Officer) Date:

# CASH FLOW STATEMENT

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---:|---|---:|
| **82,625** | **Net deficit on the provision of services** | **94,592** |
| -39,389 | Depreciation | -37,800 |
| -26,017 | Impairment and downward valuations | -39,145 |
| 450 | Movement in impairment for bad debts | -25 |
| 20,222 | Increase (-)/ decrease in creditors | -32,328 |
| 10,094 | Increase/ decrease (-) in debtors | 34,830 |
| 280 | Increase/ decrease (-) in inventories | -26 |
| -19,444 | Movement in pension liability | -21,952 |
| -85,213 | Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised | -89,052 |
| 635 | Other non-cash items charged to the deficit on the provision of services | 6,488 |
| **-138,382** | **Adjustments to the net deficit on the provision of services for non-cash movements:** | **-179,009** |
| 26,018 | Proceeds from the sale of property, plant and equipment | 766 |
| -90,818 | Grants for financing capital expenditure | -81,221 |
| **-64,800** | **Adjustments for items included in the deficit on the provision of services that are investing and financing activities** | **-80,456** |
| **-120,557** | **Net cash flows from Operating Activities** | **-164,872** |
| 107,474 | Purchase of property, plant and equipment | 114,944 |
| 750 | Purchase of short-term and long-term investments | 0 |
| -400 | Proceeds from short-term and long-term investments | 0 |
| -26,018 | Proceeds from the sale of property, plant and equipment | -766 |
| 61,769 | Capital Grants Received | 107,259 |
| **143,575** | **Investing Activities** | **221,438** |
| -31,626 | Cash receipts of short and long-term borrowing | -173,476 |
| 0 | Other receipts from financing activities | 0 |
| -9,633 | Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (Principal) | -2,712 |
| 54,641 | Repayments of short and long-term borrowing | 92,512 |
| **13,381** | **Financing Activities** | **-83,675** |
| **36,398** | **Net increase (-)/ decrease in cash and cash equivalents** | **-27,110** |
| 37,462 | Cash and cash equivalents at the beginning of the reporting year | 1,064 |
| **1,064** | **Cash and cash equivalents at the end of the reporting year (note 20)** | **28,173** |

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of local taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

# EXPENDITURE AND FUNDING ANALYSIS

| | | **2015-16** | | | | **2016-17** |
|---|---|---|---|---|---|---|
| **Net Expenditure Chargeable to the General Fund £000** | **Adjustments between Funding and Accounting Basis £000** | **Net Expenditure in the Comprehensive Income and Expenditure Statement £000** | | **Net Expenditure Chargeable to the General Fund £000** | **Adjustments between Funding and Accounting Basis £000** | **Net Expenditure in the Comprehensive Income and Expenditure Statement £000** |
| 64,190 | 18,734 | 82,924 | Economy, Transport and Environment | 62,189 | 24,177 | 86,366 |
| 244,094 | 61,578 | 305,672 | Children, Families and Adults | 255,645 | 72,396 | 328,041 |
| - | 75 | 75 | Public Health | 245 | 29 | 274 |
| 5,574 | -10,177 | -4,603 | Corporate Services | 8,021 | 3,430 | 11,451 |
| 3,789 | 143 | 3,932 | LGSS Managed | 3,985 | 2,512 | 6,497 |
| 6,107 | 7,954 | 14,061 | Assets & Investments | 3,212 | 1,911 | 5,123 |
| 8,400 | 1,691 | 10,091 | LGSS Operational | 8,968 | 382 | 9,350 |
| **332,154** | **79,998** | **412,152** | **Net cost of services** | **342,263** | **104,839** | **447,102** |
| -347,102 | 17,575 | -329,527 | Other income and expenditure | -343,372 | -9,137 | -352,509 |
| **-14,948** | **97,573** | **82,625** | **(Surplus) or Deficit** | **-1,108** | **95,701** | **94,593** |
| -70,649 | | | Opening General Fund Balance at 31 March | -85,597 | | |
| -14,948 | | | Less (Surplus)/Plus Deficit on General Fund Balance in Year | -1,108 | | |
| **-85,597** | | | **Closing General Fund Balance at 31 March** | **-86,705** | | |

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers 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 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.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 1. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

| | Adjustments between Funding and Accounting Basis 2016-17 | | | |
|---|---|---|---|---|
| **Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts** | **Adjustments for Capital Purposes £000** | **Net change for the Pensions Adjustments £000** | **Other Differences £000** | **Total Adjustments £000** |
| Economy, Transport and Environment | 23,797 | 389 | -9 | **24,177** |
| Children, Families and Adults | 72,795 | 1,663 | -2,062 | **72,396** |
| Public Health | 0 | 30 | -1 | **29** |
| Corporate Services | 1,020 | 2,413 | -2 | **3,430** |
| LGSS Managed | 2,508 | 5 | 0 | **2,512** |
| Assets & Investments | 1,880 | 32 | -1 | **1,911** |
| LGSS Operational | 0 | 389 | -7 | **382** |
| **Net cost of services** | **102,000** | **4,921** | **-2,082** | **104,839** |
| Other income and expenditure from the Expenditure and Funding Analysis | -22,348 | 17,031 | -3,820 | **-9,137** |
| **Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services** | **79,652** | **21,952** | **-5,902** | **95,701** |

| | Adjustments between Funding and Accounting Basis 2015-16 | | | |
|---|---|---|---|---|
| **Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts** | **Adjustments for Capital Purposes £000** | **Net change for the Pensions Adjustments £000** | **Other Differences £000** | **Total Adjustments £000** |
| Economy, Transport and Environment | 16,308 | 2,386 | 39 | **18,734** |
| Children, Families and Adults | 52,184 | 7,336 | 2,057 | **61,578** |
| Public Health | 0 | 71 | 4 | **75** |
| Corporate Services | 0 | -10,185 | 8 | **-10,177** |
| LGSS Managed | 0 | 143 | 0 | **143** |
| Assets & Investments | 7,749 | 201 | 3 | **7,954** |
| LGSS Operational | 0 | 1,663 | 29 | **1,691** |
| **Net cost of services** | **76,242** | **1,615** | **2,141** | **79,998** |
| Other income and expenditure from the Expenditure and Funding Analysis | 63 | 17,829 | -317 | **17,575** |
| **Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services** | **76,305** | **19,444** | **1,824** | **97,573** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 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.
- **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. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. 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 authority 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 Adjustments

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 NNDR 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 surpluses or deficits on the Collection Fund.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 2. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

| Expenditure/Income | 2015/16<br>£000 | 2016/17<br>£000 |
|---|---|---|
| **Expenditure** | | |
| Employee benefits expenses | 305,222 | 299,936 |
| Other services expenses | 563,798 | 563,474 |
| Support service recharges | 0 | 0 |
| Depreciation, amortisation, impairment | 39,389 | 37,800 |
| Interest payments | 25,525 | 43,121 |
| Precepts and levies | 376 | 381 |
| Gain on the disposal of asset | 59,194 | 88,287 |
| **Total expenditure** | **993,504** | **1,032,998** |
| **Income** | | |
| Fees, charges and other service income | -158,571 | -145,056 |
| Interest and investment income | -487 | -6,749 |
| Income from council tax, nondomestic rates, district rate income | -304,762 | -318,996 |
| Government grants and contributions | -447,058 | -467,605 |
| **Total income** | **-910,878** | **-938,406** |
| **(Surplus) or Deficit on the Provision of Services** | **82,626** | **94,592** |

## 3. ACCOUNTING POLICIES

For the Accounting Policies please see Appendix 1.

## 4. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Council Accounting in the United Kingdom 2017-18 (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 2017-18 Code. There are no new standards in the 2017-18 Code which are likely to have a material impact on the accounts.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 5. 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:

- Property valuations are provided by component on a rolling programme every five years by a combination of internal and independent external valuers (with a significant proportion undertaken by external valuers in the last two years), with moderation undertaken by the Council's internal valuers. In order to validate use of the rolling programme to undertake valuations, the Council performs an annual exercise to determine whether there is any material misstatement in the overall asset portfolio. If it is concluded that there is a material misstatement, then the revaluations will be brought up to date either by revaluation or by use of indices. All valuations are prepared in accordance with the Council's accounting policy (see appendix 1). Depreciation of capital assets is based on their useful economic life and any increase or decrease in useful lives will affect the level of depreciation and the carrying value of the assets;

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

  - AmeyCespa Limited – to provide waste treatment and household waste facilities for the county until 2036;
  - Balfour Beatty plc. – to replace Cambridgeshire's existing Street Lighting network, and subsequent maintenance until 2036; and
  - Equitix Learning Community Partnerships – for the construction of Thomas Clarkson Community College (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 Community College 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. This accounting treatment creates a subsequent loss. However as there are no Academy assets on the Council's Balance Sheet to charge this against it is charged to the Comprehensive Income and Expenditure Statement as Revenue Expenditure Funded as Capital Under Statute (REFCUS).

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 6. 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 2017 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** | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. | If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £1m for every year that useful lives had to be reduced. |
| | 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 undertakes a material misstatement analysis annually and adjusts for any material variances if required. This analysis involves either a) a desktop valuation of assets over a certain value, b) a market review undertaken by the Council's external valuers, and if necessary, c) an indexation analysis that assesses when a depreciated replacement cost (DRC) asset was last revalued and applies an index to it based on Building Cost Information Service (BCIS) forecasts and land value calculations for every year since it was last revalued. In 2016-17 the Council assets were increased by £25.7m as a result of applying indexation; however it was estimated that this adjustment would have been £4.9m higher, if the indices used had been 1% higher for each year of the 5 year rolling programme. |
| **Pension Liability** | 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. | The effect on the pension's liability of changes in individual assumptions can be measured. For instance:<br>• 1 year increase in member life expectancy would result in an increase in the liability of approximately 3%-5%;<br>• 0.5% decrease in the Real Discount Rate would result in an increase in the liability of approximately £147m (10%); and<br>• 0.5% increase in the Pension Increase Rate would result in an increase in the liability of approximately £127m (8%). |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 7. 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 Chief Finance Officer.

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

Academies are publicly funded independent schools that were first introduced in 2000 to replace failing secondary schools, or provide new schools where there was not enough high quality provision. Subsequent legislation (Academies Act 2010) enabled many more high performing schools to be free to innovate and operate independently of local authorities.

A further 22 schools have, or are expected to open or convert to Academy status before the 31 March 2018, with further new schools opening and conversions expected to take place in future years. By the end of the 2017-18 financial year, it is expected that local authority maintained schools with a current net book value totalling £36m will have converted to Academy status since the Balance Sheet date, in addition to a further transfer of £54.7m of Assets Under Construction expenditure for new schools opening as Academies/Free schools. As with schools already converted, the assets of these schools will be derecognised from the Council's Balance Sheet in 2017-18.

## 8. 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.

# NOTES TO THE CORE FINANCIAL STATEMENTS

Movements in balances in 2016-17:

| **2016-17** | **Usable Reserves** | | | |
|---|---|---|---|---|
| | **General Fund** | **Capital Receipts Reserve** | **Capital Grants Unapplied** | **Unusable Reserves** |
| | **£000** | **£000** | **£000** | **£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 | 37,800 | - | - | -37,800 |
| Revaluation losses on Property Plant and Equipment | 39,144 | - | - | -39,144 |
| Movements in the fair value of Investment Properties | -4,122 | - | - | 4,122 |
| Revenue expenditure funded from capital under statute | 45,584 | - | - | -45,584 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 89,053 | - | - | -89,053 |
| **Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:** | | | | |
| Statutory provision for the financing of capital investment | -12,413 | - | - | 12,413 |
| Capital expenditure charged against the General Fund | - | - | - | - |
| **Adjustments involving the Capital Grants and Contributions Unapplied Account:** | | | | |
| Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement | -114,579 | 1,116 | -17,033 | 130,495 |
| Application of grants to capital financing transferred to the Capital Adjustment Account | - | - | - | - |
| **Adjustments involving the Capital Receipts Reserve:** | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | -766 | 766 | - | - |
| Use of the Capital Receipts Reserve to finance new capital expenditure | - | -766 | - | 766 |
| **Adjustments involving the Deferred Capital Receipts Reserve:** | | | | |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | - | - | - | - |
| **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 | -51 | - | - | 51 |
| **Adjustments involving the Pensions Reserve:** | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 26) | 55,857 | - | - | -55,857 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | -33,905 | - | - | 33,905 |
| **Adjustments involving the Collection Fund Adjustment Account:** | | | | |
| Amount by which council tax and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements | -3,820 | - | - | 3,820 |
| **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 | -2,082 | - | - | 2,082 |
| **Total Adjustments** | **95,701** | **1,116** | **-17,033** | **-79,784** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

Movements in balances in 2015-16:

| **2015-16** | **Usable Reserves** | | | |
|---|---|---|---|---|
| | **General Fund £000** | **Capital Receipts Reserve £000** | **Capital Grants Unapplied £000** | **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 | 39,389 | - | - | -39,389 |
| Revaluation losses on Property Plant and Equipment | 26,017 | - | - | -26,017 |
| Movements in the fair value of Investment Properties | 69 | - | - | -69 |
| Revenue expenditure funded from capital under statute | 52,646 | - | - | -52,646 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | 85,213 | - | - | -85,213 |
| **Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:** | | | | |
| Statutory provision for the financing of capital investment | -10,142 | - | - | 10,142 |
| Capital expenditure charged against the General Fund | - | - | - | - |
| **Adjustments involving the Capital Grants and Contributions Unapplied Account:** | | | | |
| Application of grants to capital financing transferred to the Capital Adjustment Account | -90,819 | - | 11,140 | 79,679 |
| **Adjustments involving the Capital Receipts Reserve:** | | | | |
| Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | -4,718 | 4,718 | - | - |
| Use of the Capital Receipts Reserve to finance new capital expenditure | - | -6,157 | - | 6,157 |
| **Adjustments involving the Deferred Capital Receipts Reserve:** | | | | |
| Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | -21,300 | - | - | 21,300 |
| **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 | -51 | - | - | 51 |
| **Adjustments involving the Pensions Reserve:** | | | | |
| Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 26) | 51,856 | - | - | -51,856 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | -32,411 | - | - | 32,411 |
| **Adjustments involving the Collection Fund Adjustment Account:** | | | | |
| Amount by which council tax and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements | -317 | - | - | 317 |
| **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 | 2,141 | - | - | -2,141 |
| **Total Adjustments** | 97,573 | -1,439 | 11,140 | -107,274 |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 9. TRANSFERS TO/FROM EARMARKED RESERVES

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

| | Balance at | Transfers Out | Transfers In | Balance at | Transfers Out | Transfers In | Balance at |
|---|---|---|---|---|---|---|---|
| | 01 Apr-15 | 2015-16 | 2015-16 | 31-Mar-16 | 2016-17 | 2016-17 | 31-Mar-17 |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Carry forward – Schools | **21,892** | -22,443 | 21,195 | **20,644** | -21,281 | 15,806 | **15,169** |
| Carry forward – Other | **6,694** | -7,831 | 9,971 | **8,834** | -15,821 | 12,003 | **5,016** |
| Insurance Reserve | **2,539** | -4,048 | 4,373 | **2,864** | -4,405 | 4,810 | **3,269** |
| Transformation Reserve | - | - | 11,853 | **11,853** | -910 | 9,582 | **20,525** |
| Other Earmarked Reserves | **23,523** | -19,220 | 18,178 | **22,481** | -23,236 | 27,673 | **26,918** |
| **Total** | **54,648** | **-53,542** | **65,570** | **66,676** | **-65,653** | **69,874** | **70,897** |

The Council has created a transformation fund reserve financed from an adjustment to debt defrayment, with the two planned transfers to the fund shown in the table above. The General Purposes Committee decides on transfers out of the fund towards specific projects which have a business case showing a return to the Council, as part of the drive to transform services and deliver savings of £100m across the next five years.

## 10. OTHER OPERATING EXPENDITURE

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

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| 59,194 | Losses on the disposal of non-current assets | 88,287 |
| 376 | Levies | 381 |
| **59,570** | **Total** | **88,668** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 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.

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| 25,525 | Interest payable and similar charges | 26,090 |
| 17,829 | Net interest on the net defined benefit liability | 17,031 |
| -487 | Interest receivable and similar income | -1,408 |
| -57 | Income and expenditure in relation to investment properties and changes in their fair value | -5,579 |
| 35 | Trading Accounts | 238 |
| **42,845** | **Total** | **36,372** |

## 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.

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| **-245,076** | Council tax income | -254,878 |
| **-59,686** | Non-domestic rates | -64,118 |
| **-65,439** | Non-ringfenced government grants | -51,294 |
| **-61,740** | Capital grants and contributions | -107,259 |
| **-431,941** | **Total** | **-477,549** |

## 13. PROPERTY, PLANT AND EQUIPMENT

Movements in balances in 2016-17 and 2015-16:

# NOTES TO THE CORE FINANCIAL STATEMENTS

| | Other Land & Buildings | Vehicles, Plant, furniture & Equipment | Infrastructure Assets | Community Assets | Surplus Assets | Assets Under Construction | Total Property, Plant and Equipment | PFI Assets included in PPE |
|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| **Cost or Valuation** | | | | | | | | |
| **At 1-Apr-16** | **1,024,143** | **17,840** | **890,309** | **686** | **5,843** | **53,062** | **1,991,883** | **115,368** |
| Additions | - | - | 46,380 | - | - | 68,564 | **114,944** | 2,409 |
| Donations | - | - | - | - | - | - | **-** | - |
| Revaluation increases/ decreases (-) recognised in the Revaluation Reserve | 61,449 | - | - | - | 1,190 | - | **62,639** | - |
| Revaluation increases/ decreases (-) recognised in the surplus/ deficit on the Provision of services | -39,532 | - | - | - | -854 | - | **-40,386** | - |
| Derecognition and Disposals | -66,760 | - | -506 | - | - | -22,464 | **-89,730** | - |
| Assets reclassified to (-)/ from Held for Sale | -3,024 | - | - | - | - | - | **-3,024** | - |
| Assets reclassified to (-)/ from PPE | 36,013 | - | 1 | - | -714 | -35,300 | **-** | - |
| Assets reclassified to (-)/ from Investment Properties | - | - | - | - | - | -442 | **-442** | - |
| Assets reclassified to (-)/ from Intangible Assets | -30 | - | - | - | - | -228 | **-258** | - |
| Other movements in Cost or Valuation | -20 | - | 1 | - | - | - | **-19** | - |
| **At 31-Mar-17** | **1,012,239** | **17,840** | **936,185** | **686** | **5,465** | **63,192** | **2,035,607** | **117,777** |
| **Accumulated Depreciation and Impairment** | | | | | | | | |
| **At 1-Apr-16** | **-36,003** | **-14,936** | **-179,492** | **-** | **-** | **-** | **-230,431** | **-45,598** |
| Depreciation charge | -13,564 | -1,104 | -23,112 | - | -20 | - | **-37,800** | -4,199 |
| Depreciation written out to the Revaluation Reserve | 10,232 | - | - | - | 57 | - | **10,289** | - |
| Depreciation written out to the surplus/ deficit on the provision of services | 1,232 | - | - | - | 10 | - | **1,242** | - |
| Impairment losses/ reversals (-) recognised in the Revaluation Reserve | - | - | - | - | - | - | **-** | - |
| Impairment losses/ reversals (-) recognised in the surplus/ deficit on the provision of services | - | - | - | - | - | - | **-** | - |
| Derecognition and Disposals | 680 | - | 117 | - | - | - | **797** | - |
| Other movements in Depreciation and Impairment | 71 | - | - | - | -71 | - | **-** | - |
| **At 31-Mar-17** | **-37,352** | **-16,040** | **-202,487** | **-** | **-24** | **-** | **-255,903** | **-49,797** |
| **Net Book Value** | | | | | | | | |
| **At 31-Mar-17** | **974,887** | **1,800** | **733,698** | **686** | **5,441** | **63,192** | **1,779,704** | **67,980** |
| **At 31-Mar-16** | **988,140** | **2,904** | **710,817** | **686** | **5,843** | **53,062** | **1,761,452** | **69,770** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

| | Other Land and Buildings £000 | Vehicles, Plant, furniture & Equipment £000 | Infrastructure Assets £000 | Community Assets £000 | Surplus Assets £000 | Assets Under Construction £000 | Total Property, Plant and Equipment £000 | PFI Assets included in PPE £000 |
|---|---|---|---|---|---|---|---|---|
| **Cost or Valuation** | | | | | | | | |
| **At 1-Apr-15** | **1,051,085** | **17,840** | **845,920** | **686** | **5,621** | **34,800** | **1,955,952** | **102,523** |
| Additions | - | - | 47,797 | - | - | 59,676 | **107,473** | 12,845 |
| Donations | - | - | - | - | - | - | **-** | - |
| Revaluation increases/ decreases (-) recognised in the Revaluation Reserve | 47,024 | - | - | - | 5,336 | - | **52,360** | - |
| Revaluation increases/ decreases (-) recognised in the surplus/ deficit on the Provision of services | -26,074 | - | - | - | -1,363 | - | **-27,437** | - |
| Derecognition and Disposals | -90,168 | - | -2,998 | - | -181 | - | **-93,347** | - |
| Assets reclassified to (-)/ from Held for Sale | -369 | - | - | - | - | - | **-369** | - |
| Assets reclassified to (-)/ from PPE | 45,394 | - | -410 | - | -3,570 | -41,414 | **-** | - |
| Assets reclassified to (-)/ from Investment Properties | -2,728 | - | - | - | - | - | **-2,728** | - |
| Other movements in Cost or Valuation | -21 | - | - | - | - | - | **-21** | - |
| **At 31-Mar-16** | **1,024,143** | **17,840** | **890,309** | **686** | **5,843** | **53,062** | **1,991,883** | **115,368** |
| **Accumulated Depreciation and Impairment** | | | | | | | | |
| **At 1-Apr-15** | **-44,994** | **-13,960** | **-158,796** | **-** | **-303** | **-** | **-218,053** | **-41,831** |
| Depreciation charge | -15,968 | -976 | -22,445 | - | - | - | **-39,389** | -3,767 |
| Depreciation written out to the Revaluation Reserve | 16,809 | - | - | - | -136 | - | **16,673** | - |
| Depreciation written out to the surplus/ deficit on the provision of services | 1,536 | - | - | - | 115 | - | **1,651** | - |
| Impairment losses/ reversals (-) recognised in the Revaluation Reserve | - | - | - | - | - | - | **-** | - |
| Impairment losses/ reversals (-) recognised in the surplus/ deficit on the provision of services | - | - | - | - | - | - | **-** | - |
| Derecognition and Disposals | 6,761 | - | 1,749 | - | 178 | - | **8,688** | - |
| Other movements in Depreciation and Impairment | -147 | - | - | - | 146 | - | **-1** | - |
| **At 31-Mar-16** | **-36,003** | **-14,936** | **-179,492** | **-** | **-** | **-** | **-230,431** | **-45,598** |
| **Net Book Value** | | | | | | | | |
| **At 31-Mar-16** | **988,140** | **2,904** | **710,817** | **686** | **5,843** | **53,062** | **1,761,452** | **69,770** |
| **At 31-Mar-15** | **1,006,091** | **3,880** | **687,124** | **686** | **5,318** | **34,800** | **1,737,899** | **60,692** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## Capital commitments

At 31 March 2017, the Council has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2016-17 and future years, budgeted to cost £143m. Similar commitments at 31 March 2016 were £67m. The major commitments are:

| **Expenditure approved and contracted** | | **31-Mar-17**<br>**£000** |
|---|---|---|
| **Free Schools:** | | |
| Trinity School | Conversion, extension, alterations and refurbishment | 2,997 |
| Littleport School | New secondary, SEN and primary school | 37,500 |
| The Shade Primary School | Expansion to 2 form entry and alterations | 2,304 |
| Cambourne Village College | 2 form entry expansion to 7 form entry | 9,048 |
| Clay Farm Primary School | New 3 form entry primary school with early years | 10,468 |
| Godmanchester Bridge Primary school | New 2 form entry primary school with early years | 8,142 |
| St Bedes Secondary School | 1 form entry expansion to 6 form entry and fire reinstatement | 6,857 |
| Hatton Park Primary School | 1 form entry expansion to 2 form entry | 4,342 |
| Ramnoth Junior School | 1 form entry expansion | 5,884 |
| Sawtry Infants School | Pre-school expansion and remodel | 1,586 |
| **Community Schools**: | | |
| Fordham Primary School | Expansion to 2 form entry and alterations | 3,513 |
| Little Paxton Primary School | Expansion to 2 form entry and alterations; replacement of 2 mobiles | 2,843 |
| Burwell Village College Primary School | 1 form entry expansion | 5,525 |
| Temporary Accommodation | Supply, delivery and erection of new modular 4, 5 and 7 bay mobile classroom buildings for use as school accommodation | 2,000 |
| **Highways** | | |
| Ely Crossing | Design and build | 25,000 |
| Traffic Signals and other Intelligent Transport Systems | Maintenance, supply and install | 10,500 |
| **IT** | | |
| New Management Information System | For social care | 1,100 |
| **Total** | | **139,609** |

## 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, the Council undertakes a material misstatement analysis annually and adjusts for any material variances if required. For 2016-17, 100% of the valuations were carried out externally by Royal Institution of Chartered Surveyors (RICS) registered valuers, Wilks Head & Eve. 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 and all Surplus assets is the 1 April 2016, however as part of the material misstatement exercise, some assets were revalued again on a desktop basis as at 31 March 2017.

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).

### Valuation of long-term assets

| | Carried at historical cost: | Valued at fair value as at: | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | |
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Land and Buildings | | 196,713 | 110,811 | 296,777 | 252,451 | 155,487 | **1,012,239** |
| Vehicles, Plant, Furniture and Equipment | | 0 | 13,439 | 4,401 | 0 | 0 | **17,840** |
| Infrastructure Assets | 936,185 | | | | | | **936,185** |
| Community Assets | 686 | | | | | | **686** |
| Surplus Assets | | 0 | 411 | 202 | 4,851 | 1 | **5,465** |
| Assets Under Construction | 63,192 | | | | | | **63,192** |
| | **1,000,063** | **196,713** | **124,661** | **301,380** | **257,302** | **155,488** | **2,035,607** |
| Assets Held for Sale | | 0 | 0 | 0 | 3,531 | 0 | **3,531** |
| Investment Properties | | 0 | 0 | 442 | 6,780 | 0 | **7,222** |
| **Total** | **1,000,063** | **196,713** | **124,661** | **301,822** | **267,613** | **155,488** | **2,046,360** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 14. HERITAGE ASSETS

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

| | Archives and Museum Collections £000 | Art Collection £000 | Total Assets £000 |
|---|---|---|---|
| Valuation or cost | | | |
| 1 April 2015 | 20,566 | 150 | 20,716 |
| Additions during 2015-16 | 1 | - | 1 |
| Disposals during 2015-16 | - | - | - |
| **31 March 2016** | **20,567** | **150** | **20,717** |
| 1 April 2016 | 20,567 | 150 | 20,717 |
| Additions during 2016-17 | - | - | - |
| Disposals during 2016-17 | - | -12 | -12 |
| **31 March 2017** | **20,567** | **138** | **20,705** |

## 15. LONG-TERM DEBTORS

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

| 31-Mar-16 £000 | | 31-Mar-17 £000 |
|---|---|---|
| 3,880 | Bodies external to general government (i.e. all other bodies) | 9,572 |
| 418 | Central government bodies | 209 |
| 21,300 | Long term finance lease receivable | 21,589 |
| **25,598** | **Total** | **31,370** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 16. FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

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

| | Long-term | | Current | |
|---|---|---|---|---|
| | 31-Mar-16 | 31-Mar-17 | 31-Mar-16 | 31-Mar-17 |
| | £000 | £000 | £000 | £000 |
| **Investments:** | | | | |
| Available-for-sale financial assets | 400 | 400 | - | - |
| **Total investments** | **400** | **400** | **-** | **-** |
| **Cash and cash equivalents:** | | | | |
| Cash and cash equivalents | - | - | 1,064 | 28,173 |
| **Total cash and cash equivalents** | **-** | **-** | **1,064** | **28,173** |
| **Loans and receivables:** | | | | |
| Loans and receivables (excluding prepayments) | 25,598 | 31,370 | 29,395 | 61,768 |
| **Total receivables** | **25,598** | **31,370** | **29,395** | **61,768** |
| **Borrowings:** | | | | |
| Financial liabilities at amortised cost | -356,305 | -345,298 | -3,428 | -95,399 |
| **Total borrowings** | **-356,305** | **-345,298** | **-3,428** | **-95,399** |
| **Other liabilities:** | | | | |
| Other liabilities | -120,820 | 123,323 | -75,594 | -83,370 |
| **Total other liabilities** | **-120,820** | **123,323** | **-75,594** | **-83,370** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## Income, Expense, Gains and Losses

| | 2015-16 | | | | 2016-17 | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial Liabilities at amortised cost £000 | Financial Assets: Loans and Receivables £000 | Financial Assets: Available for Sale £000 | Total £000 | Financial Liabilities at amortised cost £000 | Financial Assets: Loans and Receivables £000 | Financial Assets: Available for Sale £000 | Total £000 |
| Interest expense | 25,525 | - | - | **25,525** | 26,090 | - | - | **26,090** |
| **Total expense in the Deficit on the Provision of Services** | **25,525** | **-** | - | **25,525** | **26,090** | **-** | **-** | **26,090** |
| Interest income | - | -300 | -187 | **-487** | - | -1,408 | - | **-1,408** |
| **Total income in the Deficit on the Provision of Services** | **-** | **-300** | **-187** | **-487** | - | -1,408 | - | **-1,408** |
| **Net gain (-) / loss for the year** | **25,525** | **-300** | **-187** | **25,038** | **26,090** | **-1,408** | **0** | **24,682** |

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

Some of the authority's financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques to measure them.

At the balance sheet date no Certificates of Deposits were held. The fair value of such instruments is calculated by using published price quotations.

All other available for sale investments are carried at historic cost, as a fair value cannot be established or they are commercially sensitive. The total value of these available for sale investments at 31 March 2017 is £400k.

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 represented by loans and receivables and long term debtors and creditors are carried on the balance

# NOTES TO THE CORE FINANCIAL STATEMENTS

sheet at amortised cost. Their 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:

- For loans from the Public Works Loan Board (PWLB) payable, early repayment 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 other receivable the fair value is taken to be the carrying amount or the billed amount.

All other financial assets are classed as Loans and Receivables and held within notice accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. Our accounting policy uses premature repayment borrowing rates to discount the future cash flows. The fair values are as follows:

**Fair value hierarchy for financial liabilities**

| | 31 March 2016 | | 31 March 2017 | |
|---|---|---|---|---|
| | Total Carrying amount | Fair value | Total Carrying amount | Fair value |
| | £000 | £000 | £000 | £000 |
| PWLB borrowing | -279,494 | -378,759 | -283,482 | -402,822 |
| Non-PWLB borrowing | -80,240 | -121,527 | -157,214 | -215,186 |
| Short term creditors/payables | -75,594 | -75,594 | -83,370 | -83,370 |
| Short term finance lease & PFI liability | - | - | - | - |
| Long term finance lease & PFI liability | -120,820 | -120,820 | -123,323 | -123,323 |
| **Financial liabilities** | **-556,148** | **-696,700** | **-647,389** | **-824,701** |

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional loss (based on economic conditions at 31st March 2017) arising from a commitment to pay interest to lenders above current market rates.

The fair value of PWLB loans of £402.822m 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

## NOTES TO THE CORE FINANCIAL STATEMENTS

at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority 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, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £283,482m would be valued at £349.429m. But if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption.

**Fair value hierarchy for financial assets**

| | 31 March 2016 | | 31 March 2017 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | £000 | £000 | £000 | £000 |
| Fixed term investments | 0 | 0 | 0 | 0 |
| Cash and Cash Equivalents | 1,064 | 1,064 | 28,173 | 28,173 |
| Short term debtors (excluding prepayments) | 29,395 | 29,395 | 61,768 | 61,768 |
| Long term debtors | 25,598 | 25,598 | 31,370 | 31,370 |
| **Loans and receivables** | **56,057** | **56,057** | **121,310** | **121,310** |
| Municipal Bonds Agency | 400 | 400 | 400 | 400 |
| **Available for Sale** | **400** | **400** | **400** | **400** |

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

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 17. INVESTMENT PROPERTIES

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:

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---:|---|---:|
| - | **Balance outstanding at start of year** | **2,658** |
| -70 | Net gains/losses from fair value adjustments | 4,122 |
| 2,728 | Transfers to/from PPE | 442 |
| 2,658 | **Balance outstanding at year-end** | **7,222** |

## 18. 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 2017 and 2016 are as follows:

| *Fair value measurements for:* | Other significant observable inputs Level 2 £000 | Significant unobservable inputs Level 3 £000 | Fair value as at 31 March 2017 £000 |
|---|---:|---:|---:|
| Surplus Assets | 3,435 | 2,006 | **5,441** |
| Assets Held for Sale | 3,064 | 467 | **3,531** |
| Investment Assets | 7,150 | 72 | **7,222** |
| | **13,648** | **2,545** | **16,194** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

31 March 2016 Comparative Figures

| *Fair value measurements for:* | Other significant observable inputs Level 2 £000 | Significant unobservable inputs Level 3 £000 | Fair value as at 31 March 2017 £000 |
|---|---|---|---|
| Surplus Assets | 3,609 | 2,234 | **5,843** |
| Assets Held for Sale | 147 | 467 | **614** |
| Investment Assets | 947 | 1,712 | **2,658** |
| | **4,703** | **4,413** | **9,116** |

## 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

Land, Office, Community, Depot, Leisure and Retail assets have been based on the market approach using current market conditions and recent sales 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 are significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

### Significant Observable Inputs – Level 3

Ancient Monument, Travellers Site, Community Centre, Museum, Day Centres, Amenity Land, and Educational assets have been based on a comparable approach either by estimated market rental values as the majority of these assets are let at sub-market 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)

# NOTES TO THE CORE FINANCIAL STATEMENTS

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

## 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 current use for most of the assets. However, for ten assets their highest and best use is actually for an alternative use. In all cases, this alternative use is for residential development land – 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.

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

| *Fair value movements for assets categorised within level 3:* | **31-Mar-16**<br>**£000** | **31-Mar-17**<br>**£000** |
|---|---|---|
| Opening balance | 2,066 | 4,413 |
| Transfers out of level 3 | | -3,535 |
| Reclasses between PPE, AHFS and Investment Properties | 1,254 | 1,920 |
| Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value | -826 | -631 |
| Total gains [or losses] for the period included in Surplus or deficit on revaluation of long-term assets | 1,919 | 385 |
| Depreciation | - | -7 |
| **Total Short Term Receivables** | **4,413** | **2,545** |

Gains or losses arising from changes in the fair value of level assets are recognised in the Surplus or Deficit on the Provision of Services in the Children's, Families & Adults and Asset & Investment lines.

# NOTES TO THE CORE FINANCIAL STATEMENTS

### Transfers between Levels of the Fair Value Hierarchy

Eleven assets have transferred from Level 3 to Level 2 between 1st April 2015 and 1st April 2016. For the majority of these assets, no direct comparable evidence was available for the 1st April 2015 valuation, whereas comparable evidence was available for the 1st April 2016 valuation (for example, where a sale price has now been agreed).

## 19. SHORT TERM DEBTORS

An analysis between Central Government departments and other debtors is given below.

| 31-Mar-16<br>£000 | | 31-Mar-17<br>£000 |
|---|---|---|
| 8,405 | Central government bodies | 5,589 |
| 2,149 | NHS bodies | 4,697 |
| 43,039 | Other local authorities, entities and individuals | 72,341 |
| **53,593** | **Total Short Term Debtors** | **82,626** |

## 20. 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-16<br>£000 | | 31-Mar-17<br>£000 |
|---|---|---|
| 1,064 | Cash held by the Council | - |
| - | Cash equivalents | 35,459 |
| - | Overdraft | -7,286 |
| **1,064** | **Total Cash and Cash Equivalents** | **28,173** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 21. ASSETS HELD FOR SALE

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| **1,098** | **Balance outstanding at start of year** | **614** |
| | **Assets newly classified as held for sale:** | |
| 369 | Property, Plant and Equipment | **3,024** |
| -70 | Revaluation losses | **-** |
| -229 | Revaluation gains | **-** |
| | **Assets declassified as held for sale:** | |
| -554 | Assets sold | **-107** |
| **614** | **Balance outstanding at year-end** | **3,531** |

## 22. SHORT TERM CREDITORS

An analysis between Central Government departments and other creditors is given below.

| [1]31-Mar-16<br>£000 | | 31-Mar-17<br>£000 |
|---|---|---|
| -5,469 | Central government bodies | -27,987 |
| -2,646 | NHS bodies | -2,818 |
| -86,950 | Other local authorities, entities and individuals | -96,589 |
| **-95,065** | **Total Short Term Creditors** | **-127,394** |

[1] Prior period restatement: Upon preparation of the 2016-17 accounts it was ascertained that although an NNDR appeals provision was made in 2015-16 it was incorrectly recorded against short term creditors rather than provisions. This has been corrected accordingly.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 23. PROVISIONS

The Council has made specific provisions to set aside sums to meet both current and long term liabilities that are likely or certain to be incurred but where the amount or timing of the payments are not known. These are as follows:

| | [1]Balance at 1-Apr-16 | Provisions arising & adjusted | Provisions utilised | Provisions reversed | Balance at 31-Mar-17 |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| **Current:** | | | | | |
| Insurance | **3,506** | - | -1,413 | - | **2,093** |
| Other Corporate Provisions (<£1m) | **2,150** | 214 | -355 | -89 | **1,920** |
| **Long-term:** | | | | | |
| Insurance | **3,613** | - | - | - | **3,613** |
| NNDR appeals provision | **2,603** | - | - | -534 | **2,069** |
| **Total** | **11,872** | **214** | **-1,768** | **-623** | **9,695** |

[1]Prior period restatement: Upon preparation of the 2016-17 accounts it was ascertained that although an NNDR appeals provision was made in 2015-16 it was incorrectly recorded against short term creditors rather than provisions. This has been corrected accordingly.

### Insurance

This provision is used to meet insurance claims funded by the Council. It is related to claims that are more likely than not to be payable. Included within this balance is an amount to cover potential liabilities following the announcement on the 13 November 2012 that the Municipal Mutual Insurance Limited (MMI) Scheme of Arrangement has now been triggered.

MMI was formed as a limited company by guarantee in 1903 and by 1974 some 90% of local authorities were insured by the company. Due to dramatic increases in claims, coincidental with a fall in the property market and poor investment environment, along with its inability to raise capital because of its mutual status, MMI's net assets fell below the minimum regulatory solvency requirement and the company went into run-off in September 1992.

The amount paid under the insurance arrangements plus the amount outstanding under this arrangement is £14.2m. As a result of the imposition of the levy, now increased to 25%, the Council has made levy payments totalling £3.56m and is also liable to contribute to each and every subsequent claim payment made by MMI on the Council's behalf, thereby creating an on-going financial obligation. MMI's financial position has continued to deteriorate; as a result an increase in the levy rate may be made in the future. The Council's current estimated levy liability for outstanding historic claims against MMI policies is £153k.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 24. OTHER LONG TERM LIABILITIES

An analysis of other long term liabilities is shown below:

| 31-Mar-16 £000 | | 31-Mar-17 £000 |
|---|---|---|
| -479,437 | Pensions Liabilities | -509,867 |
| -131 | Long term finance lease (non- PFI) | -131 |
| -120,271 | Long term finance lease (PFI) | -122,983 |
| -418 | Deferred credits | -209 |
| **-600,257** | **Total** | **-633,190** |

## 25. 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 8 and 9 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 a Transformation reserve which has been set up to finance projects that will reduce the Council's operating costs. Further analysis of earmarked reserves is shown within note 9;

- **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

# NOTES TO THE CORE FINANCIAL STATEMENTS

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 detailed in the Movement in Reserves Statement (page 24).

## 26. UNUSABLE RESERVES

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

| 31-Mar-16 £000 | | 31-Mar-17 £000 |
|---|---|---|
| 481,822 | Revaluation Reserve | 517,286 |
| 618,848 | Capital Adjustment Account | 592,529 |
| -1,280 | Financial Instruments Adjustment Account | -1,229 |
| -479,438 | Pensions Reserve | -509,868 |
| 257 | Collection Fund Adjustment Account | 4,077 |
| -10,172 | Accumulated Absences Account | -8,090 |
| 21,300 | Deferred Capital Receipts Reserve | 21,300 |
| **631,337** | **Total Unusable Reserves** | 616,005 |

### 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;
- 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.

# NOTES TO THE CORE FINANCIAL STATEMENTS

| 2015-16<br>£000 | Revaluation Reserve | 2016-17<br>£000 |
|---|---|---|
| **432,081** | **Balance at 1st April** | **481,822** |
| 72,987 | Upward revaluation of assets | 101,546 |
| -4,024 | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | -28,617 |
| **501,044** | **Surplus or deficit on revaluation of long-term assets not posted to the Surplus or Deficit on the Provision of Services** | **554,751** |
| -6,731 | Difference between fair value depreciation and historical cost depreciation | -6,007 |
| -12,491 | Accumulated gains on assets sold or scrapped | -31,458 |
| **-19,222** | **Amount written off to the Capital Adjustment Account** | **-37,465** |
| **481,822** | **Balance at 31st March** | **517,286** |

## 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 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.

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 8 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

# NOTES TO THE CORE FINANCIAL STATEMENTS

| 2015-16<br>£000 | Capital Adjustment Account | 2016-17<br>£000 |
|---|---|---|
| | | |
| **706,983** | **Balance at 1st April** | **618,848** |
| | **Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:** | |
| -38,389 | Charges for depreciation and impairment of long-term assets | -37,800 |
| -26,017 | Revaluation gains reversing previous losses on Property, Plant and Equipment | -39,144 |
| -52,647 | Revenue expenditure funded from capital under statute | -45,584 |
| -85,213 | 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 | -89,052 |
| 19,222 | Adjusting amounts written out of the Revaluation Reserve | 37,465 |
| **522,939** | **Net written out amount of the cost of non-current assets consumed in the year** | **444,733** |
| | **Capital financing applied in the year:** | |
| 6,157 | Use of the Capital Receipts Reserve to finance new capital expenditure | 766 |
| 79,679 | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | 130,495 |
| 10,142 | Statutory provision for the financing of capital investment charged against the General Fund | 12,413 |
| -69 | Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement | 4,122 |
| **618,848** | **Balance at 31st March** | **592,529** |

## 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.

# NOTES TO THE CORE FINANCIAL STATEMENTS

| 2015-16 £000 | Pensions Reserve | 2016-17 £000 |
|---|---|---|
| **-559,255** | **Balance at 1st April** | **-479,438** |
| 99,262 | Remeasurement of net defined liability | **-8,478** |
| -51,856 | 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 | **-55,857** |
| 32,411 | Employer's pensions contributions and direct payments to pensioners payable in the year | **33,905** |
| **-479,483** | **Balance at 31st March** | **-509,868** |

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

| 2015-16 £000 | Collection Fund Account | 2016-17 £000 |
|---|---|---|
| **-60** | **Balance at 1st April** | **257** |
| 317 | Settlement/cancellation of accrual made at the end of the preceding year | **3,820** |
| **257** | **Balance at 31st March** | **4,077** |

## Accumulated Absences Account

The Accumulated Absences Account 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. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2015-16 £000 | Accumulated Absences Account | 2016-17 £000 |
|---|---|---|
| **-8,031** | **Balance at 1st April** | **-10,172** |
| 8,031 | Settlement/cancellation of accrual made at the end of the preceding year | **10,172** |
| -10,172 | Amounts accrued at the end of the current year | **-8,090** |
| -2,141 | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration charged in the year in accordance with statutory requirements | **2,082** |
| **-10,172** | **Balance at 31st March** | **-8,090** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 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 Authority 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.

| 2015-16 £000 | Deferred Capital Receipts Reserve | 2016-17 £000 |
|---|---|---|
| - | **Balance at 1st April** | **21,300** |
| 21,300 | Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement | **0** |
| **21,300** | **Balance at 31st March** | **21,300** |

## 27. TRADING OPERATIONS

The Council has established trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or external customers.

Only the net surplus or deficit on external trading is shown separately in the Comprehensive Income and Expenditure Statement. Surpluses and deficits on internal trading are included within Net Cost of Services on the service line to which they relate. Details of those units with turnover greater than £5m or a deficit greater than £100,000 in 2016-17 are as follows:

| 2015-16 £000 | | 2016-17 £000 |
|---|---|---|
| | **Catering, Cleaning, Groomfields & Grounds Management (CCS)** | |
| -19,476 | Turnover | -16,263 |
| 19,459 | Expenditure | 16,611 |
| **-17** | **Surplus(-)/ Deficit** | **348** |
| | **Education Information and Communication Technology (ICT)** | |
| -4,832 | Turnover | -5,793 |
| 4,846 | Expenditure | 5,788 |
| **14** | **Surplus(-)/ Deficit** | **-5** |
| | **Other trading units** | |
| -3,551 | Turnover | -3,400 |
| 3,561 | Expenditure | 3,486 |
| **10** | **Surplus(-)/ Deficit** | **86** |
| 46 | **Adjustment of Surplus (-)/ Deficit for other non-material external trading** | -24 |
| **54** | **Total Surplus (-)/ Deficit** | **405** |
| -18 | **Removal of deficit on internal trading** | -167 |
| **35** | **Net Surplus (-)/ Deficit on trading operations** | **238** |

### Catering, Cleaning, Groomfields and Grounds Management

The service provides catering, cleaning and caretaker services, and all elements of grounds maintenance to school sites and where appropriate develops them in accordance with the National Curriculum and standards.

### Education Information and Communication Technology (ICT)

Education ICT is the principal agency for delivering Cambridgeshire's ICT Strategy for schools and their communities.

### Other trading units

These include Cambridgeshire Music and the Grafham Water Centre.

## 28. POOLED BUDGETS

### Better Care Fund

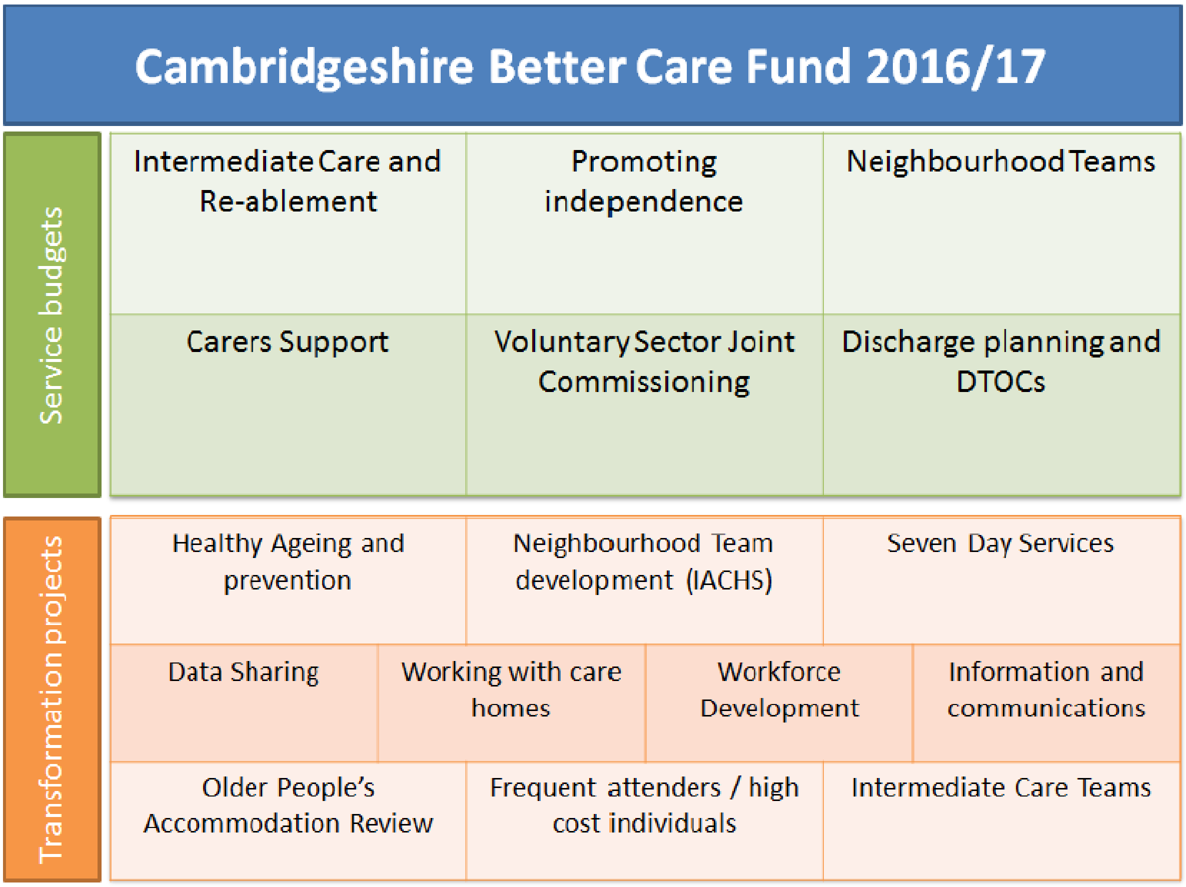
Cambridgeshire County Council hosts the local Better Care Fund. This is part of a national initiative to pool Health and Social Care funding to services to achieve better outcomes for the local community.

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 local NHS.

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
- 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.
- Disabled Facilities Grant for accommodation adaptations managed by the district Councils
- Jointly managed transformation projects

# NOTES TO THE CORE FINANCIAL STATEMENTS



**Cambridgeshire Better Care Fund 2016/17**

**Service budgets**
- Intermediate Care and Re-ablement
- Promoting independence
- Neighbourhood Teams
- Carers Support
- Voluntary Sector Joint Commissioning
- Discharge planning and DTOCs

**Transformation projects**
- Healthy Ageing and prevention
- Neighbourhood Team development (IACHS)
- Seven Day Services
- Data Sharing
- Working with care homes
- Workforce Development
- Information and communications
- Older People's Accommodation Review
- Frequent attenders / high cost individuals
- Intermediate Care Teams

# NOTES TO THE CORE FINANCIAL STATEMENTS

The financial results of the Better Care Fund for 2016-17 and 2015-16 are as follows:

| **2016-17** | **Pooled Budget**<br>**Better Care Fund**<br>**£000** |
|---|---|
| Funding provided to the pooled budget: | |
| - the Council | 6,772 |
| - NHS Cambridgeshire and Peterborough CCG | 41,692 |
| Subtotal | 48,464 |
| Expenditure met from the pooled budget: | |
| - the Council | 21,610 |
| - NHS Cambridgeshire and Peterborough CCG | 26,680 |
| Subtotal | 48,290 |
| **Net surplus (-)/ deficit on the pooled budget during the year** | **(174)** |
| **Council share of the net surplus (-)/ deficit on the pooled budget** | **(87)** |

| **2015-16** | **Pooled Budget**<br>**Better Care Fund**<br>**£000** |
|---|---|
| Funding provided to the pooled budget: | |
| - the Council | 3,218 |
| - NHS Cambridgeshire and Peterborough CCG | 34,451 |
| Subtotal | 37,669 |
| Expenditure met from the pooled budget: | |
| - the Council | 17,824 |
| - NHS Cambridgeshire and Peterborough CCG | 19,081 |
| Subtotal | **36,905** |
| **Net surplus (-)/ deficit on the pooled budget during the year** | **(764)** |
| **Council share of the net surplus (-)/ deficit on the pooled budget** | **(382)** |

The surplus arises in the jointly managed transformation projects.

In accordance with the section 75 agreement, NHS funded services which are commissioned directly by the Clinical Commissioning Group, 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 2016/17 as a result of the fund is £14.65m.

### Other pooled budgets

The Council also has pooled budget agreements with the following bodies:

- NHS Cambridgeshire and Peterborough CCG, for the provision of an Integrated Community Equipment Service (ICES) in Cambridgeshire, with the partner organisation contributing 48% of the budget;
- NHS Cambridgeshire and Peterborough CCG, for the provision of integrated health and social services for Learning Disability Partnership (LDP) clients in Cambridgeshire, with the partner organisation contributing 21% of the budget.

# NOTES TO THE CORE FINANCIAL STATEMENTS

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.

| **2016-17** | **Pooled Budget** | |
|---|---|---|
| | **Integrated Community Equipment Service £000** | **Learning Disability Partnership £000** |
| Funding provided to the pooled budget: | | |
| - the Council | -2,201 | -59,578 |
| - NHS Cambridgeshire and Peterborough CCG | -2,065 | -16,031 |
| Subtotal | -4,266 | -75,609 |
| | | |
| Expenditure met from the pooled budget: | | |
| - the Council | 2,238 | 61,732 |
| - NHS Cambridgeshire and Peterborough CCG | 2,099 | 16,611 |
| Subtotal | 4,337 | 78,343 |
| | | |
| **Net surplus (-)/ deficit on the pooled budget during the year** | **71** | **2,734** |
| **Council share of the net surplus (-)/ deficit on the pooled budget** | **37** | **2,154** |

| **2015-16** | **Pooled Budget** | |
|---|---|---|
| | **Integrated Community Equipment Service £000** | **Learning Disability Partnership £000** |
| Funding provided to the pooled budget: | | |
| - the Council | -2,225 | -59,596 |
| - NHS Cambridgeshire and Peterborough CCG | -2,087 | -15,205 |
| Subtotal | -4,312 | -74,801 |
| | | |
| Expenditure met from the pooled budget: | | |
| - the Council | 2,183 | 61,686 |
| - NHS Cambridgeshire and Peterborough CCG | 2,047 | 15,741 |
| Subtotal | 4,230 | 77,427 |
| | | |
| **Net surplus (-) on the pooled budget during the year** | **-82** | **2,626** |
| **Council share of the net surplus (-) on the pooled budget** | **-42** | **2,090** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 29. MEMBERS' ALLOWANCES

The allowances paid to members of the Council in 2016-17 were £846,604 (£812,491 in 2015-16) and expenses totalled £46,482 (£48,306 in 2015-16).

## 30. OFFICERS' REMUNERATION

### Senior Employees

Regulation 4 of the Accounts and Audit (Amendment number 2) (England) Regulations 2009 [SI 2009 number 3322)] involves a legal requirement to increase transparency and accountability in Local Government for reporting the remuneration of senior employees. These regulations came into force on 31 March 2010 and require authorities to publish 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.

The Council's senior employee remuneration for 2016-17 (and 2015-16) is as follows:

# NOTES TO THE CORE FINANCIAL STATEMENTS

| | | | Salary, Fees, Expenses & Allowances | Employer Pension Contribution | Total Remuneration Including Employer Pension Contributions |
|---|---|---|---|---|---|
| | | | £ | £ | £ |
| **Chief Executive (G Beasley)** | **1** | **2016-17** | 175,382 | 27,068 | **202,450** |
| | | **2015-16** | 78,241 | 12,404 | **90,645** |
| **Executive Director: Children, Families and Adults** | **2** | **2016-17** | 72,143 | 15,311 | **87,454** |
| | | **2015-16** | 137,786 | 28,248 | **166,034** |
| **Executive Director: Children, Families and Adults (Interim)** | **3** | **2016-17** | 75,597 | 12,163 | **87,760** |
| | | **2015-16** | 0 | 0 | **0** |
| **Executive Director: Economy, Transport and Environment Services** | | **2016-17** | 127,755 | 27,500 | **155,255** |
| | | **2015-16** | 123,271 | 25,468 | **148,739** |
| **Corporate Director: Customer Service and Transformation** | | **2016-17** | 97,087 | 20,672 | **117,759** |
| | | **2015-16** | 93,013 | 19,105 | **112,118** |
| **Deputy Chief Executive and Chief Finance Officer** | | **2016-17** | 105,885 | 21,895 | **127,780** |
| | | **2015-16** | 101,432 | 20,652 | **122,084** |
| **Director of Public Health** | **4** | **2016-17** | 105,667 | 13,851 | **119,518** |
| | | **2015-16** | 107,187 | 13,690 | **120,877** |
| **Monitoring Officer** | **5** | **2016-17** | 107,638 | 24,281 | **131,918** |
| | | **2015-16** | 109,495 | 17,963 | **127,458** |

| | | | | |
|---|---|---|---|---|
| **Total** | **2016-17** | 867,154 | 162,740 | **1,029,894** |
| **Total** | **2015-16** | 750,425 | 137,530 | **887,955** |

Notes:

1. The Chief Executive post has been shared with Peterborough City Council since 19 October 2015. The Chief Executive's employment contract is with Peterborough City Council; the full remuneration costs for both Chief Executive roles for 2016-17 are shown above. The cost to Cambridgeshire County Council for its share was £111,246, (2015-16 £49,348 part year).

2. The Executive Director: Children, Families and Adults left the organisation on 09 October 2016

3. The Executive Director: Children, Families and Adults post has been seconded part time from Peterborough City Council for one year from 01 October 2016, for which CCC contributes to half the salary and on costs. The full remuneration costs for 2016-17 (6 months) is shown above. The cost to Cambridgeshire County Council for its share was £49,876, (2015-16 nil).

4. The Director of Public Health works jointly with Peterborough City Council and PCC pays a fixed contribution to CCC for the salary. In 2016-17 this was £52,332, (2015-16 £52,332).

5. The Monitoring Officer responsibilities are fulfilled by the LGSS Director of Law and Governance. The employment contract is with LGSS Law Ltd, the cost of which is shown above.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## Employee remuneration above £50,000

In addition, the number of Council staff (including teachers but excluding senior employees) with remuneration above £50,000 is as follows:

| Remuneration Banding | 2016-17 | 2015-16 |
|---|---|---|
| £50,000 - £54,999 | 83 | 70 |
| £55,000 - £59,999 | 65 | 51 |
| £60,000 - £64,999 | 42 | 49 |
| £65,000 - £69,999 | 27 | 24 |
| £70,000 - £74,999 | 11 | 11 |
| £75,000 - £79,999 | 5 | 6 |
| £80,000 - £84,999 | 5 | 2 |
| £85,000 - £89,999 | 2 | 3 |
| £90,000 - £94,999 | 4 | 3 |
| £95,000 - £99,999 | 3 | 2 |
| £100,000 - £104,999 | 1 | 0 |
| £105,000 - £109,999 | 1 | 0 |
| £120,000 - £124,999 | 1 | 0 |
| £130,000 - £134,999 | 0 | 1 |
| £155,000 - £159,999 | 1 | 0 |
| **Total** | 251 | 222 |

Approximately two-thirds of the employees referred to in the above table are employed in Cambridgeshire schools.

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:

| | Number of compulsory redundancies | | Number of other departures with exit package | | Total number of exit packages | | Total cost of exit packages £000 | |
|---|---|---|---|---|---|---|---|---|
| | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 | 2015-16 | 2016-17 |
| £0 - £20,000 | 94 | 91 | 72 | 20 | 166 | 111 | 323 | 536 |
| £20,001 - £40,000 | 12 | 9 | 1 | 6 | 13 | 15 | 360 | 430 |
| £40,001 - £60,000 | 1 | 1 | 1 | 5 | 2 | 6 | 103 | 287 |
| £60,001 - £80,000 | 3 | 1 | 0 | 0 | 3 | 1 | 206 | 71 |
| £80,001 - £100,000 | 0 | 1 | 0 | 0 | 0 | 1 | 0 | 83 |
| £100,001 - £150,000 | 1 | 0 | 0 | 1 | 1 | 1 | 132 | 102 |
| **Total** | 111 | 103 | 74 | 32 | 185 | 135 | 1,124 | 1,509 |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 31. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2016-17, incurring costs of £1.5m (£1.1m in 2015-16). See note 30 for the number of exit packages and total cost per band that has been paid during the year.

## 32. EXTERNAL AUDIT COSTS

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

| 2015-16 £000 | | 2016-17 £000 |
|---|---|---|
| 94 | Fees payable with regard to external audit services carried out by the appointed auditor | 94 |
| 0 | Fees payable to appointed auditor for certification of grant claims and returns | 0 |
| 8 | Fees payable in respect of other services provided by the appointed auditor | 4 |
| **102** | **Total** | **98** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 33. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Education 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 2014. 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 2016-17 are as follows:

| | Central expenditure £000 | Individual schools budget (ISB) £000 | Total £000 |
|---|---:|---:|---:|
| Final DSG for 2016-17 before Academy recoupment | | | 420,197 |
| Academy figure recouped for 2016-17 | | | 183,462 |
| Total DSG after Academy recoupment for 2016-17 | | | **236,735** |
| Brought forward from 2015-16 | | | 2,452 |
| Carry forward to 2017-18 agreed in advance | | | - |
| Agreed initial budgeted distribution in 2016-17 | 52,786 | 186,401 | **239,187** |
| In year adjustments | - | -740 | -740 |
| **Final budget distribution for 2016-17** | **52,786** | **185,661** | **238,447** |
| Less: Actual central expenditure | 52,899 | | 52,899 |
| Less: Actual ISB deployed to schools | | 185,661 | 185,661 |
| Plus: Local authority contribution for 2016-17 | - | - | - |
| **Carry-forward to 2017-18** | **-113** | **0** | **-113** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 34. GRANT INCOME

### Material items of grant income supplied without restrictions

The following is a list of all unrestricted revenue grants received during 2016-17 (and 2015-16) that are in excess of £1 million:

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---:|---|---:|
| | **Credited to Taxation and Non Specific Grant Income and Expenditure** | |
| 58,705 | Redistributed Business Rates (for 2016-17, includes Growth Pilot Scheme) | 60,643 |
| 53,669 | Revenue Support Grant | 33,347 |
| 4,413 | New Homes Bonus | 5,289 |
| 5,103 | Education Services Grant | 4,480 |
| - | Transition Support Grant | 3,205 |
| - | PFI Grant (re-financing of school) | 1,944 |
| 1,652 | Business Rates Compensation Grant | 1,423 |
| 1,037 | Independent Living Fund | 1,314 |
| | **Credited to Services** | |
| 4,853 | Building Schools for the Future PFI Grant | 4,853 |
| 3,944 | Street Lighting PFI Grant | 3,944 |
| 2,691 | Waste PFI Grant | 2,691 |
| - | Adult Education Budget Block Grant | 1,961 |
| 1,442 | Adult Safeguarded Learning Grants<br>(for 2016-17 included in Adult Education Budget Block Grant above) | - |
| - | Unaccompanied Asylum Seekers | 1,664 |
| 1,561 | Primary Schools Sports Funding | 1,514 |
| 3,193 | Adult Social Care New Burdens (Care Act & Carers) | - |
| **142,263** | **Total** | **128,272** |

### Grant income supplied with mandated requirements

The following is a list of all conditional revenue grants received in excess of £1 million during 2016-17:

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---:|---|---:|
| 242,139 | Dedicated Schools Grant | 236,735 |
| 24,405 | Public Health Grant | 27,627 |
| 2,308 | School Sixth Forms Funding | 1,037 |
| 10,498 | Pupil Premiums | 10,133 |
| **279,350** | **Total** | **275,532** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## Capital Grants receipts in advance

The Council has received a number of grants 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:

| 31-Mar-16<br>£000 | | 31-Mar-17<br>£000 |
|---|---|---|
| | **Current:** | |
| | **Grants** | |
| 61 | Building Schools for the Future project | - |
| 961 | Standards Fund capital grants | - |
| | **Contributions** | |
| 13,954 | Section 106 contributions and Community Infrastructure levy | 6,829 |
| -806 | Other contributions | - |
| | **Long Term:** | |
| | **Contributions** | |
| 22,921 | Section 106 contributions | 23,023 |
| 17,779 | City Deal Funding | - |
| 1,324 | Other contributions | 303 |
| **56,194** | **Total** | **30,155** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 35. 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 2 analysing income and expenditure. Grant receipts outstanding at 31 March 2017 are shown in note 34.

### 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. No significant interests have been disclosed.

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

### Other Public Bodies (subject to common control by central government)

The Council has two pooled budget arrangements with NHS Cambridgeshire for the provision of services for people with learning disabilities and an integrated community equipment service which are accounted for as joint operations.

In addition, The Better Care Fund (BCF) was announced in June 2013 to drive the transformation of local services to ensure that people receive better and more integrated care and support. Where funding would have been split between the local authorities and Clinical Commissioning Groups (CCGs) it is now pooled to deliver services both efficiently and cooperatively as a joint operation.

In Cambridgeshire this has resulted in the Better Care Fund programme which brings together organisations including the County Council, Cambridgeshire and Peterborough CCG, Acute Trusts, Community Trusts, Mental Health Trusts, District Councils and the Voluntary Sector.

Further Details for each of these pooled budgets and the Better Care Fund can be found in note 28.

### Entities controlled or significantly influenced by the Council

Under partnership working arrangements, the Council has interests in the following bodies at 31 March 2017:

# NOTES TO THE CORE FINANCIAL STATEMENTS

| **LGSS with Northamptonshire County Council and Milton Keynes Council** | | | |
|---|---|---|---|
| Legal status of entity | Joint Committee | | |
| Business of entity | Joint delivery of transactional and professional functions with a view to more economical, efficient and effective services | | |
| Council's share of entity | | 2015-16 50% | 2016-17 33% |

LGSS was established in October 2010 and is delivered through a joint committee with its own management team. LGSS is jointly owned by Cambridgeshire, Northamptonshire County Councils and Milton Keynes Council and provides complete back office services and corporate support functions to other public service organisations including several District & Borough Councils (e.g. Northampton Borough and Norwich City Council), NHS Health Bodies, Adult Social Care (e.g. Olympus Care Services) and schools.

The Statement of Accounts for LGSS will be available on the LGSS website.

### Pensions

Administrative and other recharges made by the Council to the Pension Fund totalled £2.4m (2015-16 £2.2m).

### Cambridge and Counties Bank

Cambridge and Counties Bank specialises in providing lending and deposit products to UK- based SME's. 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 College (each owning a 50% share). The current market value of the Pension Fund's investment at 31 March 2017 is £55m.

### Cambridgeshire Housing Investment Company (CHIC)

The Cambridgeshire Housing Investment Company (CHIC) was incorporated in June 2016 and is wholly owned by the Council.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 36. 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 2017 was £702m (£685m at 31 March 2016).

| 2015-16 £000 | | 2016-17 £000 |
|---|---|---|
| | **Expenditure funded from capital:** | |
| 107,452 | Property, Plant and Equipment | 114,924 |
| - | Investment Properties | - |
| 52,647 | Revenue Expenditure Funded from Capital under Statute | 45,584 |
| | **Sources of finance** | |
| -6,157 | Capital receipts | -766 |
| -79,680 | Government grants and other contributions | -130,495 |
| - | Direct Revenue Contributions | - |
| | **Sum set aside from revenue**: | |
| -10,142 | MRP/ loans fund principal | -12,413 |
| **64,120** | **Increase in Capital Financing Requirement** | **16,834** |
| | | |
| | **Explanation of movements in year** | |
| 76,965 | Increase in underlying need to borrow (unsupported by government financial assistance) | 19,243 |
| -12,845 | Assets acquired under PFI contracts | -2,409 |
| **64,120** | **Increase in Capital Financing Requirement** | **16,834** |

## 37. LEASES

### Council as Lessee:

### (i) Finance Leases

The Council has acquired land and buildings, including a school, 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 38)):

| 31-Mar-16 £000 | | 31-Mar-17 £000 |
|---|---|---|
| 36,763 | Other Land and Buildings | 42,140 |

# NOTES TO THE CORE FINANCIAL STATEMENTS

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:

| MLP<br>31-Mar-16<br>£000 | FLL<br>31-Mar-16<br>£000 | | MLP<br>31-Mar-17<br>£000 | FLL<br>31-Mar-17<br>£000 |
|---|---|---|---|---|
| 11 | 5 | Not later than 1 year | 11 | 5 |
| 45 | 19 | Later than 1 year and not later than 5 years | 40 | 18 |
| 460 | 68 | Later than 5 years | 454 | 64 |
| **516** | **92** | **Total** | **505** | **87** |

### (ii) Operating Leases

The Council has acquired a number of land and buildings, including libraries, caretaker's houses and day centres, under operating leases, with lives ranging from 1 to 999 years.

The future minimum lease payments due under non-cancellable leases in future years are:

| 31-Mar-16<br>£000 | | 31-Mar-17<br>£000 |
|---|---|---|
| 921 | Not later than 1 year | 722 |
| 2,441 | Later than 1 year and not later than 5 years | 1,678 |
| 4,257 | Later than 5 years | 2,998 |
| **7,619** | **Total** | **5,398** |

The expenditure charged to Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

| 31-Mar-16<br>£000 | | 31-Mar-17<br>£000 |
|---|---|---|
| 983 | Minimum lease payments | 806 |
| - | Contingent rents | - |
| **983** | **Total** | **806** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## Council as Lessor:

### (i) Finance Leases

The Council has leased out playing fields, 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 in leases (GI) are made up of the following amounts and will be received over the following years:

| MLP 31-Mar-16 £000 | GI 31-Mar-16 £000 | | MLP 31-Mar-17 £000 | GI 31-Mar-17 £000 |
|---:|---:|---|---:|---:|
| 1,266 | 238 | Not later than 1 year | 1,400 | 1,212 |
| 5,600 | 4,432 | Later than 1 year and not later than 5 years | 5,595 | 4,100 |
| 165,138 | 14,542 | Later than 5 years | 163,744 | 12,712 |
| **172,004** | **19,212** | **Total** | **170,739** | **18,024** |

### (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:

| 31-Mar-16 £000 | | 31-Mar-17 £000 |
|---:|---|---:|
| 4,603 | Not later than 1 year | 4,624 |
| 14,135 | Later than 1 year and not later than 5 years | 13,394 |
| 21,431 | Later than 5 years | 18,978 |
| **40,169** | **Total** | **36,636** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 38. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

### Waste PFI

On 17 March 2008, the Council contracted with AmeyCespa WM (East) Limited (formerly 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 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 2016-17, the following figures have been recognised in the Council’s financial statements:

# NOTES TO THE CORE FINANCIAL STATEMENTS

| 2015-16<br>£000 | Comprehensive Income and Expenditure Statement | 2016-17<br>£000 | |
|---|---|---|---|
| 11,488 | Fair Value of Services Provided | 11,775 | |
| 5,074 | Interest payable on the finance lease liability | 5,023 | |
| 494 | Repayment of Capital | 1,312 | |
| 2,051 | Contingent Rents | 2,288 | |
| 1,842 | Lifecycle replacement costs | 1,076 | |
| 1,875 | Depreciation | 2,002 | |
| -2,691 | PFI Credits | -2,691 | |
| **31-Mar-16<br>£000** | **Balance Sheet** | **31-Mar-17<br>£000** | **Movement<br>£000** |
| | **Assets** | | |
| 17,970 | Land and buildings | 17,071 | **-898** |
| 2,902 | Plant and equipment | 1,798 | **-1,104** |
| | **Liabilities** | | |
| - | Overdraft | | |
| -1,312 | Short term finance lease liability | 2,034 | **3,346** |
| -46,976 | Long term finance lease liability | -49,010 | **-2,034** |
| | **Reserves** | | |
| 1,411 | Revaluation Reserve | 1,341 | **-71** |
| -28,828 | Capital Adjustment Account (Depreciation and Debt Provision) | -29,447 | **-619** |

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

| | Cost of Services<br>£000 | Capital replacement<br>£000 | Liability repayment<br>£000 | Interest costs and contingent rents<br>£000 | Total<br>£000 |
|---|---|---|---|---|---|
| Within 1 year | 12,070 | 4,558 | -2,034 | 7,417 | **22,011** |
| Within 2 to 5 years | 51,373 | 3,038 | 7,717 | 31,556 | **93,684** |
| Within 6 to 10 years | 71,780 | 9,910 | 7,629 | 41,579 | **130,898** |
| Within 11 to 15 years | 81,212 | 8,983 | 12,293 | 45,611 | **148,099** |
| Within 16 to 20 years | 72,589 | 2,235 | 21,372 | 36,177 | **132,373** |
| **Total** | **289,024** | **28,724** | **46,977** | **162,340** | **527,065** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

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

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| **48,782** | **Balance outstanding at start of year** | **48,288** |
| -494 | Payments during the year | -1,312 |
| **48,288** | **Balance outstanding at end of year** | **46,976** |

### 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 County 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 £100.3 million over the 25 years of the contract.

For 2016-17, the following figures have been recognised in the Council’s financial statements:

# NOTES TO THE CORE FINANCIAL STATEMENTS

| 2015-16 £000 | Comprehensive Income and Expenditure Statement | 2016-17 £000 | |
|---|---|---|---|
| 2,539 | Fair Value of Services Provided | 2,394 | |
| 2,924 | Interest payable on the finance lease liability | 3,908 | |
| 1,659 | Repayment of Capital | 1,282 | |
| 35 | Contingent Rents | 89 | |
| 1,892 | Depreciation | 2,197 | |
| -3,944 | PFI Credits | -3,944 | |
| **31-Mar-16 £000** | **Balance Sheet** | **31-Mar-17 £000** | **Movement £000** |
| | **Assets** | | |
| 48,898 | Infrastructure | 49,110 | **212** |
| | **Liabilities** | | |
| -1,282 | Short term finance lease liability | -1,046 | **236** |
| -43,153 | Long term finance lease liability | -44,515 | **-1,362** |
| | **Reserves** | | |
| 4,463 | Capital Adjustment Account (Depreciation and Debt Provision) | 3,549 | **-914** |

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

| | Cost of Services £000 | Capital replacement £000 | Liability repayment £000 | Interest costs and contingent rents £000 | Total £000 |
|---|---|---|---|---|---|
| Within 1 year | 2,627 | 0 | 1,046 | 4,092 | **7,765** |
| Within 2 to 5 years | 9,496 | 460 | 6,375 | 15,565 | **31,896** |
| Within 6 to 10 years | 14,613 | 3,285 | 8,108 | 15,899 | **41,905** |
| Within 11 to 15 years | 16,283 | 3,773 | 12,586 | 11,800 | **44,442** |
| Within 16 to 20 years | 14,377 | 1,877 | 17,446 | 6,318 | **40,018** |
| **Total** | **57,396** | **9,395** | **45,561** | **53,674** | **166,026** |

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

| 2015-16 £000 | | 2016-17 £000 |
|---|---|---|
| **33,249** | **Balance outstanding at start of year** | **44,435** |
| -1,659 | Payments during the year | -1,282 |
| 12,845 | Capital expenditure incurred in the year | 2,409 |
| **44,435** | **Balance outstanding at end of year** | **45,562** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 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 Community College – 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.

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 (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 2016-17, the following figures have been recognised in the Council's financial statements:

| 2015-16 £000 | Comprehensive Income and Expenditure Statement | 2016-17 £000 | |
|---|---|---|---|
| -596 | Contribution from Schools | -613 | |
| -4,853 | PFI credits | -4,853 | |
| 782 | Fair value of services provided | 802 | |
| 3,339 | Interest payable on the finance lease liability | 3,280 | |
| 411 | Contingent rents | 448 | |
| 93 | Lifecycle replacement costs | 93 | |
| 559 | Repayment of the finance lease liability | 619 | |
| **31-Mar-16 £000** | **Balance Sheet** | **31-Mar-17 £000** | **Movement £000** |
| | **Liabilities** | | |
| -619 | Short term finance lease liability | -684 | **-65** |
| -30,283 | Long term finance lease liability | -29,599 | **684** |
| | **Reserves** | | |
| -30,902 | Capital Adjustment Account | -30,283 | **619** |

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

| | Cost of Services £000 | Capital replacement £000 | Liability repayment £000 | Interest costs and contingent rents £000 | Total £000 |
|---|---|---|---|---|---|
| Within 1 year | 822 | 93 | 684 | 3,701 | **5,300** |
| Within 2 to 5 years | 3,498 | 973 | 2,877 | 14,466 | **21,814** |
| Within 6 to 10 years | 4,887 | 1,295 | 5,517 | 17,069 | **28,768** |
| Within 11 to 15 years | 5,529 | 1,567 | 8,812 | 14,732 | **30,640** |
| Within 16 to 20 years | 6,256 | 2,436 | 12,393 | 10,068 | **31,153** |
| **Total** | **20,992** | **6,364** | **30,283** | **60,036** | **117,675** |

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

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| **31,461** | **Balance outstanding at start of year** | **30,902** |
| -559 | Payments during the year | -619 |
| **30,902** | **Balance outstanding at end of year** | **30,283** |

## 39. 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.

### 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 we 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 on pages 114-157.

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:

# NOTES TO THE CORE FINANCIAL STATEMENTS

| 2015-16<br>£000 | Local Government Pension Scheme | 2016-17<br>£000 |
|---|---|---|
| | **Comprehensive Income and Expenditure Statement:** | |
| | **Cost of Services** | |
| | Service cost comprising: | |
| 43,619 | - current service cost | 36,517 |
| 255 | - past service costs | 944 |
| -9,847 | - gain (-)/ loss from settlements | 1,365 |
| | **Financing and Investment Income and Expenditure:** | |
| 17,829 | Net interest expense | 17,031 |
| **51,856** | **Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services** | **55,857** |
| | **Other post-employment benefits charged to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement:** | |
| | Remeasurement of the net defined benefit liability comprising: | |
| 39,073 | - Return on plan assets (excluding the amount included in the net interest expense) | -180,398 |
| - | - Actuarial gains (-)/ losses arising on changes in demographic assumptions | -12,030 |
| -125,748 | - Actuarial gains (-)/ losses arising on changes in financial assumptions | 220,808 |
| -12,587 | - Other | -19,902 |
| **-47,406** | **Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement** | **64,335** |
| | **Movement in Reserves Statement:** | |
| -19,445 | - reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code | 21,952 |
| | **Actual amount charged against the General Fund Balance for pensions in the year:** | |
| **-32,411** | **Employers' contributions payable to scheme** | **-30,697** |
| **37,024** | **Retirement benefits payable to pensioners** | **42,731** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 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:

| 2015-16 £000 | | 2016-17 £000 |
|---:|---|---:|
| -1,281,205 | Present value of the defined benefit obligation | -1,522,315 |
| 801,767 | Fair value of plan assets | 1,012,447 |
| **-479,438** | Net liability arising from defined benefit obligation | **-509,868** |

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

| 2015-16 £000 | | 2016-17 £000 |
|---:|---|---:|
| **817,668** | **Opening fair value of scheme assets** | **801,767** |
| 26,009 | Interest income | 28,136 |
| | **Remeasurement gain/ loss (-):** | |
| -39,073 | - Return on plan assets (excluding the amount included in the net interest expense) | 180,398 |
| -7,025 | - Effect on settlements | 2,250 |
| 32,411 | Contributions from employer | 33,905 |
| 8,801 | Contributions from employees into the scheme | 8,722 |
| -37,024 | Benefits paid | -42,731 |
| **801,767** | **Closing fair value of scheme assets** | **1,012,447** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

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

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---:|---|---:|
| **1,376,923** | **Opening balance at 1 April** | **1,281,205** |
| 43,619 | Current service cost | 36,517 |
| 43,838 | Interest cost | 45,167 |
| 8,801 | Contributions from scheme participants | 8,722 |
| | **Remeasurement gains (-)/ losses:** | |
| - | - Actuarial gains (-) arising on changes in demographic assumptions | -12,030 |
| -125,748 | - Actuarial losses arising on changes in financial assumptions | 220,808 |
| -12,587 | - Other | -19,902 |
| 255 | Past service cost (including curtailments) | 944 |
| -37,024 | Benefits paid | -42,731 |
| -16,872 | Liabilities extinguished on settlements | 3,615 |
| **1,281,205** | **Closing balance at 31 March** | **1,522,315** |

# NOTES TO THE CORE FINANCIAL STATEMENTS

## Local Government Pension Scheme assets comprise:

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| 16,423 | **Cash and cash equivalents** | 28,924 |
| | **Equity Instruments (by industry type):** | |
| 18,727 | - Consumer | 27,173 |
| 15,667 | - Manufacturing | 17,607 |
| 13,672 | - Energy and Utilities | 23,371 |
| 29,680 | - Financial Institutions | 41,031 |
| 12,775 | - Health and Care | 10,748 |
| 6,436 | - Information Technology | 4,470 |
| - | - Other | - |
| **96,957** | | **124,400** |
| 62,333 | **Private Equity** | 88,076 |
| - | **Debt Securities (Bonds)** - Government | 27,283 |
| | **Investment Funds and Unit Trusts:** | |
| 435,717 | - Equities | 569,677 |
| 121,321 | - Bonds | 106,803 |
| 69,016 | - Other | 67,285 |
| **626,054** | | **743,765** |
| **801,767** | **Total Assets** | **1,012,447** |

## 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 as at 31 March 2016.

The significant assumptions used by the actuary have been:

# NOTES TO THE CORE FINANCIAL STATEMENTS

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| | Mortality assumptions: | |
| | Longevity at 65 for current pensioners: | |
| 22.5 | - Men | 22.4 |
| 24.5 | - Women | 24.4 |
| | Longevity at 65 for future pensioners: | |
| 24.4 | - Men | 24.0 |
| 26.9 | - Women | 26.3 |
| 2.2% | Rate of inflation | 2.4% |
| 4.2% | Rate of increase in salaries | 2.7% |
| 2.2% | Rate of increase in pensions | 2.4% |
| 3.5% | Rate for discounting scheme liabilities | 2.6% |

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.

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 |
|---|---|
| 0.5% decrease in inflation/discount rate | 146,629 |
| 0.5% increase in salary rate | 17,966 |
| 0.5% increase in pension increase rate | 126,927 |
| 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 £33.4m employer contributions to the scheme in 2017-18.
The weighted average duration of the defined benefit obligation for scheme members is 17.9 years.

# NOTES TO THE CORE FINANCIAL STATEMENTS

## 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 3,700 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 2016-17, the Council paid £12.8m to Teachers' Pensions in respect of teachers' retirement benefits (2015-16 £12.7m). There were no contributions remaining payable at the year-end:

| 2015-16 £000 | | 2016-17 £000 |
|---|---|---|
| 12,745 | Employer's contributions | 12,815 |
| 7,414 | Employee contributions | 7,017 |
| **20,159** | **Total paid to Department For Education** | **19,832** |

These amounts reflect contributions at the following rates:

| 2015-16 % | | 2016-17 % |
|---|---|---|
| 16.48 | Employer contribution | 16.48 |
| | Employee contributions (pensionable pay based on salary bandings): | |
| 7.4 | £0 - £25,999 | 7.4 |
| 8.6 | £26,000 - £26,259 | 7.4 |
| 8.6 | £26,260 - £34,999 | 8.6 |
| 9.6 | £35,000 - £35,349 | 8.6 |
| 9.6 | £35,350 - £41,499 | 9.6 |
| 10.2 | £41,500 - £41,914 | 9.6 |
| 10.2 | £41,915 - £54,999 | 10.2 |
| 11.3 | £55,000 - £55,549 | 10.2 |
| 11.3 | £55,550 - £74,999 | 11.3 |
| 11.7 | £75,000 - £75,749 | 11.3 |
| 11.7 | £75,750+ | 11.7 |

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.

## 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 Council is currently in dispute with the contractor (BAM Nuttall) who delivered the Guided Busway capital scheme. The dispute relates to the rectification of defects that have already been identified within the infrastructure and the likelihood of further defects that could arise in the future. It is not practicable, at this point, to estimate with any degree of certainty the potential liability that may be incurred by the Council in the eventuality that legal action arises as a result of this dispute. The issues involved in this matter are complex and negotiations with the contractor are ongoing. As a result no amounts have been included in the accounts to cover the potential liabilities associated with this action.

### Accounting for Landfill Sites

Decommissioning/ restoration costs at landfill sites should be professionally assessed (and reviewed every 5 years). These anticipated costs should then be amortised over the assets lifetime up to the point of decommissioning, reflecting the cost of restoration up to the point the restoration is required. As a result, a suggested approach to mitigate the impact of these costs on the total comprehensive income and expenditure position is to create a specific provision.

The Council currently has 3 operational landfill sites leased out to a third party operator. The planning permissions for the completion of the filling of the landfill void and subsequent restoration works at these sites range from 2020 to 2026.

Under the terms of the leases the responsibility for environmental matters rests with the lessee until the end of the lease period. The leases expire in 2091. The Council does not expect to incur any costs before this date.

### Property Searches

A group of Property Search Companies sought to claim refunds of fees paid to the Council to access land charges data. The parties have reached agreement on the claims. The Council has agreed to pay the Property Search Companies legal costs to be subject to detailed assessment by way of costs only proceedings if not agreed. The Council is in discussions with the claimants about the costs aspect of the claim. At present it is not possible to put a final value on these potential liabilities and so the Council has instead recognised a contingent liability.

## 41. 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 measurers 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 within LGSS, 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 the 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.

# NOTES TO THE CORE FINANCIAL STATEMENTS

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

This Council uses the creditworthiness service provided by Capita 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:

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

The full Investment Strategy for 2016/17 was approved by Full Council in February 2016 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Authority's maximum exposure to credit risk in relation to its investments of £40.454m 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 of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31 March 2017 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.

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.

Outstanding invoices due but not impaired can be analysed by age as follows:

| 31-Mar-16<br>£000 | | 31-Mar-17<br>£000 |
|---:|---|---:|
| 3,669 | Less than three months | 2,638 |
| 966 | Three to six months | 1,081 |
| 1,239 | Six months to one year | 10,887 |
| 2,037 | More than one year | 2,876 |
| **7,911** | **Total** | **17,482** |

During the reporting year the Council held no collateral as security.

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

All sums owing (£40.454m) are due to be paid in less than one year.

### 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; and
- 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 financial 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-16** | | **Approved limit** | | **31-Mar-17** |
|---|---|---|---|---|
| **£000** | **Debt maturity (lower/upper limits as % of debt)** | **%** | | **£000** |
| 48,928 | Less than 1 year | **0 – 80** | **(28%)** | **125,899** |
| 4,000 | 1-2 years | **0 – 50** | **(3%)** | **11,443** |
| 13,182 | 2-5 years | **0 – 50** | **(8%)** | **34,611** |
| 102,811 | 5-10 years | **0 – 50** | **(15%)** | **67,961** |
| 192,607 | 10 years and above | **0 – 100** | **(46%)** | **202,505** |
| **361,528** | **Total** | | | **442,419** |

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.

## Market risk

**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 of 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 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.

According to this assessment strategy, at 31 March, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

| | **£000** |
|---|---|
| Increase in interest payable on variable rate borrowings | 354 |
| Increase in interest receivable on variable rate investments | (386) |
| **Impact on Surplus or Deficit on the Provision of Services** | **(32)** |
| Decrease in fair value of fixed rate investment assets | 0 |
| **Impact on other Comprehensive Income and Expenditure** | **(32)** |
| **Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)** | **(78,384)** |

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

**Price risk** – The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds but does hold an equity stake in the newly formed Municipal Bonds Agency PLC. This investment is a policy investment, rather than treasury management investments and is not material. The investment is disclosed in the Council's Balance Sheet at cost, as a long term investment and annual impairment review are carried out to determine if cost is still appropriate.

**Foreign exchange risk** – The Council has not financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

## 42. 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, and are made available to the public in two record offices: at Shire Hall and Huntingdon Library and Archives. The purpose of preserving these records is so that members of the public may consult them, which is allowed within supervised reading rooms. Further records are currently held at an out-store in Cottenham.

A catalogue of the collection is available publically through the internet and contains details of at least 366,000 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 CALS to ensure that working practices and policies are maintained.

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-monitored strong rooms. The strong rooms in the basement of Shire Hall, Cambridge, do not meet the current standard and we were informed by The National Archives that they expected the Council to find alternative storage. As such the Council is working on a project to convert the former Strikes bowling alley building in Ely to an archives repository, with the intention of moving there the records held in Shire Hall basement and in Cottenham out-store. The move to Ely is likely to take place in 2018. The strong room at Huntingdon Library and Archives does meet the expected standard.

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

A detailed survey in 2016 identified that Cambridgeshire Archives holds about 460 cubic metres of archives in Shire Hall basement, 300 cubic metres in Cottenham out-store, 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 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. Reference is made to recent instances in note 14.

Local Studies

The service also used to include the Local Studies collections in Libraries. Whereas the archives service preserves historical 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 materials are held at the Cambridgeshire Collection in Cambridge Central Library. These items are now managed as part of the Libraries service.

### The Cromwell Museum

The Cromwell Museum contains over 600 objects including: arms and armour; books and documents; coins, medals and seals; costume; images; paintings; and prints. The majority of the collection is owned, and the Museum makes and receives loans from the descendants of Cromwell and other museums. During 2016-17 the management of the Museum has moved across to an independent charitable trust. Further information can be found on the museum's website:
http://www.cromwellmuseum.org/

### Archaeology and Monuments

The archaeology collection principally consists of around 11,000 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.

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 c.1500 human skeletons (all older than

100 years) from several important cemetery excavations, along with associated grave goods on 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 Deepstore, Winsford, 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. This team also arranges safe storage of the collection, and maintains the publically accessible Cambridgeshire Historic Environment Record, which records 19,000 monuments, events and finds within the County.

The cost of preservation of archaeological assets held in store is £18,000 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 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.

### Art Collection

The art collection consists of 381 paintings, prints, drawings and photographs. The primary use of the collection is by Cambridgeshire schools to support and enrich the curriculum. Requests for works can be made by schools through the Council's website. The average insurance valuation per work is £363. Administration of the collection is undertaken by Council staff within Children's Services.

### Civic regalia

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

## 43. PRIOR PERIOD ADJUSTMENT

Upon the preparation of the 2016-17 Statement of Accounts it was ascertained that although an NNDR appeals provision was accounted for 2015-16, this was incorrectly recorded against Short Term Creditors rather than Long Term Provisions. This has been corrected accordingly.
The impact on the 2015-16 balances is as follows:

| **Balance Sheet** | **31-Mar-16 £000** | **31-Mar-16 (Restated) £000** | **Movement £000** |
|---|---|---|---|
| Short Term Creditors | -97,669 | -95,066 | 2,603 |
| **Current Liabilities** | **-120,923** | **-118,320** | **2,603** |
| Long Term Provisions | -3,613 | -6,215 | -2,603 |
| **Long Term Liabilities** | **-1,002,199** | **-1,004,802** | **-2,603** |

# APPENDIX 1- ACCOUNTING POLICIES

## ACCOUNTING POLICIES

## GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2016-17 financial year and its position at the year-end of 31 March 2017. 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 2016-17* and the *Service Reporting Code of Practice 2016-17 (SeRCOP)*, 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 and SeRCOP 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;
- 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.

## 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.

# APPENDIX 1- ACCOUNTING POLICIES

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.

## 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 category 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 and all non-PFI vehicles and equipment 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 local authority, 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, pages 107-108). 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.

# APPENDIX 1- ACCOUNTING POLICIES

## Measurement

The Council carries out a rolling revaluation programme that ensures that all Property, Plant and Equipment required to be measured at current value is reviewed at least every five years. In order to ensure that values are kept in line with current values, in the interim the Council undertakes a material misstatement analysis annually and adjusts for any material variances if required. This analysis involves a) a desktop valuation of assets over a certain value, b) a market review undertaken by the Council's external valuers, and if necessary, c) an indexation analysis that includes an assessment of when a depreciated replacement cost asset was last revalued and application of an index to it based on Building Cost Information Service (BCIS) forecasts and land value estimations for every year since the asset was last revalued.

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 1 April at the commencement of the year in question, however as part of the material misstatement exercise, some assets are revalued again as at 31 March of the year in question and are potentially adjusted for indexation between 1 April and 31 March.

Infrastructure, Community Assets, and Assets Under Construction have been included in the Balance Sheet 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. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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. 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 Vehicles, Plant, Furniture and Equipment assets have been included in the Balance Sheet at their current value. 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. 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 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.

## 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. Community Assets) and assets that are not yet available for use (i.e. Assets Under Construction). Depreciation is applied using the following month convention, 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 Assets) – 5 to 50 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 only: Vehicles, Plant, Furniture and Equipment– 3 to 26 years; (Vehicles, Plant, Furniture and Equipment outside of PFI schemes are not capitalised)
- Infrastructure – 40 years.

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

## FAIR VALUE MEASUREMENT

The authority measures some of its non-financial assets such as Surplus Assets and Investment Properties and some of its financial instruments such as equity shareholdings 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 authority 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.

When measuring the fair value of a non-financial asset, the authority 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 authority 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 authority'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 authority 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

## APPENDIX 1- ACCOUNTING POLICIES

- 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.

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:

# APPENDIX 1- ACCOUNTING POLICIES

- Depreciation attributable to the assets used by the relevant service (as per the Depreciation policy on page 99);
- 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 112). 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.

## REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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; this may include, for example, 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 on balance sheet due to a lack of reliable valuation information;
- Civic regalia – not recognised on balance sheet due to being considered as immaterial and a lack of reliable valuation information.

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.

## FINANCIAL LIABILITIES

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. 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 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

# APPENDIX 1- ACCOUNTING POLICIES

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 as loans or receivables that have fixed or determinable payments but are not quoted in an active market.

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. Loans and receivables are initially measured at fair value and subsequently carried at their amortised cost. Annual credits to the ‘Financing and investment income and expenditure’ line in 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 loans that the Council has made 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.

Where assets are identified as impaired, because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the ‘Financing and investment income and expenditure’ line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset’s original effective interest rate.

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.

## 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:

# APPENDIX 1- ACCOUNTING POLICIES

- 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;
- 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. Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are 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

In England, billing authorities act as agents on behalf of major preceptors in collecting council tax. 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 collected could be less or more than predicted;
- the effect of any bad debts written off;
- the movement in the impairment provision.

The Council, as a major preceptor, is therefore required to include the appropriate share of the Council Tax 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.

# APPENDIX 1- ACCOUNTING POLICIES

## 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;
- 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 38.)

## 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 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). 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.

#### Operating leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (i.e. if there is a rent-free period at the commencement of the lease).

### 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.

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.

## 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.

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

# APPENDIX 1- ACCOUNTING POLICIES

about mortality rates, employee turnover rates etc. and projections of projected earnings for current employees;

- 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 – average of the bid and offer rates
  - property – market value;
- The change in the net pension liability is analysed into service cost and remeasurement 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;
- **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.

Remeasurements 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 employers 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.

# APPENDIX 1- ACCOUNTING POLICIES

## OVERHEADS AND THE ALLOCATION OF SUPPORT SERVICE COSTS

The CIPFA Code now allows the Council to present the Cost of Services section of its Comprehensive Income and Expenditure Statement (CIES) on a Directorate basis, to mirror the Council's internal reporting structure. The requirement to use the SeRCOP Service headings prescribed by CIPFA has been removed from the Code.

As support service and overheads costs are reported under the Corporate Services, Assets & Investments, LGSS Managed and LGSS Operational Directorate headings in the Council's monthly Integrated Resources and Performance Reports (IRPR), they will also be presented on this basis within the Statement of Accounts. Therefore the cost of overheads and support services are no longer reapportioned within the Council's Statement of Accounts. Instead the costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

## 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:

- **Usable reserves** - those reserves that contain resources that an authority 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 an authority 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.

# APPENDIX 1- ACCOUNTING POLICIES

## 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 31st 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 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 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.

## PROVISIONS

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that will probably require settlement by a transfer of economic benefits or service potential, and where a reliable estimate can be made of the amount of the obligation.

Provisions are presented on the face of the Balance Sheet as either current or non-current liabilities. Provisions are charged to the appropriate service revenue account in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

### 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.

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# PENSION FUND

The Cambridgeshire Fund is part of the Local Government Pension Scheme and is administered by Cambridgeshire County Council. The Fund is governed by the Public Services Pensions Act 2013 and is administered in accordance with the following secondary legislation:

It is a contributory defined benefit pension scheme to provide pensions and other benefits for pensionable employees of Cambridgeshire County Council, the district councils in Cambridgeshire, and a range of other scheduled and admitted bodies within the county area.

The Fund is overseen by the Cambridgeshire Pension Fund Committee, which is a committee of Cambridgeshire County Council.

Further details can be accessed on the Cambridgeshire Fund's website at the following link:

http://pensions.cambridgeshire.gov.uk/index.php/governance2/key-documents/

## INTRODUCTION

1.1 The following comprises the Statement of Accounts for the Cambridgeshire County Council Pension Fund. The accounts cover the financial year from 1 April 2016 to 31 March 2017.

1.2 These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 based on International Financial Reporting Standards (IFRS) as published by the Chartered Institute of Public Finance and Accountancy. The accounts have been prepared on an accruals basis. They do not take account of liabilities to pay pensions and other benefits in the future.

1.3 The accounts are set out in the following order:

**Fund Account** which discloses the size and nature of financial additions to and withdrawals from the Fund during the accounting period and reconciles the movements in the net assets to the Fund Account.

**Net Assets Statement** which discloses the size and disposition of the net assets of the Fund at the end of the accounting period.

**Notes to the Accounts** which gives supporting accounting policies, detail and analysis concerning the contents of the accounts, together with information on the establishment of the Fund, its membership and actuarial position.

# PENSION FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

| 31-Mar-16<br>£000<br>(Re-presented) | | Notes | 31-Mar-17<br>£000 |
|---|---|---|---|
| | **Dealings with members, employers and others directly involved in the fund:** | | |
| 118,843 | Contributions | 7 | 125,448 |
| 8,735 | Transfers in from other pension funds | 8 | 3,292 |
| 127,578 | | | 128,740 |
| (92,374) | Benefits | 9 | (98,387) |
| (5,315) | Payments to and on account of leavers | 10 | (10,421) |
| (97,689) | | | (108,808) |
| 29,889 | **Net additions/(withdrawals) from dealing with members** | | 19,932 |
| (14,756) | **Management Expenses** | 11 | (15,163) |
| 15,133 | **Net additions/(withdrawals) including fund management expenses** | | 4,769 |
| | **Returns on investments:** | | |
| 31,599 | Investment income | 12 | 30,147 |
| (31) | Taxes on income | 13 | - |
| (54,128) | Profit and losses on disposal of investments and changes in the market value of investments | 14a | 542,371 |
| (22,560) | **Net return on investments** | | 572,518 |
| (7,427) | **Net increase/(decrease) in the net assets available for benefits during the year** | | 577,287 |
| 2,283,718 | **Opening net assets of the scheme** | | 2,276,291 |
| 2,276,291 | **Closing net assets of the scheme** | | 2,853,578 |

Comparative figures for 2015-16 have been re-presented to show a revised classification of investment manager fees. See page 130.

Notes on pages 119 to 157 form part of the financial statements.

# PENSION FUND
# NET ASSET STATEMENT

| 31-Mar-16 £000 | | Notes | 31-Mar-17 £000 |
|---|---|---|---|
| 2,244,617 | Investment assets | | 2,814,423 |
| (1,006) | Investment liabilities | | (1,137) |
| **2,243,611** | **Total net investments** | 14 | **2,813,286** |
| 43,765 | Current assets | 21 | 46,173 |
| (13,613) | Current liabilities | 23 | (7,777) |
| **30,152** | **Net Current Assets** | | **38,396** |
| 2,528 | Non-current assets | 22 | 1,896 |
| **2,276,291** | **Net assets of the Fund available to fund benefits at the end of the reporting period** | | **2,853,578** |

Notes on pages 119 to 157 form part of the financial statements.

Note: The Fund’s financial statements do not take account of the liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed at Note 20.

# NOTES TO THE PENSION FUND ACCOUNTS

## 1. DESCRIPTION OF THE FUND

The Cambridgeshire County Council Fund is part of the Local Government Pension Scheme and is administered by Cambridgeshire County Council. The County Council is the reporting entity for this Pension Fund.

The following description of the Fund is a summary only. For more detail, reference should be made to the Annual Report 2016-17 and the underlying statutory powers underpinning the scheme.

### General

The Fund is governed by the Public Services Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended);
- the LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014 (as amended);
- the LGPS (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Cambridgeshire County Council to provide pensions and other benefits for pensionable employees of Cambridgeshire County Council, the district councils in Cambridgeshire, and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and fire-fighters are not included as they come within other national pension schemes.

The Fund is overseen by the Cambridgeshire Pension Fund Committee, which is a committee of Cambridgeshire County Council.

### Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Cambridgeshire Pension Fund include:

- Scheduled bodies - local authorities and similar bodies whose staff are automatically entitled to be members of the Fund;
- Admitted bodies - other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

# NOTES TO THE PENSION FUND ACCOUNTS

As at 31 March 2017 there are 182 (2016: 191) active employer within the Cambridgeshire Pension Fund, including the County Council itself. Active employers include multiple academy trusts counted as a single employer. Looking through these multiple arrangements the total number of underlying organisations as at 31 March 2017 was 245 (2016: 243), an increase of 2. The Fund has over 77,000 individual members, as detailed below:

| **Cambridgeshire Fund** | **31-Mar-17** | **31-Mar-16** |
|---|---|---|
| **Number of employers with active members** | 182 | 191 |
| **Number of employees in scheme:** | | |
| County council | 10,907 | 11,166 |
| Other employers | 15,878 | 15,578 |
| **Total** | **26,785** | **26,744** |
| **Number of Pensioners:** | | |
| County council | 8,165 | 7,676 |
| Other employers | 9,138 | 8,493 |
| **Total** | **17,303** | **16,169** |
| **Deferred pensioners:** | | |
| County council | 16,484 | 15,456 |
| Other employers | 16,751 | 15,433 |
| **Total** | **33,235** | **30,889** |
| **Total members** | **77,323** | **73,802** |

## Funding

Benefits are funded by contributions and investment earnings. Currently the level of contribution income is sufficient to fund regular benefit payments. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2017. Employers' contributions are set as part of the triennial actuarial funding valuation. The last such valuation was at 31 March 2016. Employers' contributions comprise a percentage rate on active payroll between 11% and 25.1% and deficit payments of fixed cash amounts set for each employer as part of the triennial funding valuation.

# NOTES TO THE PENSION FUND ACCOUNTS

## Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised below:

| | Service pre 1 April 2008 | Service 31 April 2008 to 31 March 2014 |
|---|---|---|
| **Pension** | Each year worked is worth 1/80 x final pensionable salary. | Each year worked is worth 1/60 x final pensionable salary. |
| **Lump Sum** | Automatic lump sum of 3 x pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up. | No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up. |

## Career Average Revalued Earnings (CARE)

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based upon their pensionable pay in that year at an accrual rate of 1/49th or 1/98th for those members who have taken up the 50/50 option and pay proportionately lower contributions. Accrued pension is updated annually in line with the Consumer Price Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits. For more details, please refer to the Cambridgeshire Pension Fund scheme handbook available from LGSS Pension Services based at One Angel Square, Angel Street, Northampton NN1 1ED or online at pensions.cambridgeshire.gov.uk.

## 2. BASIS OF PREPARATION

The Statement of Accounts summarises the Fund’s transactions for the 2016-17 financial year and its position at year-end as at 31 March 2017. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

# NOTES TO THE PENSION FUND ACCOUNTS

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Fund Account – revenue recognition

### Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the actuary in the payroll period to which they relate.

Employer deficit funding contributions are accounted for on the due date on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than the due date.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in the year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

### Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see notes 8 and 10).

Individual transfers in/out are accounted for on an accruals basis when the associated liability is accepted by the receiving scheme.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on an accruals basis and are included in Transfers In (see Note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

### Investment income

*i)* *Interest income*
Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

*ii)* *Dividend income*
Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

*iii)* *Distributions from pooled funds*
Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

# NOTES TO THE PENSION FUND ACCOUNTS

iv) *Movement in the net market value of investments*

Changes in the net market value of investments are recognised as income or expense and comprise all realised and unrealised profits/losses during the year.

*v) Stock lending*

Stock lending income is recognised in the Fund Account as it accrues. Stock lending income represents the transfer of securities by the Pension Fund to an approved counterparty ("Borrower"), against a receipt of collateral (non-cash), for a fee, subject to the obligation by that same counterparty to redeliver the same or similar securities back to the Lender at a future date. Securities on loan remain assets of the Fund and are recorded in the net assets statement at fair value.

## Fund Account – expense items

### Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities and paid in the following month.

### Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

### Management expenses

The Code does not require any breakdown of pension fund administrative expenses. However, in the interests of greater transparency, the Fund discloses its pension fund management expenses in accordance with CIPFA's *Accounting for Local Government Pension Scheme Management Expenses* (2016).

### Administrative expenses

All administrative expenses are accounted for on an accruals basis. All staff costs of the pension's administration team are charged to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund in accordance with Council policy.

### Oversight and governance costs

All oversight and governance expenses are accounted for on an accruals basis. All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund in accordance with Council policy.

### Investment management expenses

All investment management expenses are accounted for on an accruals basis.

# NOTES TO THE PENSION FUND ACCOUNTS

In 2016-17 there has been a change in presentation of investment manager expenses as follows:-

(i) Management fees charged as a deduction from the net asset value of pooled funds are now reported as investment management expenses and the return on investments is grossed up accordingly;

(ii) Transaction costs including brokerage fees and UK stamp duty incurred by segregated managers that had previously been reported within the cost of purchases or deducted from proceeds of sale of an investment are now reported within investment expenses and the cost of investment purchases or proceeds of sales are adjusted accordingly.

Prior year comparative figures have been restated on a consistent basis. The impact in 2016-17 has been to increase Manager fees by £6.9m (2015-16: £5.0m) and transaction costs by £0.5m (2015-16: £1.0m) offset by an increase in the profit and losses on disposal of investments and changes in the market value of investments of £7.4m (2015-16: £6.0m).

Fees of the external Investment Managers and the Custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition the Fund has negotiated with the following managers that an element of their fee be performance related:

- JO Hambro Capital Management – Global Equities
- Skagen Asset Management - Emerging Market

The Fund also had a performance fee related agreement with Schroders Investment Management Limited in respect of the Multi Asset mandate which was replaced on 1 July 2016 with separate mandates for UK Equities and Strategic Bonds for which there is no performance related fee. No performance fee was payable for the period ended 30 June 2016.

Where an Investment Manager’s fee note has not been received by the year end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account. In 2016-17, £1.3m of fees are based upon such estimates (2015-16: £ 0.7m). In addition, manager fees deducted from pooled funds of £6.9m (2015-16: £5.0m) are estimated based upon information received from fund managers.

The cost of obtaining investment advice from external consultants is charged direct to the Fund. All staff costs associated with investment activity are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged to the Fund.

## Net Assets Statement

### Financial assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of assets are recognised in the Fund Account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

### Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

### Derivatives

The Fund uses derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes (see Note 15).

### Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the Fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

### Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date, except for loans and receivables. A financial liability is recognised in the net assets statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

### Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the net assets statement (Note 20).

### Additional voluntary contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund has appointed Prudential and Equitable Life as its AVC providers. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 24).

### Contingent assets and liabilities

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

# NOTES TO THE PENSION FUND ACCOUNTS

A contingent asset arises there an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

Contingent assets and liabilities are not recognised in the net assets statement but are disclosed by way of a narrative in the notes.

## 4. CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

### Pension fund liability

The net Pension Fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines.

This estimate is Subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 19.

These actuarial revaluations are used to set future contribution rates and underpin the Fund’s most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term investment yield/return.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the Net Assets Statement as 31 March 2017 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

# NOTES TO THE PENSION FUND ACCOUNTS

| Item | Uncertainties | Effect if actual results differ from assumptions |
|---|---|---|
| **Actuarial present value of promised retirement benefits** | 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 Fund with expert advice about the assumptions to be applied. | The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £428m. A 0.5% increase in assumed earnings inflation would increase the value of liabilities by approximately £81m, and a one-year increase in assumed life expectancy would approximately increase the liability by between £125m and £201m. |
| **Cambridge and Counties Bank** | Cambridge and Counties Bank is not publicly listed and as such there is a degree of estimation involved in the valuation. For prudency, the Pension Fund's investment is valued on a market based approach with reference to price/earnings and price to book of comparable public companies. | The investment in the financial statements is £55m.There is a risk that this investment may be under, or overstated in the accounts. |
| **Other private equity and infrastructure** | All other private equity and infrastructure investments are valued at fair value. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. | Total private equity and infrastructure investments (excluding Cambridge and Counties Bank – see above) at fair value in the financial statements are £191m. There is a risk that this investment may be under or overstated in the accounts. |

## 6. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events since 31 March 2017, and up to the date when these accounts were authorised that require any adjustments to these accounts.

# NOTES TO THE PENSION FUND ACCOUNTS

## 7. CONTRIBUTIONS RECEIVABLE

### By category

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| 26,996 | **Employees' contributions** | 25,874 |
| | **Employers' contributions:** | |
| 76,782 | Normal contributions | 84,909 |
| 15,065 | Deficit recovery contributions | 14,665 |
| - | Augmentation contributions | - |
| 91,847 | **Total employers' contributions** | 99,574 |
| 118,843 | | 125,448 |

Employees' contributions in 2016-17 are lower than in 2015-16 due to a reduction in employee special contributions of £1.1m. Normal employees' contributions are similar to 2015-16, reflecting a static number of active members, negligible pay increases in the year and the impact of a marginal increase in the uptake of the 50/50 option.

### By authority

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| 38,265 | Administering Authority | 39,594 |
| 67,966 | Scheduled Bodies | 77,666 |
| 2,709 | Admitted Bodies | 2,991 |
| 6,927 | Community Admission Bodies | 2,280 |
| 2,976 | Transferee Admission Bodies | 2,917 |
| 118,843 | | 125,448 |

## 8. TRANSFERS IN FROM OTHER PENSION FUNDS

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| 5,773 | Group transfers | - |
| 2,962 | Individual transfers | 3,292 |
| 8,735 | | 3,292 |

Group transfers relate to one-off events arising from the transfer of all or part of a business function from another local authority. The volume and value of individual transfers is dependent upon individual members' circumstances and will vary from year to year.

# NOTES TO THE PENSION FUND ACCOUNTS

## 9. BENEFITS PAYABLE

### By category

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| 72,094 | Pensions | 76,011 |
| 18,856 | Commutation and lump sum retirement benefits | 20,003 |
| 1,424 | Lump sum death benefits | 2,373 |
| 92,374 | | 98,387 |

### By authority

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| 37,268 | Administering Authority | 38,673 |
| 47,348 | Scheduled Bodies | 50,578 |
| 2,470 | Admitted Bodies | 2,979 |
| 3,211 | Community Admission Bodies | 3,884 |
| 1,207 | Transferee Admission Bodies | 1,121 |
| 870 | Resolution Bodies | 1,152 |
| 92,374 | | 98,387 |

The increase in pensions payable during 2016-17 reflects the growth in the number of pensioners during the year.

The value of commutation and lump sum retirement benefits is dependent on volumes of retirements and the specific commutation decisions of retirees. Future trends will be dependent on employee decisions which will be influenced by commutation factors and the taxation environment.

## 10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---|---|---|
| 221 | Refunds to members leaving service | 306 |
| - | Payments for members joining state scheme | - |
| - | Group transfers | 670 |
| 5,094 | Individual transfers | 9,445 |
| 5,315 | | 10,421 |

# NOTES TO THE PENSION FUND ACCOUNTS

Individual transfers are dependent on individuals having an approved pension arrangement to transfer their LGPS benefits to after leaving the Cambridgeshire Fund and also the relative merits of that destination arrangement in comparison with the LGPS.

Refunds to members leaving service are extremely sensitive to fluctuations as a result of the small relative value.

## 11. MANAGEMENT EXPENSES

| 2015-16 £000 (re-presented) | | 2016-17 £000 |
|---|---|---|
| 2,091 | Administrative costs | 2,218 |
| 12,446 | Investment management expenses (see note 11A) | 12,526 |
| 219 | Oversight and governance costs | 419 |
| 14,756 | | 15,163 |

Oversight and governance costs include actuarial fees which were higher in 2016-17 due to the fees incurred in respect of the triennial funding valuation.

## 11A. INVESTMENT MANAGEMENT EXPENSES

| 2015-16 £000 (re-presented) | | 2016-17 £000 |
|---|---|---|
| 8,190 | Management fees | 10,634 |
| 2,795 | Performance related fees | 508 |
| - | Custody fees | - |
| 1,224 | Transaction costs | 1,099 |
| 237 | Other costs | 283 |
| 12,446 | | 12,526 |

In 2016-17 there has been a change in presentation of investment manager expenses as noted on page 124. The prior year comparatives have been restated for consistency.

The increase in management fees in 2016-17 reflects the increase in the value of assets under management due to the exceptionally strong fund return of 24.5% in the year.

Performance related fees in 2015-16 include £2.6m of fees paid to managers on performance related agreements that have been terminated or transferred to market value based fee arrangements.

Directly incurred transaction costs are incurred on the purchase and sale of investments by segregated managers. In 2016-17 directly incurred transaction costs have reduced due to the transition to pooled funds during 2015-16.

# NOTES TO THE PENSION FUND ACCOUNTS

## 12. INVESTMENT INCOME

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---:|---|---:|
| 35 | Income from bonds | 405 |
| 15,681 | Income from equities | 11,967 |
| 9,500 | Pooled investments – unit trusts and other managed funds | 8,260 |
| 3,656 | Pooled Property Investments | 6,788 |
| 2,270 | Private equity/infrastructure income | 1,661 |
| 149 | Interest on cash deposits | 902 |
| 308 | Other | 164 |
| 31,599 | | 30,147 |

## 13. TAXES ON INCOME

| 2015-16<br>£000 | | 2016-17<br>£000 |
|---:|---|---:|
| 31 | Withholding tax - equities | - |
| 31 | | - |

In 2015-16 taxes arose on a segregated global equities mandate since terminated. In 2016-17 any taxes arising on overseas investments held in pooled funds are deducted from the valuation of the pooled fund.

# NOTES TO THE PENSION FUND ACCOUNTS

## 14. INVESTMENTS

| 31-Mar-16<br>£000 | | 31-Mar-17<br>£000 |
|---|---|---|
| | **Investment assets** | |
| 61,316 | Bonds | 74,590 |
| 266,984 | Equities | 357,733 |
| 1,487,140 | Pooled investments | 1,898,748 |
| 187,080 | Pooled property investments | 192,549 |
| 207,353 | Private equity/infrastructure | 246,179 |
| | Derivatives | |
| - | • Futures | - |
| 31,929 | Cash deposits | 41,910 |
| 2,580 | Investment income due | 2,714 |
| 235 | Amounts receivable for sales | - |
| **2,244,617** | **Total investment assets** | **2,814,423** |
| | | |
| | **Investment liabilities** | |
| | Derivative contracts: | |
| - | • Futures | - |
| - | • Forward currency contracts | - |
| (1,006) | Amounts payable for purchases | (1,137) |
| **(1,006)** | **Total investment liabilities** | **(1,137)** |
| | | |
| **2,243,611** | **Net investment assets** | **2,813,286** |

# NOTES TO THE PENSION FUND ACCOUNTS

## 14(a) Reconciliation of movements in investments and derivatives

| | Market value 31-Mar-16 £000 | Purchases during the year and derivative payments* £000 | Sales during the year and derivative receipts* £000 | Change in market value during the year £000 | Market value 31-Mar-17 £000 |
|---|---|---|---|---|---|
| **Bonds** | **61,316** | 378 | 0 | 12,896 | **74,590** |
| **Equities** | **266,984** | 90,034 | (57,572) | 58,287 | **357,733** |
| **Pooled investments** | **1,487,140** | 13,207 | (28,951) | 427,352 | **1,898,748** |
| **Pooled property investments** | **187,080** | 22,335 | (16,391) | (475) | **192,549** |
| **Private equity/infrastructure** | **207,353** | 23,130 | (27,250) | 42,946 | **246,179** |
| | **2,209,873** | 149,084 | (130,164) | 541,006 | **2,769,799** |
| **Derivative contracts:** | | | | | |
| • **Futures** | | - | - | - | **-** |
| • **Forward Currency Contracts** | | 0 | (5) | 5 | **-** |
| | **2,209,873** | 149,084 | (130,169) | 541,011 | **2,769,799** |
| **Other investment balances:** | **33,738** | | | **1,360** | **43,487** |
| • **Cash deposits** | **31,929** | | | | **41,910** |
| • **Amount receivable for sales** | **235** | | | | **-** |
| • **Investment income due** | **2,580** | | | | **2,714 -** |
| • **Amounts payable for purchases of investments** | **(1,006)** | | | - | **(1,137)** |
| **Net investment assets** | **2,243,611** | | | **542,371** | **2,813,286** |

*In 2016-17 the cost incurred in the purchase and sale of investments are reported as transaction costs (Note 11A) which is a change in presentation compared to prior years. Comparative figures in the table below have been restated for consistency. See page 124.

# NOTES TO THE PENSION FUND ACCOUNTS

| | Market value 1-Apr-15<br>£000 | Purchases during the year and derivative payments (restated*)<br>£000 | Sales during the year and derivative receipts (restated*)<br>£000 | Change in market value during the year (restated*)<br>£000 | Market value 31-Mar-16<br>£000 |
|---|---|---|---|---|---|
| **Index-linked securities** | **-** | 59,954 | - | 1,362 | **61,316** |
| **Equities** | **843,577** | 574,277 | (1,125,875) | (24,995) | **266,984** |
| **Pooled investments** | **1,044,265** | 615,001 | (89,368) | (82,758) | **1,487,140** |
| **Pooled property investments** | **162,593** | 19,910 | (4,054) | 8,631 | **187,080** |
| **Private equity/infrastructure** | **165,436** | 28,120 | (28,951) | 42,748 | **207,353** |
| | **2,215,871** | 1,297,262 | (1,248,248) | (55,012) | **2,209,873** |
| **• Derivative contracts:** | | | | | |
| **Futures** | **(7)** | 2 | (88) | 93 | **-** |
| **• Forward Currency Contracts** | **(157)** | 2,592 | (2,291) | (144) | **-** |
| | **2,215,707** | 1,299,856 | (1,250,627) | (55,063) | **2,209,873** |
| **Other investment balances:** | **52,051** | | | **935** | **33,738** |
| **• Cash deposits** | 48,731 | | | | **31,929** |
| **• Amount receivable for sales** | 88 | | | | **235** |
| **• Investment income due** | 3,276 | | | | **2,580** |
| **• Amounts payable for purchases of investments** | (44) | | | | **(1,006)** |
| **Net investment assets** | **2,267,758** | | | **(54,128)** | **2,243,611** |

*Restated for revised presentation of transaction costs and pooled manager fees. See page 124.

Purchases and sales of derivatives are recognised in Note 14(a) above as follows:

- Futures – on close out or expiry of the futures contract the variation margin balances held in respect of unrealised gains or losses and recognised as cash receipts or payments, depending on whether there is a gain or loss.
- Forward currency contracts – forward foreign exchange contracts settled during the period are reported on a gross basis as gross receipts and payments.

# NOTES TO THE PENSION FUND ACCOUNTS

## 14(b). Analysis of Investments

| 31-Mar-16<br>£000 | | 31-Mar-17<br>£000 |
|---|---|---|
| | **Bonds** | |
| | **UK** | |
| 61,316 | Public sector quoted | 74,590 |
| 61,316 | | 74,590 |
| | **Equities** | |
| | **UK** | |
| 259,287 | Quoted | 344,537 |
| | **Overseas** | |
| 7,697 | Quoted | 13,296 |
| 266,984 | | 357,733 |
| | **Pooled funds – additional analysis** | |
| | **UK** | |
| 60,920 | Fixed income | 67,173 |
| 544,320 | Equity | 677,130 |
| | **Overseas** | |
| 210,891 | Fixed income | 223,406 |
| 665,635 | Equity | 922,286 |
| 5,374 | Cash Fund | 8,753 |
| 1,487,140 | | 1,898,748 |
| 187,080 | Pooled property investments | 192,549 |
| 207,353 | Private equity/ infrastructure | 246,179 |
| - | Derivatives | - |
| 394,433 | | 438,728 |
| 31,929 | Cash deposits | 41,910 |
| 2,580 | Investment income due | 2,714 |
| 235 | Amounts receivable for sales | - |
| 34,744 | | 44,624 |
| 2,244,617 | **Total investment assets** | 2,814,423 |
| | **Investment liabilities** | |
| - | Derivatives | |
| (1,006) | Amounts payable for purchases | (1,137) |
| (1,006) | **Total investment liabilities** | (1,137) |
| 2,243,611 | **Net investment assets** | 2,813,286 |

# NOTES TO THE PENSION FUND ACCOUNTS

## 14(c). Investments analysed by fund manager

| Market value 31-Mar-16 £000 | % | | Market value 31-Mar-17 £000 | % |
|---|---|---|---|---|
| 775,346 | 34.6 | Schroders Investment Management | **883,627** | **31.4** |
| 525,754 | 23.4 | State Street Global Asset Management | **677,130** | **24.1** |
| 329,995 | 14.7 | Dodge & Cox Worldwide Investments | **482,112** | **17.1** |
| 253,038 | 11.3 | JO Hambro Capital Management | **324,281** | **11.6** |
| 82,602 | 3.7 | Skagen Funds | **115,893** | **4.1** |
| 64,751 | 2.9 | Adams Street Partners | **79,359** | **2.8** |
| 53,501 | 2.4 | M&G Investments | **57,230** | **2.0** |
| 50,919 | 2.3 | HarbourVest Partners (UK) | **59,077** | **2.1** |
| 43,000 | 1.9 | Cambridge and Counties Bank (direct holding) | **54,700** | **1.9** |
| 25,378 | 1.1 | Equitix | **27,806** | **1.0** |
| 19,055 | 0.8 | UBS Infrastructure | **22,167** | **0.8** |
| 17,749 | 0.8 | Partners Group (UK) | **27,052** | **1.0** |
| 2,523 | 0.1 | Cash with custodian | **2,852** | **0.1** |
| **2,243,611** | **100.0** | | **2,813,286** | **100.0** |

All the above companies are registered in the United Kingdom.

The following investments represent more than 5% of the net assets of the scheme.

| Security | Market value 31-Mar-16 £000 | % of total fund % | Market value 31-Mar-17 £000 | % of total fund % |
|---|---|---|---|---|
| Dodge & Cox Worldwide Funds plc - Global Stock Fund (GBP Accumulating Class) | 329,995 | 14.5 | **482,112** | **16.9** |
| State Street Managed Pension Fund All World Equity Index Sub-Fund | 318,655 | 14.0 | **423,850** | **14.9** |
| JO Hambro Capital Management Global Select Fund Sterling Z shares | 253,038 | 11.10 | **324,281** | **11.4** |
| State Street Managed Pension Fund UK Equity Index Sub-Fund | 207,099 | 9.10 | **253,280** | **8.9** |
| Schroders International Selection Fund – Strategic Bond | 157,389 | 6.90 | **166,176** | **5.8** |

# NOTES TO THE PENSION FUND ACCOUNTS

The table below lists individual investments that represent more than 5% of any class or type of investment shown in the reconciliation of movements in investment and derivatives reported in Note 14(a).

| Security | Market value 31-Mar-16 £000 | % of asset class % | Market value 31-Mar-17 £000 | % of asset class % |
|---|---|---|---|---|
| **Index-linked securities** | **61,316** | **100.00** | **74,590** | **100.00** |
| 1.25% Index-linked Treasury Gilt 2055 | 3,823 | 6.23 | 4,878 | 6.54 |
| 0.375% Index-linked Treasury Gilt 2062 | 3,370 | 5.50 | 4,539 | 6.09 |
| 0.125% Index-linked Treasury Gilt 2068 | 3,128 | 5.10 | 4,427 | 5.93 |
| 0.5% Index-linked Treasury Gilt 2050 | 3,135 | 5.11 | 3,989 | 5.35 |
| 1.125% Index-linked Treasury Gilt 2037 | 3,356 | 5.47 | 3,960 | 5.31 |
| 0.75% Index-linked Treasury Gilt 2047 | 3,125 | 5.10 | 3,950 | 5.30 |
| 0.625% Index-linked Treasury Gilt 2040 | 3,114 | 5.08 | 3,766 | 5.05 |
| 0.125% Index-linked Treasury Gilt 2040 | | | 3,733 | 5.00 |
| 1.25% Index-linked Treasury Gilt 2027 | 3,241 | 5.29 | 3,605 | 4.83 |
| 1.875% Index-linked Treasury Gilt 2022 | 3,244 | 5.29 | 3,483 | 4.67 |
| 2.5% Index-linked Treasury Stock 2024 | 3,139 | 5.12 | 3,380 | 4.53 |
| **Equities** | **266,984** | **100.00** | **357,733** | **100.00** |
| HSBC Holdings PLC | n/a | n/a | 21,827 | 6.10 |
| Royal Bank of Scotland Group plc | 14,903 | 5.58 | 20,994 | 5.87 |
| BP plc | 15,111 | 5.66 | 20,833 | 5.82 |
| GlaxoSmithKline plc | 17,700 | 6.63 | 19,337 | 5.41 |
| Barclays PLC | n/a | n/a | 19,283 | 5.39 |
| Aviva plc | 13,940 | 5.22 | 19,152 | 5.35 |
| Pearson plc | n/a | n/a | 18,208 | 5.09 |
| **Pooled investments** | **1,487,140** | **100.00** | **1,898,748** | **100.00** |
| Dodge & Cox Worldwide Funds plc - Global Stock Fund (GBP Accumulating Class) | 329,995 | 22.19 | 482,112 | 25.39 |
| State Street Managed Pension Fund All World Equity Index Sub-Fund | 318,655 | 21.43 | 423,849 | 22.32 |
| JO Hambros Capital Management Global Select Fund Sterling Z shares | 253,038 | 17.02 | 324,281 | 17.08 |
| State Street Managed Pension Fund UK Equity Index Sub-Fund | 207,099 | 13.93 | 253,280 | 13.34 |
| Schroders International Selection Fund – Strategic Bond | 157,390 | 10.58 | 166,177 | 8.75 |
| Skagen Funds Skagen Kon-Tiki Fund | 82,602 | 5.55 | 115,894 | 6.10 |
| **Pooled property investments** | **187,080** | **100.00** | **192,549** | **100.00** |
| Blackrock UK Fund | 23,218 | 12.41 | 23,228 | 12.06 |
| Schroder Unit Trust UK Real Estate | 20,670 | 11.05 | 21,226 | 11.02 |
| Legal & General Property Fund Units | 19,197 | 10.26 | 19,875 | 10.32 |
| Mayfair Capital Property Units | 17,977 | 9.61 | 19,010 | 9.87 |
| Hermes Property Unit Trust | 18,261 | 9.76 | 18,697 | 9.71 |
| Standard Life Pooled Pension Property Fund | 19,950 | 10.66 | 15,919 | 8.27 |
| Schroder Real Estate Real Income Fund | 13,974 | 7.47 | 15,404 | 8.00 |
| Industrial Property Investment Fund | 10,074 | 5.38 | 10,763 | 5.59 |
| AVIVA Investors Pensions Ltd Property A | 10,065 | 5.38 | 10,153 | 5.27 |
| **Private equity/infrastructure** | **207,353** | **100.00** | **246,179** | **100.00** |
| Cambridge & Counties Bank | 43,000 | 20.74 | 54,700 | 22.22 |
| Equitix Fund II, LP | 24,789 | 11.95 | 26,922 | 10.94 |
| Partners Group Global Infrastructure 2012 LP | 17,749 | 8.56 | 26,251 | 10.66 |
| UBS International Infrastructure Fund | 17,765 | 8.57 | 19,586 | 7.96 |

# NOTES TO THE PENSION FUND ACCOUNTS

### 14(d). Stock Lending

The Fund's Investment Strategy sets the parameters for the Fund's stock-lending programme. At 31 March 2017, the value of quoted equities on loan was £67.5m (31 March 2016: £36.3m). These equities continue to be recognised in the Fund's financial statements.
Counterparty risk is managed through holding collateral at the Fund's custodian. At the year end the custodian held collateral at fair value of £72.9m (31 March 2016: £38.9m) representing 108% of stock lent. Collateral consists of acceptable securities and government debt.

## 15. ANALYSIS OF DERIVATIVES

### Objectives and policies for holding derivatives

Most of the holding in derivatives is to hedge liabilities or hedge exposures to reduce risk in the Fund. Derivatives may be used to gain exposure to an asset more efficiently than holding the underlying asset. The use of derivatives is managed in line with the investment management agreement agreed between the Fund and the various investment managers.

#### a) Futures

The economic exposure represents the notional value of stock purchased under futures contracts and is therefore subject to market movements.

#### b) Forward foreign currency

In order to maintain appropriate diversification and to take advantage of overseas investment returns, a significant proportion of the Fund's quoted equity portfolio is in overseas stock markets. To reduce the volatility associated with fluctuating currency rates, the Fund's investment managers enter into forward foreign currency contracts to take advantage of current exchange rates.

### Futures

There were no outstanding exchange traded future contracts at 31 March 2017 or 31 March 2016.

### Open forward currency contracts

There were no open forward currency contracts at 31 March 2017 or 31 March 2016.

## 16. FAIR VALUE

### 16a. Fair value hierarchy

### Valuation Of Financial Instruments Carried At Fair Value

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur. The Fund has adopted the classification guidelines recommended in the Practical Guidelines on Investment Disclosures (PRAG/Investment Association, 2016).

### Level 1

Assets and liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index-linked securities and unit trusts.

### Level 2

# NOTES TO THE PENSION FUND ACCOUNTS

Assets and liabilities at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

### Level 3

Assets and liabilities at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which the Cambridgeshire Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines 2012, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

| **Values at 31 March 2017** | **Quoted market price Level 1 £000** | **Using observable inputs Level 2 £000** | **With significant unobservable inputs Level 3 £000** | **Total £000** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets at fair value through profit and loss | 447,967 | 1,966,718 | 370,757 | 2,785,442 |
| Loans and receivables | 77,050 | - | - | 77,050 |
| **Total financial assets** | **525,017** | **1,966,718** | **370,757** | **2,862,492** |
| **Financial liabilities** | | | | |
| Financial liabilities at amortised cost | (8,914) | - | - | (8,914) |
| **Total financial liabilities** | **(8,914)** | **-** | **-** | **(8,914)** |
| **Net financial assets** | **516,103** | **1,966,718** | **370,757** | **2,853,578** |

# NOTES TO THE PENSION FUND ACCOUNTS

| Values at 31 March 2016 (re-presented – see below) | Quoted market price Level 1 £000 | Using observable inputs Level 2 £000 | With significant unobservable inputs Level 3 £000 | Total £000 |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Financial assets at fair value through profit and loss | 349,681 | 1,534,119 | 328,888 | 2,212,688 |
| Loans and receivables | 78,222 | - | - | 78,222 |
| **Total financial assets** | **427,903** | **1,534,119** | **328,888** | **2,290,910** |
| **Financial liabilities** | | | | |
| Financial liabilities at amortised cost | (14,619) | - | - | (14,619) |
| **Total financial liabilities** | **(14,619)** | **-** | **-** | **(14,619)** |
| **Net financial assets** | **413,284** | **1,534,119** | **328,888** | **2,276,291** |

In 2016-17 the Fund has adopted the classification guidelines recommended in the Practical Guidelines on Investment Disclosures (PRAG/Investment Association, 2016). This revised interpretation has resulted in a change of classification the Fund’s investments within the fair value hierarchy compared to 2015-16. The 2015-16 comparative disclosures have been re-presented for consistency. There has been no change in the valuation techniques used during the year.

All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date. The fair valuation of each class of investment asset is set out below.

# NOTES TO THE PENSION FUND ACCOUNTS

| Description of asset | Valuation hierarchy | Basis of valuation | Observable and unobservable inputs | Key sensitivities affecting the valuations provided |
|---|---|---|---|---|
| **Market quoted investments** | Level 1 | Published bid market price ruling on the final day of the account period | Not required | Not required |
| **Quoted bonds** | Level1 | Fixed interest securities valued at a market value based on current yields | Not required | Not required |
| **Futures and options in UK bonds** | Level 1 | Published exchange prices at the year end | Not required | Not required |
| **Exchange traded pooled investments** | Level 1 | Closing bid value on published exchanges | Not required | Not required |
| **Unquoted bonds** | Level 2 | Average of broker prices | Evaluated price feeds | Not required |
| **Forward foreign exchange derivatives** | Level 2 | Market forward exchange rates at the year-end | Exchange rate risk | Not required |
| **Pooled investments – not exchange traded open ended funds** | Level 2 | Closing bid and offer prices are published.<br>Closing single price where a single price is published | NAV based pricing set on a forward pricing basis. | Not required |
| **Pooled investments – not exchange traded closed ended funds** | Level 3 | Closing bid and offer prices are published.<br>Closing single price where a single price is published | NAV based pricing set on a forward pricing basis. | Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date and lack of liquidity. |
| **Private equity and infrastructure** | Level 3 | Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012) | Price/Earnings or EBITDA multiple<br>Revenue Multiple<br>Discount for lack of marketability | Valuations could be affected by material events occurring between the date of the financial statements provided and the Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts. |

# NOTES TO THE PENSION FUND ACCOUNTS

## Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisers, the Fund has determined that the valuation methods described above are likely to be accurate within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2017.

| Asset Type | Value as at 31-Mar-17 £000 | Assessed valuation range (+/-) (% rounded) | Value on Increase £000 | Value on Decrease £000 |
|---|---|---|---|---|
| Property | 124,578 | 14.2 | 142,268 | 106,888 |
| Unquoted equity | 246,179 | 20.1 | 295,661 | 196,697 |
| **Total Assets** | **370,757** | | **437,929** | **303,585** |

## 16(b) Reconciliation of fair value measurements within Level 3

| Period 2016-17 | Market value 1-Apr-2016 (see Note) £000 | Transfers into level 3 £000 | Purchases during the year and derivative payments £000 | Sales during the year and derivative receipts £000 | Unrealised gains/ (losses) £000 | Realised gains/ (losses) £000 | Market value 31-Mar-2017 £000 |
|---|---|---|---|---|---|---|---|
| Pooled property investments | 121,535 | - | 20,153 | (16,366) | (2,097) | 1,353 | 124,578 |
| Private equity and infrastructure - equity | 43,000 | - | 500 | - | 11,200 | - | 54,700 |
| Private equity and infrastructure - other | 164,353 | - | 22,630 | (27,250) | 13,602 | 18,144 | 191,479 |
| **Total** | **328,888** | - | **43,283** | **(43,616)** | **22,705** | **19,497** | **370,757** |

Note: As noted above, following the publication of the PRAG/Investment Association Guidelines, the classification of financial instruments to Level 3 have been reviewed and balances at 1 April 2016 re-presented.

# NOTES TO THE PENSION FUND ACCOUNTS

## 17. FINANCIAL INSTRUMENTS

### 17a. Classification of financial instruments

The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the year.

| | 31-Mar-16 | | | | 31-Mar-17 | |
|---|---|---|---|---|---|---|
| Designated as fair value through profit and loss £000 | Loans and receivables £000 | Financial liabilities at amortised cost £000 | | Designated as fair value through profit and loss £000 | Loans and receivables £000 | Financial liabilities at amortised cost £000 |
| | | | **Financial assets** | | | |
| 61,316 | - | - | Bonds | 74,590 | - | - |
| 266,984 | - | - | Equities | 357,733 | - | - |
| 1,487,140 | - | - | Pooled investments | 1,898,748 | - | - |
| 187,080 | - | - | Pooled property investments | 192,549 | - | - |
| 207,353 | - | - | Private equity/ infrastructure | 246,179 | - | - |
| - | - | - | Derivative contracts | - | - | - |
| - | 60,172 | - | Cash | - | 73,775 | - |
| 2,815 | - | - | Other investment balances | 2,714 | - | - |
| - | 18,050 | - | Debtors | 16,204 | - | - |
| **2,212,688** | **78,222** | **-** | | **2,788,717** | **73,775** | **0** |
| | | | **Financial liabilities** | | | |
| - | - | - | Derivative contracts | - | - | - |
| - | - | (1,006) | Other investment balances | - | - | (1,137) |
| - | - | (13,613) | Creditors | - | - | (7,777) |
| **-** | **-** | **(14,619)** | | **-** | **-** | **(8,914)** |
| **2,212,688** | **78,222** | **(14,619)** | **Total** | **2,788,717** | **73,775** | **(8,914)** |
| | | | | | | |
| | **2,276,291** | | **Grand total** | | **2,853,578** | |

# NOTES TO THE PENSION FUND ACCOUNTS

## 17b. Net Gains and Losses on Financial Instruments

| 2015-16 (Restated) £000 | | 2016-17 £000 |
|---|---|---|
| | **Financial assets:** | |
| (55,013) | Fair value through profit and loss | 541,117 |
| 1,097 | Loans and receivables | 1,373 |
| | **Financial liabilities:** | |
| (51) | Fair Value through profit and loss | 5 |
| (162) | Loans and Receivables | (13) |
| - | Financial liabilities measured at amortised cost | - |
| (54,128) | **Total gains / (losses)** | 542,482 |

In 2016-17 investment manager expenses have been reclassified from gains and losses on financial instruments as noted on page 124. The prior year comparatives have been re-presented for consistency.

## 18. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

### Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Council manages these investment risks as part of its overall Pension Fund risk Management Programme.

Responsibility for the Fund's Risk Management Strategy rests with the Pension Fund Committee. Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

### a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's Risk Management Strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

## NOTES TO THE PENSION FUND ACCOUNTS

- the exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

### Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Fund Investment Strategy.

### Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment advisers, the Council has determined that the following movements in market price risk would have reasonably been possible for the 2016-17 reporting period. Due to the withdrawal of the Fund's previous provider of this data, the Fund has used an adviser in a joint arrangement with a number of its ACCESS pool colleagues. The potential price changes disclosed above are broadly consistent with one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment adviser's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

# NOTES TO THE PENSION FUND ACCOUNTS

| Asset Type | Value as at 31-Mar-17 £000 | Percentage Change (% rounded) | Value on Increase £000 | Value on Decrease £000 |
|---|---|---|---|---|
| UK equities | **1,021,567** | 15.80 | 1,182,975 | 860,159 |
| Overseas equities | **13,296** | 18.40 | 15,742 | 10,850 |
| Global pooled equities | **922,286** | 18.90 | 1,096,598 | 747,974 |
| Index-linked bonds | **74,590** | 9.00 | 81,303 | 67,877 |
| Pooled fixed interest bonds | **290,579** | 10.10 | 319,927 | 261,231 |
| Property | **192,549** | 14.20 | 219,891 | 165,207 |
| Alternatives | **246,179** | 20.10 | 295,661 | 196,697 |
| Cash and Other investment balances | **52,240** | 0.00 | 52,240 | 52,240 |
| **Total Assets** | **2,813,286** | | **3,264,337** | **2,362,235** |

Note that due to the diversification of investments across asset classes the volatility of the total fund may be lower than the total shown above for the aggregation of the individual asset classes.

| Asset Type | Value as at 31-Mar-16 £000 | Percentage Change (% rounded) | Value on Increase £000 | Value on Decrease £000 |
|---|---|---|---|---|
| UK equities | **803,607** | 11.00 | 892,044 | 715,210 |
| Overseas equities | **7,697** | 13.30 | 8,721 | 6,673 |
| Global pooled equities | **665,635** | 10.80 | 737,524 | 593,746 |
| Index-linked bonds | **61,316** | 9.47 | 67,123 | 55,509 |
| Pooled fixed interest bonds | **271,811** | 1.37 | 275,535 | 268,087 |
| Property | **187,080** | 1.84 | 190,522 | 183,638 |
| Alternatives | **207,353** | 4.01 | 215,668 | 199,038 |
| Cash and Other investment balances | **39,112** | 0.01 | 39,116 | 39,108 |
| **Total Assets** | **2,243,611** | | **2,426,253** | **2,061,009** |

## Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Council and its investment consultant in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2017 and 31 March 2016 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

# NOTES TO THE PENSION FUND ACCOUNTS

## Interest rate risk sensitivity analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. An 80 basis point (BPS) (i.e. 0.80%) movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The Fund's investment consultant has advised that long-term average rates are expected to move less than 80 basis points from one year to the next and experience suggests that such movements are likely.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS (1.0%) change in interest rates:

| 31-Mar-16 £000 | Asset Type | 31-Mar-17 £000 |
|---|---|---|
| **31,929** | Cash and cash equivalents | 41,910 |
| **28,243** | Cash balances | 35,140 |
| **61,316** | Index-linked securities | 74,590 |
| **271,811** | Fixed interest securities | 290,579 |
| **393,299** | **Total** | **442,219** |

| Assets exposed to interest rate risk | Value at 31-Mar-17 £000 | Potential movement on 1% change in interest rates £000 | Value on increase £000 | Value on decrease £000 |
|---|---|---|---|---|
| Cash and cash equivalents | 41,910 | - | 41,910 | 41,910 |
| Cash balances | 35,140 | - | 35,140 | 35,140 |
| Index-linked securities | 74,590 | 746 | 73,844 | 75,336 |
| Fixed interest securities | 290,579 | 2,906 | 287,673 | 293,485 |
| **Total change in assets available** | **442,219** | **3,652** | **438,567** | **445,871** |

| Assets exposed to interest rate risk | Value at 31-Mar-16 £000 | Potential movement on 1% change in interest rates £000 | Value on increase £000 | Value on decrease £000 |
|---|---|---|---|---|
| Cash and cash equivalents | 31,929 | - | 31,929 | 31,929 |
| Cash balances | 28,243 | - | 28,243 | 28,243 |
| Index-linked securities | 61,316 | 613 | 60,703 | 61,929 |
| Fixed interest securities | 271,811 | 2,718 | 269,093 | 274,529 |
| **Total change in assets available** | **393,299** | **3,331** | **389,968** | **396,630** |

# NOTES TO THE PENSION FUND ACCOUNTS

| Income exposed to interest rate risk | Amount receivable in 2016-17 £000 | Potential movement on 1% change in interest rates £000 | Value on increase £000 | Value on decrease £000 |
|---|---|---|---|---|
| Cash deposits, cash and cash equivalents | 902 | 9 | 893 | 911 |
| Index-linked securities | 405 | 4 | 401 | 409 |
| Fixed interest securities | 4,385 | - | 4,385 | 4,385 |
| **Total** | **5,692** | **13** | **5,679** | **5,705** |

| Income exposed to interest rate risk | Amount receivable in 2015-16 £000 | Potential movement on 1% change in interest rates £000 | Value on increase £000 | Value on decrease £000 |
|---|---|---|---|---|
| Cash deposits, cash and cash equivalents | 149 | 1 | 150 | 148 |
| Index-linked securities | 35 | - | 35 | 35 |
| Fixed interest securities | 6,325 | - | 6,325 | 6,325 |
| **Total** | **6,509** | **1** | **6,510** | **6,508** |

This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of the assets and the income received from investments impact on the net assets available to pay benefits.

### Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund’s currency rate risk is routinely monitored by the Council and its investment advisers in accordance with the Fund’s risk management strategy, including monitoring the range of exposure to currency fluctuations.

### Currency risk – sensitivity analysis

Following analysis of historical data with the Fund’s investment advisers, the Council considers the likely volatility associated with foreign exchange rate movements to be 10% (as measured by one standard deviation).

A 10% (31 March 2016: 6.0%) fluctuation in the currency is considered reasonable based on the Fund adviser’s analysis of long-term historical movements in the month-end exchange rates over a rolling 36 month period.

This analysis assumes that all other variables, in particular interest rates, remain constant.

# NOTES TO THE PENSION FUND ACCOUNTS

A 10% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows.

| Assets exposed to currency risk | Value at 31-Mar-17 £000 | Potential market movement £000 | Value on increase £000 | Value on decrease £000 |
|---|---|---|---|---|
| Overseas Equities | 935,582 | 93,558 | 1,029,140 | 842,024 |
| Overseas Fixed Income | 223,406 | 22,341 | 201,065 | 245,747 |
| Overseas Cash Fund | 8,753 | 875 | 7,878 | 9,628 |
| **Total** | **1,167,741** | **116,774** | **1,238,083** | **1,097,399** |

| Assets exposed to currency risk | Value at 31-Mar-16 £000 | Potential market movement £000 | Value on increase £000 | Value on decrease £000 |
|---|---|---|---|---|
| Overseas Equities | 673,332 | 40,467 | 713,799 | 632,865 |
| Overseas Fixed Income | 210,891 | 12,675 | 223,566 | 198,216 |
| Overseas Cash Fund | 5,374 | 323 | 5,697 | 5,051 |
| **Total** | **889,597** | **53,465** | **943,062** | **836,132** |

## b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund’s financial assets and liabilities.

In essence the Fund’s entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipts that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council’s credit criteria. The Council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectible deposits over the past five financial years. The Fund’s cash holding under its treasury

## NOTES TO THE PENSION FUND ACCOUNTS

management arrangements at 31 March 2017 was £73.8m (31 March 2016: £60.2m). This was held with the following institutions:-

| | Rating | 31-Mar-17 £000 | 31-Mar-16 £000 |
|---|---|---|---|
| **Money market funds** | | | |
| Northern Trust Global Investors Global Cash Fund | Aaa-mf | 41,125 | 29,934 |
| UK Treasury Bills | | | - |
| **Bank deposit account** | | | |
| Barclays Bank | A | 31.865 | 28,243 |
| **Bank current accounts** | | | |
| Northern Trust custody accounts | P-1 | 785 | 1,995 |
| **Total** | | **73,775** | **60,172** |

### c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. This will particularly be the case for cash from the cash flow matching mandates from the main investment strategy to meet the pensioner payroll costs; and also cash to meet investment commitments.

The Fund has immediate access to its cash holdings, with the exception of holdings that are for a fixed term when the deposit is placed.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert in to cash. As at 31 March 2017 the value of illiquid assets was £438.7m, which represented 15.4% of the total Fund assets (31 March 2016: £394.4m, which represented 17.6% of the total Fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2017 are due within one year.

### d) Refinancing risk

The key risk is that the Fund will be bound to replenish a significant proportion of its Pension Fund financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

# NOTES TO THE PENSION FUND ACCOUNTS

## 19. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2016. The next valuation will take place as at 31 March 2019.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are as stable as possible;
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so;
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a maximum period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable. Where an employer's funding level is less than 100%, a deficit recovery plan is put in place requiring additional contributions from the employer to meet the shortfall.

At the 2016 actuarial valuation, the Fund was assessed as 78.4% funded (72.4% at the March 2013 valuation). This corresponded to a deficit of £625m (2013 valuation: £728m) at that time.

The Contribution Objective is achieved by setting employer contributions which are likely to be sufficient to meet both the cost of new benefits accruing and to address any funding deficit relative to the funding target over the agreed time horizon. A secondary objective is to maintain where possible relatively stable employer contribution rates.

For each employer in the Fund, to meet the Contribution Objective, a primary contribution rate has been calculated in order to fund the cost of new benefits accruing in the Fund. Additionally, if required, a secondary contribution rate has also been calculated to target a fully funded position within the employer's set time horizon.

The table below summarises the whole fund Primary and Secondary Contribution rates at the 2016 triennial valuation. These rates are the payroll weighted average of the underlying individual employer primary and secondary rates, calculated in accordance with the Regulations and CIPFA guidance.

| Primary Rate % | Secondary Rate % | | |
|---|---|---|---|
| 1 April 2017 to 31 March 2020 | 2017/2018 | 2018/2019 | 2019/2020 |
| 18.1% | £26,039,000 | £17,959,000 | £18,355,000 |

## NOTES TO THE PENSION FUND ACCOUNTS

The Primary rate above includes an allowance of 0.6% of pensionable pay for the Fund's expenses. The average employee contribution rate is 6.3% of pensionable pay.

Full details of the contribution rates payable can be found in the 2016 actuarial valuation report and the funding strategy statement on the Fund's website.

At the previous formal valuation at 31 March 2013, a different regulatory regime was in force. Therefore a contribution rate that is directly comparative to the rates above is not provided.

### Basis of valuation

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

### Financial assumptions

A summary of the main financial assumptions adopted for the valuation of members' benefits are shown below.

| | | 31-Mar-16 | | 31-Mar-13 | |
|---|---|---|---|---|---|
| **Assumption** | **Description** | **Nominal** | **Real** | **Nominal** | **Real** |
| Price inflation (RPI) | | 3.3% | - | 3.3% | - |
| Price Inflation (CPI)/ Pension increases | | 2.1% | - | 2.5% | - |
| Pay increases – 2016 | RPI minus 0.7% p.a.* | 2.4% | (0.7)% | n/a | n/a |
| Pay increases – 2013 | RPI plus 1% p.a.* | n/a | n/a | 4.3% | 1.0% |
| Funding basis discount rate | "Gilt-based" discount rate plus an Asset Outperformance Assumption of 1.8% p.a. (2013: 1.6% p.a). | 4.0% | n/a | 4.6% | n/a |

*Plus an allowance for promotional pay increases.

### Mortality assumptions

Future life expectancy based on the actuary's fund-specific mortality review was:

| Assumed life expectancy at age 65 | Active and Deferred Members | | Current Pensioners | |
|---|---|---|---|---|
| | **Male** | **Female** | **Male** | **Female** |
| 2013 valuation | 24.4 | 26.9 | 22.5 | 24.5 |
| 2016 valuation | 24.0 | 26.9 | 22.5 | 24,5 |

Note that the figures for active and deferred members assume that they are aged 45 at the valuation date.

Various scaling factors have been applied to the mortality tables to reflect the predicted longevity for each class of member and their dependants.

# NOTES TO THE PENSION FUND ACCOUNTS

## Other demographic valuation assumptions:

### a) Retirements in ill health

Allowance has been made for ill-health retirements before Normal Pension Age.

### b) Withdrawals

Allowance has been made for withdrawals from service.

### c) Family details

A varying proportion of members are assumed to be married (or have an adult dependant) at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. Husbands are assumed to be 3 years older than wives.

### d) Commutation

Future pensioners are assumed to elect to exchange pension for additional tax-free cash up to 25% of HMRC limits for service to 31 March 2008 and 63% of HMRC limits for service from 1 April 2008.

### e) 50:50 option

5.0% of members (uniformly distributed across the age, service and salary range) are assumed to choose the 50:50 option.

## 20. ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS

In addition to the triennial funding valuation, the Fund’s actuary also undertakes a valuation of the Pension Fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year.

In order to assess the value of the benefits on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 19).The actuary has also used valued ill health and death benefits in line with IAS 19.

| **31-Mar-16 £bn** | | **31-Mar-17 £bn** |
|---|---|---|
| **(3.555)** | Present value of promised retirement benefits | **(4.175)** |
| **2.277** | Fair value of scheme assets (bid value) | **2.854** |
| **(1.278)** | **Net liability** | **(1.321)** |

As noted above, the liabilities are calculated on an IAS 19 basis and therefore will differ from the results of the 2016 triennial funding valuation (see note 19) because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

# NOTES TO THE PENSION FUND ACCOUNTS

## Assumptions used

| | 31-Mar-17<br>% p.a. | 31-Mar-16<br>% p.a. |
|---|---|---|
| Inflation/pension increase rate assumption | 2.4 | 2.2 |
| Salary increase rate | 2.7 | 4.2 |
| Discount rate | 2.6 | 3.5 |

## 21. CURRENT ASSETS

| 31-Mar-16<br>£000 | | 31-Mar-17<br>£000 |
|---|---|---|
| | **Debtors**: | |
| **2,048** | Contributions due – members | **861** |
| **6,544** | Contributions due – employers | **3,077** |
| **127** | Transfer values receivable (joiners) | **223** |
| **6,803** | Sundry receivables | **10,147** |
| **15,522** | | **14,308** |
| **28,243** | **Cash balances** | **31,865** |
| **43,765** | | **46,173** |

## Analysis of debtors

| 31-Mar-16<br>£000 | | 31-Mar-17<br>£000 |
|---|---|---|
| **3,785** | Central government bodies | **3,715** |
| **2,755** | Other local authorities | **6,825** |
| **4,079** | NHS bodies | **24** |
| **4,666** | Public corporations and trading funds | **3,333** |
| **237** | Other entities and individuals | **411** |
| **15,522** | | **14,308** |

## 22. NON CURRENT ASSETS

With effect from 1 April 2005, 71 employees of the Cambridgeshire Magistrates' Courts transferred out of the Cambridgeshire Fund as part of a national transfer of the Magistrates' Courts out of Local Government schemes. However, the Cambridgeshire Fund has retained the liability for the Magistrates' pensioners and deferred pensioners. An assessment of the transfer by the scheme's actuary, which was agreed by the Government Actuary's Department in March 2011, has resulted in an annual amount of £0.632m to be paid by the Ministry of Justice (former Department for Constitutional Affairs) to the Fund as the valuation of the transfer out was less than the retained liability. Annual payments commenced in April 2011 for ten years. At 31 March 2017, a total of £2,528,000 was still due from the Ministry of

# NOTES TO THE PENSION FUND ACCOUNTS

Justice, with £632,000 being shown in Current Assets and £1,896,000 being due after 31 March 2017 being shown in Non Current Assets.

## 23. CURRENT LIABILITIES

| 31-Mar-16<br>£000 | | 31-Mar-17<br>£000 |
|---|---|---|
| 13,153 | Sundry payables | 4,126 |
| 94 | Transfer values payable (leavers) | 2,962 |
| 366 | Benefits payable | 689 |
| 13,613 | | 7,777 |

### Analysis of creditors

| 31-Mar-16<br>£000 | | 31-Mar-17<br>£000 |
|---|---|---|
| | : | |
| - | Central government bodies | - |
| 12,943 | Other local authorities | 7,002 |
| 1 | NHS bodies | - |
| 93 | Public corporations and trading funds | 180 |
| 576 | Other entities and individuals | 595 |
| 13,613 | | 7,777 |

## 24. ADDITIONAL VOLUNTARY CONTRIBUTIONS

| Market value<br>31-Mar-16<br>£000 | | Market value<br>31-Mar-17<br>£000 |
|---|---|---|
| 463 | Equitable Life | 418 |
| 7,182 | Prudential | 7,986 |
| 7,645 | | 8,404 |

No contributions (2015-16: negligible contributions) were paid to Equitable Life during the year and total contributions of £1,026k were paid directly to Prudential during the year (2015-16: £940k). The value of the Equitable Life fund decreased during the year due to the payment of retirement benefits exceeding receipts from contributions and investment income. The Prudential fund increased during the year due to the performance of investments.

# NOTES TO THE PENSION FUND ACCOUNTS

## 25. AGENCY SERVICES

Agency Services represent activities administered by the Fund on behalf of scheme employers which are not included within the Fund Account but are provided as a service and are fully reclaimed from the employer bodies.

| 2015-16 £000 | | 2016-17 £000 |
|---|---|---|
| 2,005 | Unfunded pensions | 2,360 |
| 2,005 | | 2,360 |

## 26. RELATED PARTY TRANSACTIONS

### Cambridgeshire County Council

The Cambridgeshire County Council Pension Fund is administered by Cambridgeshire County Council. Consequently there is a strong relationship between the Council and the Fund.

The Council incurred costs of £2.4m (2015-16: £2.2m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses.

The Council is also the single largest employer of members of the Pension Fund and contributed £32.0m to the Fund in 2016-17 (2015-16: £28.2m). At 31 March 2017 there was £1.3m (31 March 2016: £2.8m) due to the Fund by the Council.

### Governance

The following Pension Fund Committee members declared a personal interest due to either being a member of the scheme themselves or having a family member in the scheme:-

- Councillor Roger Hickford
- Councillor Michael Shellens
- Councillor Maurice Leake
- Matthew Pink
- John Walker

County Council members have declared their interests in their Register of Members’ Interests. Other members of the Pension Fund Board are required to declare their interests at each meeting.

### Cambridge and Counties Bank

The Fund is joint owner, along with Trinity Hall, Cambridge, of Cambridge and Counties Bank (CCB). The Council’s Section 151 Officer is Non-executive Director on the Board of CCB for which CCB pays £35,000 p.a. to the Council.

# NOTES TO THE PENSION FUND ACCOUNTS

### 26(a) KEY MANAGEMENT PERSONNEL

The administration of the Fund is provided by LGSS which is a shared service arrangement between Cambridgeshire County Council and Northamptonshire County Council. The Head of Pensions in the shared service unit reports directly to the LGSS Director of Finance whose costs are reported in the Northamptonshire County Council statement of accounts. The Director of Finance is remunerated for his services to the organisation as a whole and it is not possible to identify within the overhead charge from LGSS the proportion of his costs relating to services to the Fund.

## 27. CONTINGENT LIABILITIES AND CONTRACTUAL COMMITMENTS

Outstanding capital commitments (investments) at 31 March 2017 totalled £162.5m (31 March 2016: £93.9m).

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between three and fifteen years from the date of each original commitment.

## 28. CONTINGENT ASSETS

Eighteen admitted body employers in the Cambridgeshire Fund hold insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default, and usually only in the event of premature cessation.

## 29. IMPAIRMENT LOSSES

### Impairment for bad and doubtful debts

During 2016-17 the Fund did not suffer any impairment loss (2015-16: Nil) for overpayment of pensions unable to be recovered due to reasons of estoppel.

# 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

### ADMITTED BODIES
Voluntary and charitable bodies whose staff can become members of the Local Government Pension Scheme subject to certain terms and conditions and other organisations to whom Local Government employees have been transferred under the outsourcing of Local Government services.

### ALL SHARE INDEX
Properly the FTSE All Share index which summarises the state of the UK equity market. It covers some 900 of the major UK industrial, commercial and financial companies.

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

### AT BEST
An instruction to deal at the best price ruling in the market at the time, i.e. The highest price (selling) or lowest (buying).

### AUTHORISED UNIT TRUSTS
A unit trust which is approved by the Financial Services Authority (FSA) to be sold to members of the public.

### AVAILABLE FOR SALE FINANCIAL ASSETS
Assets that have a quoted market price and/or do not have fixed or determinable payments.

### 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).

# GLOSSARY

### BARGAIN
Another name for a trade or transaction of the Stock Exchange.

### 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.

### BUILDING SCHOOLS FOR THE FUTURE (BSF)
A national programme to bring all secondary schools up to modern standards over the next 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.

# GLOSSARY

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### CASH EQUIVALENTS
Assets which are readily convertible into cash.

### CLEAN PRICE
The price of a bond which is quoted without accrued interest.

### COMMUNITY ADMISSION BODIES
Employers who may be admitted to the scheme if they meet the requirements of Regulation 5 and regulation 7 of the LGPS (Administration) Regulations 2008 (as amended). Typically these are bodies that provide a public service, e.g. charitable bodies, otherwise than for the purpose of gain and which have sufficient links to a local authority or other scheme employer to be regarded as having a community of interest.

### 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.

### CONTRACT NOTE
The documentary record of a trade which is sent from the broker to the investor

### CONVERTIBLE
Unsecured loan stock (bond) which converts into equity of the issuing company. The UK Government also issues convertible gilts which convert into other government stock.

### CORPORATE AND DEMOCRATIC CORE
Income and expenditure relating to the corporate management and democratic processes of the Council.

### COUPON
The regular payment made on bonds.

### 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.

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

# GLOSSARY

### DEBENTURE
Fixed loan stock (bond) secured against the company’s property, plant and equipment. First in the event of the company going into liquidation.

### 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.

### 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.

### DISTRIBUTION DATES
The date when interest or dividends are distributed to investors. Also called Payment Date.

### 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.

### EARNINGS PER SHARE (EPS]
The net (after tax) profits of a company divided by the number of ordinary shares in issue. This is used as the ‘E’ term in the P/E ratio to value shares.

### 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 Director of Finance, which have a significant impact on the Council’s finances.

# GLOSSARY

## FINANCIAL INSTRUMENTS

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

## 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.

## FIXED INTEREST CORPORATE BOND

A certificate of debt issued by a company or institution in return for a fixed rate interest with a promise of redemption to repay the original sum

## 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.

## FTSE-100 INDEX

The main UK index used to represent the approximate price movements of the top 100 shares.

## FUTURES

Instruments which give a buyer the right to purchase a commodity at a future date.

## GEARING

The amount of borrowing versus debt on a company’s Balance Sheet (Net debt/Ordinary shareholders’ funds). Warrants and options also exhibit gearing, i.e. a small move in the price of the underlying asset can be magnified in the move in the price of the option.

## 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.

## GILT

Similar to Corporate Bonds by way of interest and redemption but these are issued by Government and are a loan to the Government.

# GLOSSARY

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### 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.

### HEDGE
To protect a fund from a fall in prices. This is usually accomplished by the selling of futures.

### HEDGE FUND
A limited partnership with very little restriction on the scope of its investment. Usually quoted in Luxembourg or Dublin. Hedge funds often use borrowing to gear up exposure to markets.

### 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.

### IMRO
Investment Management Regulatory Organisation. Fund Manager Regulator.

### 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.

### INDEX LINKED
Stock whose value is related directly to an index, usually the Retail Price Index and therefore provides a hedge against inflation.

### INTEREST YIELD
The annual coupon on a bond divided by the clean price.

### 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.

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

# GLOSSARY

### 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.

### LOAN STOCK

Unsecured bonds, which may be convertible if they have a warrant attached.

### LONG-TERM ASSETS

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

### MARKET CAPITALISATION

For an individual stock it is the value of all shares held in the equity of the company. For a market or index it is the total of all the market caps of the constituent companies.

### MEDIUMS

Medium-dated Gilts with time to maturity of 5-15 years.

### 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.

### NOMINEE

A firm which acts on behalf of the underlying beneficial owner of the securities and in whose name the securities are registered.

### NON-DISTRIBUTED COSTS

Costs that cannot be specifically applied to a service and are held centrally.

### OFFER PRICE

The price at which market makers will sell stock.

### ORDINARY SHARES

‘A’ Shares which confer full voting and dividend rights to the Owner.

# GLOSSARY

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### 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.

### 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.

# GLOSSARY

## 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.

## 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.

## REVENUE SUPPORT GRANT (RSG)

The general grant paid by Central Government to aid Local Authority spending generally.

## RIGHTS ISSUE

A new issue of shares offered to existing shareholders in proportion to their existing holdings. Usually offered at a discount to entice take-up, which causes the existing shares to fall in value to the theoretical ex-rights price.

## SCHEDULED BODIES

Local Authorities and similar bodies whose staff are entitled automatically to become members of the local Authority Pension Fund.

## 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.

## TRANSFER VALUES

Sums which are paid either to or received from other pension schemes and relate to new and former members' periods of pensionable employment with employers participating in the scheme.

# GLOSSARY

### TRANSFEREE ADMISSION BODIES

Employers who may be admitted to the scheme if they meet the requirements of Regulation 6 and Regulation 7 of the LGPS (Administration) Regulations 2008 (as amended). Typically these are bodies that are formed when a service or function offered by a local authority or other scheduled body is contracted out to the private sector.

### 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.

### TRUST FUNDS

Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

### UNDERWRITER

A firm which agrees to underwrite a new issue, for a fee, thereby guaranteeing the securities will be sold.

### 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.

### WARRANTS

Long dated options warrants give the holder the right to buy/sell a specified quantity of a particular stock, or any other asset, at a fixed price on or before a specified date

# ANNUAL GOVERNANCE STATEMENT

## SCOPE OF RESPONSIBILITY

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

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

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

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

## THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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

The Governance Framework has been in place at the Council for the year ended 31 March 2017 and up to the date of approval of the Annual Report and Statement of Accounts.

# ANNUAL GOVERNANCE STATEMENT

## THE GOVERNANCE FRAMEWORK

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

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

## REVIEW OF EFFECTIVENESS

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

The review of effectiveness is informed by:

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

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

The arrangements for reviewing the Governance Framework comprise:

- A review of the Governance Framework and Internal Control Environment in accordance with CIPFA guidance, carried out by Internal Audit annually. Within this, consideration has been given to ensuring the Authority's financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government and the role of the Chief Internal Auditor in Public Service Organisations.
- In 2016/17, a complete review and re-drafting of the Council's Code of Corporate Governance was undertaken by staff within Internal Audit and reviewed with the Monitoring Officer, to reflect the new *Delivering Good Governance in Local Government Framework* issued by CIPFA/Solace in 2016.
- The annual report and opinion on the Internal Control environment prepared by the Chief Internal Auditor. This report draws upon the outcome of audit reviews undertaken throughout 2016/17 and is informed by the comments of external auditors and inspectors. The report is designed to provide assurance on the effectiveness of internal controls.
- The completion of Self-Assurance Statements by directors.
- The consideration of relevant outputs from member- and officer-led reviews undertaken during the year, and the comments made by the external auditors and other review agencies and inspectorates.

The key aspects of the review of effectiveness are:

### i. Council Planning

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

The Council operates a planning process which integrates all aspects of strategic, operational and financial planning which has the full involvement of executive councillors and all senior managers of the Council. This ensures financial plans realistically support the delivery of the Council's priority outcomes and strategy obligations in the short and medium terms. The Business Planning process is subject to ongoing development and improvement, and in 2016/17 there has been a focus on ensuring a joined-up 'One Council' approach to Business Planning, with the introduction of a new pipeline process for Business Planning proposals and an emphasis on developing full Business Cases for all proposals.

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

### ii. Performance Management

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

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

### iii. Executive Decision Making and Scrutiny

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

Following a decision at the 23rd May 2017 meeting of the Council, from this point onwards executive decisions may be reviewed following request by at least 8 members of the General Purposes Committee, which must be made within 3 days of a decision being published.

### iv. The Audit and Accounts Committee

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

The Audit and Accounts Committee met regularly during 2016/17, considering reports, including the annual Internal Audit Report, from the Chief Internal Auditor, the Council's Senior Finance Officers and the External

# ANNUAL GOVERNANCE STATEMENT

Auditor. Additionally, the Committee invited officers of the Council to attend the Committee on a number of occasions to assist the Committee in its work. The Chair of the Audit and Accounts Committee presents an annual report to Council detailing the work of the Audit and Accounts Committee in the preceding year.

### v. Statutory Officers

The statutory functions undertaken by the Head of Paid Service, Monitoring Officer, S151 Officer, and the Executive Director of Children, Families and Adult Services were effectively fulfilled during 2016-17 and up to the date of this report.

### vi. Management

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

- They fully understand their roles and responsibilities;
- They are aware of the principal statutory obligations and key priorities of the Council which impact on their services;
- They have made an assessment of the significant risks to the successful discharge of the Council's key priorities;
- They acknowledge the need to develop, maintain and operate effective control systems to manage risks;
- Service Directors and/or relevant senior staff have provided assurance on the key elements of risk and control in their areas of responsibility;
- Throughout the financial year they consider that risks and internal controls have been sufficiently addressed to provide reasonable assurance of effective financial and operational control, compliance with the Code of Corporate Governance and other laws and regulations.

It was noted as part of this assessment that a review of the Assurance Framework of the Greater Cambridgeshire Greater Peterborough Local Enterprise Partnership (GCGP), for which Cambridgeshire County Council is the Accountable Body, had highlighted a knowledge gap in some members of the GCGP team, which is being addressed through training in 2017/18.

### vii. Internal Audit

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

The Chief Internal Auditor provided his annual report to the Audit Committee on 30th May 2017. The report outlined the key findings of the audit work undertaken during 2016/17, including areas of significant weakness in the internal control environment.

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

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

From the audit reviews undertaken during 2016/17, no areas were identified where it was considered that, if the risks highlighted materialised, it would have a major impact on the organisation as a whole. In each instance where it has been identified that the control environment was not strong enough, or was not complied with sufficiently to prevent risks to the organisation, Internal Audit has issued recommendations to further improve the system of control and compliance. Where these recommendations are considered to have significant impact on the system of internal control, the implementation of actions is followed-up by Internal Audit and is reported to Audit and Accounts Committee on a quarterly basis.

It is the opinion of the Chief Internal Auditor that, taking into account all available evidence, good assurance was awarded over the adequacy and effectiveness of the Council's overall internal control environment during the financial year 2016/17, and this remains at a similar level from 2015/16. The detail to support this assessment was provided in the Annual Internal Audit Report which was presented to the Audit and Accounts Committee on 30th May 2017.

### viii. Review of Internal Audit

The Public Sector Internal Audit Standards were introduced from April 2013. A self-assessment of Internal Audit's compliance with these Standards is conducted annually and was most recently presented to the Audit and Accounts Committee in June 2016. The Cambridgeshire office of LGSS Internal Audit also underwent an external review of compliance with Public Sector Internal Audit Standards in December 2016. This included a review of a number of audits undertaken over the current and previous financial year; interviews with relevant officers, including all members of the Internal Audit team along with the Council's Chief Finance Officer, Monitoring Officer and Chief Executive; and consideration of Internal Audit policies and procedures.

This review identified no areas of non-compliance that would affect the overall scope or operation of the Internal Audit activity, an extremely positive result. Some areas for improvement were identified, and these will be implemented before a follow-up assessment is conducted in 2017/18 against the latest set of Public Sector Internal Audit Standards released in April 2017.

### ix. External Audit

BDO was the Council's appointed External Auditor for the 2015/16 Accounts. As well as an examination of the Council's financial statements, the work of the Council's External Auditor included an assessment of the degree to which the Council delivers value for money in its use of its resources. In the Annual Audit letter, the External Auditor issued an unqualified conclusion on the ability of the Council to secure proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

### x. Risk Management

The Council managed its risks during 2016/17 in accordance with the approved Risk Management Policy and the Risk Management Procedures. The Strategic Management Team and Directorate Management Teams formally considered risk on a quarterly basis. Quarterly risk management reports were submitted to both the General Purposes Committee and the Audit and Accounts Committee.

The Internal Audit Plan for 2017/18 presented to the Audit and Accounts Committee in March 2017 is substantially based upon the key risks faced by the Council as identified in the Corporate and Directorate risk registers, such that Internal Audit will provide assurance on the effectiveness of the internal control framework during 2017/18.

A full review of the Council's corporate risk register and risk management is planned for 2017/18, and will take place alongside the review of corporate KPIs, to align risk reporting more closely to the Council's financial reporting processes.

## SIGNIFICANT GOVERNANCE ISSUES

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

The Annual Governance Statement process allows the Council to identify any significant governance issues that have been identified, and the associated actions it is proposing to undertake to enhance its corporate governance arrangements. However, there are no such actions requiring specific mention in the 2016/17 Annual Governance Statement.

Cambridgeshire does continue to face very significant future challenges associated with an increase in demand and inflation and a significant reduction in Central Government funding, particularly from 2017/18 onwards. The Council's 5 year Business Plan is reflective of these pressures, and will be subject to annual review to ensure the extreme financial pressures facing the Council in the latter stages of the Plan can be met, whilst continuing to provide effective services to the people of Cambridgeshire.

It is recognised that in order to address this increased financial pressure on the organisation, the Council needs to transform and develop more effective working across all services. To achieve this, the Council has developed a Transformation Programme. In 2016/17 this has delivered a major restructure of key strategic functions including project management, business intelligence and communications, to operate as a central corporate resource. These services are now better placed to support further transformation across the organisation and ensure improved information-sharing across all the Council's directorates and services. The Transformation Programme will continue to be implemented and developed further in 2017/18, including the implementation of a new project management system across the Council and further development of the Business Planning process. Procurement and commissioning continues to be a key focus of the Transformation Programme to ensure the Council can drive best value from its contracts, and Internal Audit compliance testing will continue to support this.

# ANNUAL GOVERNANCE STATEMENT

In order to address financial pressures across the public sector, partnership working between the County Council and other public sector organisations is increasingly important. The 2015/16 review of governance arrangements identified that this was an area where Council guidance had become outdated. Therefore in 2016/17, a new Partnerships Governance Framework was produced at the County Council, to guide staff on the set-up, governance and management of effective partnerships.

On 16th March 2017, the Secretary of State for Communities and Local Government announced the Cambridgeshire and Peterborough Combined Authority devolution deal. The integrity of Cambridgeshire County Council is protected under this deal and the Council will continue to deliver the vast majority of services for residents as it does currently, with the Leader of the Council acting as a member of the Combined Authority. In future years, there is the potential that devolution in the region could evolve further and this may impact further upon the authority's governance arrangements. Cambridgeshire County Council already works closely with other local authorities in the region, and shares a Chief Executive and several Directors with Peterborough City Council.

## CONCLUSION

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

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

## CHAIRMAN OF GENERAL PURPOSES COMMITTEE AND CHIEF EXECUTIVE STATEMENT

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

Councillor Steve Count
Chairman of the General Purposes Committee

Gillian Beasley
Chief Executive

May 2017

Councillor Michael Shellens
Chairman of the Audit and Accounts Committee

**Agenda Item No: 12**

# AUDIT AND ACCOUNTS COMMITTEE TRAINING PLAN

| | |
|---|---|
| *To:* | **Audit and Accounts Committee** |
| *Date*: | **25th July 2017** |
| *From*: | **Chief Internal Auditor** |
| *Electoral Division(s):* | **All** |
| *Forward Plan Ref*: | **N/A** |
| *Key decision:* | **No** |
| *Purpose*: | **To report on the training that has been provided to Committee Members and to take requests for future training.** |
| *Key Issues:* | **N/A** |
| *Recommendation:* | **The Audit and Accounts Committee is asked:** |

**a) To provide feedback on their training requirements and their preferred option for delivery and scheduling of training.**

**b) To identify any other training requirements.**

| | ***Officer contact:*** |
|---|---|
| Name: | Duncan Wilkinson |
| Post: | LGSS Chief Internal Auditor |
| Email: | Duncan.Wilkinson@Milton-Keynes.gov.uk |
| Tel: | 01908 252089 |

# AUDIT & ACCOUNTS COMMITTEE TRAINING

## 1. Background

1.1 The Constitution sets out a number of core functions for which the Audit and Accounts Committee is responsible. This includes:

- Considering and approving the annual statement of accounts;
- Ensuring that the financial management of the Council is adequate and effective;
- Annually reviewing the Council's system of internal control and to agree an Annual Governance Statement for inclusion in the statement of accounts;
- Ensuring that the Council has an adequate and effective internal audit function, and seeking that action has been taken to implement the recommendations arising from the findings of significant audit work;
- Considering the effectiveness of the Council's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements;
- Reviewing the financial statements, external auditor's opinion and reports to members, and monitor management actions in response to the issues raised by external audit.

1.2 Given the wide range of functions the Committee is expected to carry out, it is beneficial for Audit and Accounts Committee members to have certain skills and knowledge in order to carry out their role effectively. The extent to which members of the Committee are already familiar with the areas set out above will depend on their professional background, experience and personal interest. The Council is committed to providing training to Members wherever this may be required to equip them with the necessary skills and knowledge to carry out their roles effectively.

## 2. Training sessions delivered:

2.1 Recently, the Audit and Accounts Committee received a training induction session on the 27th June. This covered:

- Audit Committee Terms of Reference
- Risk Management
- Internal Audit
- Statement of Accounts
- Management Accounts

2.2 A further more detailed seminar on Risk Management is scheduled to be delivered on the 5th October.

2.3 A private briefing session with the Chief Internal Auditor is scheduled for the 21st November.

## 3. Training Programme for 2017/18:

3.1 Members of the Committee are requested to consider their training requirements for the coming year and any specific training sessions they would like to have delivered.

3.2 Possible training session topics could include:

- Corporate Governance;
- Audit Planning;
- Training which builds on sessions already delivered e.g. accounts, internal audit etc.

## 4. Format of Training Sessions:

4.1 Members of the Committee are also asked to consider how these training sessions could best be delivered. To date, training has been delivered as hour-long sessions prior to Committee meetings. Future training sessions may be delivered in the same format if this is the preferred option, but other possibility could include:

- Regular half-hour sessions prior to Committee meetings;
- Sessions outside of Committee meetings;
- One-to-one sessions for any Councillors seeking individual training.

| **Source Documents** | **Location** |
|---|---|
| None | |

# AUDIT AND ACCOUNTS COMMITTEE FORWARD AGENDA PLAN

| **MEETING DATE<br>REPORT DEADLINES<br>AND REPORT TITLES** | **Frequency of report** | **Corporate/Service Director /external officer responsible** | **Report author** |
|---|---|---|---|
| | | | |
| **COMMITTEE DATE 2.00 P.M. TUESDAY 25th JULY 2017<br>Deadline for reports to be with Democratic Services: Mid-day Tuesday 11th July 2017** | | | |
| Minute Log Update | Each meeting | Democratic Services | Rob Sanderson |
| Registration of land Purchased for Highways Purposes including details of investigations made into the potential for any land to be classed as surplus with potential sale value. | The December meeting on receiving an initial progress report requested a further update report to the July Committee meeting | Asset Manager Information Highway Asset Management | Camilla Rhodes / Haggett |
| Safe Recruitment Update | Quarterly basis | Service Director Learning | Keith Grimwade / Sarah Bowman / Chris Meddle |
| Children's Social Care Case-loads Quarterly Update | Quarterly basis | Service Director Enhanced and Preventative Services | Sarah Ferguson |

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| (Wendi Ogle-Welbourn agreed to the request from the Committee for this information to be provided in a quarterly report due to concerns on **Risk 15 - Failure of the Council's Arrangements for Safeguarding Vulnerable Children and Adults** - trigger one – reading "Children's social care case-loads reach unsustainable levels as indicated by the unit case load tool"<br>(The March Committee had requested that the lead officers responsible should be asked to provide quarterly updates to the Committee on children's social care case-loads to enable the Committee to monitor the potential risk involved.) | | (Children) | |
| | | | |
| Draft Statement of Accounts: 2016-17 (last year for the draft accounts as the 2017-18 set are required to be agreed by end of July 2018) | Annual | Chief Finance Officer / Strategic Finance Manager / Group Accountant | Chris Malyon / Iain Jenkins |
| | | | |
| Annual Risk Management Report | Annual | Director, Customer Services and Transformation | Sue Grace / Tom Barden / Sue Norman |
| Transformation Fund Update – Update on Baseline in respect of Savings against projects undertaken (originally to be the same Report as one going to GPC)<br>This will now be provided as a briefing Note | One off request | Strategic Finance Manager / Head of Business Intelligence | Tom Kelly / Tom Barden |
| | | | |
| Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Progress to include suggestions for the cross cutting review on the processes involved in the multi-agency provision of home care and suggestions on improving a whole systems approach)<br>*Relevant officers to attend the Committee to be invited by Duncan* | Each meeting | LGSS Chief Internal Auditor | Duncan Wilkinson LGSS Head of Internal Audit |

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| *Wilkinson where management actions have gone beyond the next agreed target date* | | | |
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| Integrated Resources and Performance Report | Each Cycle (previously except for the July meeting as when the Committee was in June it was too early) | Chief Finance Officer | C Malyon / Rebecca Bartram S Heywood |
| | | | |
| Audit and Accounts Committee Training Plan. | Once a year | LGSS Chief Internal Auditor | Duncan Wilkinson Chief Internal Auditor |
| | | | |
| **COMMITTEE DATE 2.00 P.M. TUESDAY 19th SEPTEMBER 2017** | | | |
| **Deadline for reports to be with Democratic Services: Mid-day Tuesday 6th September** | | | |
| | | | |
| Minute Log Update | Each meeting | Democratic Services | Rob Sanderson |
| | | | |
| Accounts:<br>• Revised Statement of Accounts | Annual | Chief Finance Officer / Strategic Finance Manager / Group Accountant | Chris Malyon /Iain Jenkins |
| • ISA 260 Report and Letter of Representation and | | External Audit BDO LLP | Lisa Clampin, and Barry Pryke |
| • ISA 260 Report – Pension Fund | | | David Eagles |

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| LGSS Draft Accounts (for information only) | Annual | Deputy S151 Officer.<br>LGSS | Iain Jenkins<br>Head of Finance<br>(Deputy S151 Officer)<br>LGSS |
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| Annual Report of the Audit and Accounts Committee (The Chairman / woman presents the report at the same time with other Annual Reports from Service Committees to the Full Council meeting in October) | Annual | LGSS Chief Internal Auditor | Duncan Wilkinson Chief Internal Auditor / Mairead Kelly in consultation with the Chairman / woman |
| | | | |
| Anti-Fraud Leaflet and Poster Annual Review | Annual | LGSS Chief Internal Auditor | Duncan Wilkinson Chief Internal Auditor / Mairead Kelly in consultation with the Chairman |
| | | | |
| Annual Report of the Audit and Accounts Committee (The timetable is for the Chairman / woman to present this report at the same time as other Service Committee Annual Reports to the Full Council meeting in October) | Annual | LGSS Chief Internal Auditor | Duncan Wilkinson Chief Internal Auditor / Mairead Kelly in consultation with the Chairman / woman |
| | | | |
| Internal Audit Progress Report | Each meeting | LGSS Chief Internal Auditor | Duncan Wilkinson / Mairead Kelly |
| | | | |
| Children's Social Care Case-loads Quarterly Update<br><br>(Wendi Ogle-Welbourn agreed to the request from the Committee for this information to be provided in a quarterly report due to | Quarterly basis | Service Director Enhanced and Preventative Services (Children) | Sarah Ferguson |

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| concerns on **Risk 15 - Failure of the Council's Arrangements for Safeguarding Vulnerable Children and Adults** - with reference to trigger one – reading "Children's social care case-loads reach unsustainable levels as indicated by the unit case load tool"<br>(The March Committee had requested that the lead officers responsible should be asked to provide quarterly updates to Committee on children's social care case-loads to enable the Committee to monitor the potential risk involved.) | | | |
| | | | |
| Risk Updates Report | Regular | Director, Customer Services and Transformation | Sue Grace / Sue Norman |
| | | | |
| Resources and Performance Update Report | Each Cycle | Chief Finance Officer | Chris Malyon / Sarah Heywood / Rebecca Bartram |
| Update on Unspent Section 106 Monies ( this might be via e-mail) | Twice a year | Chief Finance Officer | S Heywood |

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| **COMMITTEE DATE 2.00P.M. TUESDAY 21ST NOVEMBER 2017**<br>**Deadline for reports to be with Democratic Services: Mid-day Tuesday 8TH NOVEMBER 2017** | | | |
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| Minutes and Minutes Log Update | Each meeting | Democratic Services | Rob Sanderson |
| | | | |
| Safe Recruitment in Schools Update - Safeguarding Review | Regular update | Children and Young People with input from Internal Audit | Keith Grimwade / Chris Meddle / Sara Rogers / Mairead Kelly |
| | | | |
| Update on Verto and the linked Project Management Processes | Progress Update request from May 2017 meeting | Head of Transformation | Amanda Askham |
| | | | |
| Report on the outcomes of the FACT investigations.<br>*This may get included in the Internal Audit Progress Report* | One off | LGSS Chief Internal Auditor | Duncan Wilkinson / Mairead Kelly |
| | | | |
| Cambridgeshire Council Workforce Strategy – Review of Action Plan – Quarterly Update | Quarterly | Head of HR | Martin Cox / Lynsey Fulcher |
| | | | |
| Integrated Resources and Performance Report | Each Cycle - would always be one that had already been through General Purposes Committee | Chief Finance Officer | T Kelly / Rebecca Bartram |

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| External Audit - Annual Audit Letter 2016/17 | Annual | External Audit BDO | BDO Lisa Clampin |
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| Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Reviews including whistleblowing/ Section 106 / Community Infrastructure Levy)<br>*Relevant officers to attend the Committee to be invited by Duncan Wilkinson where management actions have gone beyond the next agreed target date* | Each meeting except June as this is too close to the July meeting | LGSS Chief Internal Auditor | Duncan Wilkinson LGSS Head of Internal Audit |
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| **COMMITTEE DATE: 2.00 p.m. Tuesday 23rd JANUARY 2018**<br>**Deadline for reports to be with Democratic Services: Mid-day Tuesday 9th January 2018** | | | |
| **Minute Log** | Each meeting | Democratic Services | Rob Sanderson |
| | | | |
| Cambridgeshire Council Workforce Strategy – Review of Action Plan – Quarterly Update | Quarterly | Head of HR | Martin Cox / Lynsey Fulcher |
| Cambridgeshire Council Workforce Strategy – Update<br>*Following the report proposing the Council Workforce Strategy coming to this Committee in May in a draft form the Deputy CE took the decision to pull it from the 6th June General Purposes Committee and therefore the timetable has changed and it is not expected to go to full Council until December. .* | Quarterly | Head of HR | Martin Cox / Lynsey Fulcher |
| Children's Social Care Case-loads Quarterly Update<br>(Wendi Ogle-Welbourn agreed to the request from the Committee for this information to be provided in a quarterly report due to | Quarterly basis | Service Director Enhanced and Preventative Services (Children) | Sarah Ferguson |

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|---|---|---|---|
| concerns on **Risk 15 - Failure of the Council's Arrangements for Safeguarding Vulnerable Children and Adults** - with reference to trigger one – reading "Children's social care case-loads reach unsustainable levels as indicated by the unit case load tool"<br>(The March Committee had requested that the lead officers responsible should be asked to provide quarterly updates to Committee on children's social care case-loads to enable the Committee to monitor the potential risk involved.) | | | |
| | | | |
| Integrated Resources and Performance Report | Each Cycle - would always be one that had already been through General Purposes Committee | Chief Finance Officer | T Kelly / Rebecca Bartram |
| | | | |
| Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Update and updates in the recommendations including an update on the National Fraud Initiative data matching exercise requested at the May 2017 meeting) )<br>*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* | Each meeting | LGSS Chief Internal Auditor | Duncan Wilkinson<br>LGSS Head of Internal Audit |

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| Risk Updates Report | | Director, Customer Services and Transformation | Sue Grace / T Barden / S Norman |
| | | | |
| **COMMITTEE DATE: 2.00 P.M. Tuesday 27TH March 2018**<br>**Deadline for reports to be with Democratic Services : Mid-day Tuesday 13TH March 2018** | | | |
| | | | |
| Cambridgeshire County Council External Audit Plan 2017-18 including Pensions Work Plan to include cover sheet with recommendations on what Auditors wish the Audit and Accounts Committee to agree | Annual Report to March meeting | BDO LLP | Lisa Clampin, David Eagles / Barry Pryke |
| Internal Audit Plan 2018/19 | Annual to the March meeting | LGSS Head of Internal Audit | Duncan Wilkinson LGSS Head of Internal Audit |
| Risk Updates Report | | Director, Customer Services and Transformation | Sue Grace / Tom Barden / Sue Norman |
| | | | |
| Annual Review of Whistleblowing Policy | annual | LGSS Chief Internal Auditor | Duncan Wilkinson LGSS Chief Internal Auditor / Mairead Kelly |
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| Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Update)<br>*Relevant officers to attend the Committee to be invited by D* | Each meeting | LGSS Chief Internal Auditor | Duncan Wilkinson LGSS Chief Internal Auditor |

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| *Wilkinson where management actions have gone beyond the next agreed target date* |  |  |  |
|  |  |  |  |
| Integrated Resources and Performance Report | Each Cycle would always be one that had already been through General Purposes Committee / or going to Committee same day | Chief Finance Officer | T Kelly / Rebecca Bartram |
| Update on Unspent Section 106 Monies (this might be via e-mail) | Twice a year | Chief Finance Officer | S Heywood |
| **Committee Date 2.00 P.M. Tuesday 29th MAY 2018** |  |  |  |
| **Deadline for reports to be with Democratic Services : Mid-day Tuesday 15th May 2018** |  |  |  |
| Appointment of Chairman / woman and Vice Chairman / woman | Once a year | Democratic Services to add as first item on agenda | Rob Sanderson |
|  |  |  |  |
| Minute Log Update | Each meeting | Democratic Services | Rob Sanderson |
| Cambridgeshire Council Workforce Strategy – Review of Action Plan – Quarterly Update | Quarterly | Head of HR | Martin Cox / Lynsey Fulcher |
| Children's Social Care Case-loads Quarterly Update | Quarterly basis | Service Director Enhanced | Sarah Ferguson |

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| (Wendi Ogle-Welbourn agreed to the request from the Committee for this information to be provided in a quarterly report due to concerns on **Risk 15 - Failure of the Council’s Arrangements for Safeguarding Vulnerable Children and Adults** - with reference to trigger one – reading “Children’s social care case-loads reach unsustainable levels as indicated by the unit case load tool”<br>(The March Committee had requested that the lead officers responsible should be asked to provide quarterly updates to Committee on children’s social care case-loads to enable the Committee to monitor the potential risk involved.) | | and Preventative Services (Children) | |
| | | | |
| Draft Statement of Accounts: 2017-18 | Annual | Chief Finance Officer / Strategic Finance Manager / Group Accountant | Chris Malyon / Iain Jenkins |
| Annual Report of the Internal Auditor | Annual Report on the Internal Control Environment. | LGSS Chief Internal Auditor | Duncan Wilkinson LGSS Chief Internal Auditor |
| | | | |
| Draft Annual Governance Statement | Annual | LGSS Chief Internal Auditor | Duncan Wilkinson LGSS Chief Internal Auditor |
| Annual Risk Management Report | Annual | Director, Customer Services and Transformation | Sue Grace / Tom Barden / Sue Norman |
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| Annual Review of Whistle Blowing | The May 2017 | LGSS Chief Internal | Duncan Wilkinson |

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| | Committee requested a short annual report to identify any patterns of concern. | Auditor | LGSS Chief Internal Auditor / Mairead Kelly |
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| Review of Terms of Reference | Once a year | LGSS Chief Internal Auditor | Duncan Wilkinson<br>LGSS Chief Internal Auditor |
| | | | |
| Integrated Resources and Performance Report | Each Cycle (Except July) | Chief Finance Officer | T Kelly / Rebecca Bartram |
| **COMMITTEE DATE 2.00 P.M. TUESDAY 25th JULY 2018**<br><br>**Deadline for reports to be with Democratic Services : Mid-day Tuesday 11th July 2018** | | | |
| Minute Log Update | Each meeting | Democratic Services | Rob Sanderson |
| 2018-19 Fee Letter<br>2018/19 Pension Fund Fee Letter | Annual | External Audit | Barry Pryke / David Eagles |
| Pension Fund External Audit Plan | Annual | External Audit | David Eagles |
| Statement of Accounts: 2017-18 | Annual | Chief Finance Officer / Strategic Finance Manager / Group Accountant | Chris Malyon / Iain Jenkins |

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|---|---|---|---|
| LGSS Draft Accounts (for information only) | Annual | Deputy S151 Officer.<br>LGSS | Iain Jenkins<br>Head of Finance<br>(Deputy S151 Officer)<br>LGSS |
| Code of Corporate Governance - updated document | Annual | LGSS Chief Internal Auditor | Duncan Wilkinson<br>LGSS Chief Internal Auditor |
|  |  |  |  |
| Transformation Fund Update – Savings Update against projects undertaken | One off request | Strategic Finance Manager / Head of Business Intelligence | Tom Kelly / Tom Barden |
|  |  |  |  |
| Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Progress)<br>*Relevant officers to attend the Committee to be invited by Duncan Wilkinson where management actions have gone beyond the next agreed target date* | Each meeting | LGSS Chief Internal Auditor | Duncan Wilkinson<br>LGSS Chief Internal Auditor |
|  |  |  |  |
| Audit and Accounts Committee Training Plan. | Once a year | LGSS Chief Internal Auditor | Duncan Wilkinson<br>LGSS Chief Internal Auditor |
|  |  |  |  |

Notes

Risk Management Update reports would normally now go to the March, May (Annual Report), September and January. Due to changes in the proposed reporting for 2017 the May report was been deferred to July

2016/17 cycle was as follows:

- Jan, following SMT November review of corp risk
- March, following SMT February
- June following SMT May review
- September, following SMT August review

Integrated Resources and Performance Report every cycle except July as the meeting is too near the June meeting and General Purposes Committee is later in July and would always be one that had already been through General Purposes Committee or was going to General Purposes Committee in advance of this Committee as the appropriate decision making Committee

**Update 17th July 2017**