

# AUDIT AND ACCOUNTS COMMITTEE



**Date: Tuesday, 19 September 2017**

**Democratic and Members' Services**

Quentin Baker

LGSS Director: Lawand Governance

**14:00hr**

Shire Hall

Castle Hill

Cambridge

CB3 0AP

**Kreis Viersen Room**

**Shire Hall, Castle Hill, Cambridge, CB3 0AP**

## AGENDA

Open to Public and Press

1. **Apologies for absence and declarations of interest**

*Guidance on declaring interests is available at  
<http://tinyurl.com/ccc-conduct-code>*

2. **Audit and Accounts Committee Minutes 25th July 2017** **5 - 24**

3. **Audit and Accounts Committee Minutes Action Log for the  
September meeting**

to follow

**ACCOUNTS REPORTS**

- 4 **Cambridgeshire County Council Accounts - BDO External Audit  
ISA 260 Report to the Audit and Accounts Committee Audit for the  
year ended 31st March 2017**

To follow

<b>5.</b>	<b>Cambridgeshire County Council Pension Fund ISA 260 BDO External Audit Completion Report to the Audit and Accounts Committee</b>	<b>25 - 48</b>
<b>6.</b>	<b>Statement of Accounts 2016-17</b> to follow	
	<b>OTHER FINANCE REPORTS</b>	
<b>7.</b>	<b>Integrated Resources and Performance Report for the period ending 31st July 2017</b>	<b>49 - 88</b>
	<b>INTERNAL AUDIT REPORTS</b>	
<b>8.</b>	<b>Audit and Accounts Committee Annual Report 2016-17</b>	<b>89 - 98</b>
<b>9.</b>	<b>Internal Audit Progress Report for the period ending 31st July 2017</b>	<b>99 - 122</b>
<b>10.</b>	<b>Audit and Accounts Committee Training Programme</b>	<b>123 - 126</b>
	<b>OTHER BUSINESS</b>	
<b>11.</b>	<b>Forward Agenda Plan update 11th September 2017</b>	<b>127 - 136</b>
<b>12.</b>	<b>Next Meetings of the Committee</b>	

A reserve date for the Accounts sign off if required, has been set up for 10.30 a.m. Friday 29th September.

The next ordinary scheduled meeting is 2.00p.m. Tuesday 21st November 2017.

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*

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**AUDIT AND ACCOUNTS COMMITTEE: MINUTES**

**Date:** 25<sup>th</sup> July 2017

**Time:** 2.00 – 6.10 p.m.

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

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

**Apologies:** None

**Action**

**17. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

None.

There were no declarations of interest.

**18. MINUTES OF THE MEETING HELD ON 30<sup>th</sup> MAY 2017**

The minutes of the meeting held on 30<sup>th</sup> May 2017 were confirmed as a correct record and were signed by the Chairman.

Matters arising:

**19 AUDIT AND ACCOUNTS MINUTE ACTION LOG FOR JULY 2017 COMMITTEE MEETING**

- A) Minute 292 Draft Internal Audit Report – Delayed Transfers of Care (DTC) - 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).**

At the July meeting there was a request for an update on progress and suggestions for the review to be provided as part of the July Internal Audit Progress Report. **Action: As an update Internal Audit explained that the intention was not to include it in this year's Audit work plan as there was already work being undertaken in this area by the Adults Service Committee. There was a request to update the forward plan accordingly.**

**Rob Sander-  
son**

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

It was noted that further to the update provided in the Minute action log, a further progress report would be presented to the November meeting regarding

- i) managing traded reserves.
- ii) Whether any improvements transpired in respect of recruitment practice once the new system came into operation in September.

All other actions would be followed up by Democratic Services before the next meeting.

**It was resolved:**

To note the Minutes Action log update.

**20. SCHOOLS SAFEGUARDING AND SAFER RECRUITMENT UPDATE**

Further to the request for regular update reports the Committee received the latest update regarding the position of safeguarding and safer recruitment in schools presented by Chris Meddle with support from Diane Stygal.

Highlights included the following:

- Since January the two Education Advisers had carried out 44 half day reviews in maintained schools (with 10 to go to be undertaken in November), in one independent school and for some academies buying into the service. From these, in 29 schools visited the inspections found no concerns. In 16 schools, where some concerns had been identified, return visits had been arranged to ensure the concerns were put right. They related to the quality of older employment files and clerical errors on the single central record.
- New headteachers of maintained schools were visited soon after taking up appointment to ensure that they understand their leadership of safeguarding responsibilities.
- One independent school has been reviewed at the request of the Cambridgeshire Local Safeguarding Children's Board and monitoring was continuing. The review had provided reassurance that the school understood the issues and had put in place all of the recommendations made.

- One secondary academy has been supported after being placed in an Office for Standards in Education, Children's Services and Skills (Ofsted) (OFSTED) 'inadequate' category following safeguarding concerns and had since been reassessed to 'good'.
- The reviews 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 and this would be repeated again in the next academic year.
- In respect of OFSTED reviews undertaken, 46 of the 49 schools inspected had been judged to be 'effective in terms of safe recruitment'. The three judged ineffective had been visited promptly by the Local Authority and support involving appropriate procedures / training put in place.
- The Local Authority reviews safeguarding complaints received and passed on by OFSTED. These are followed up and the Director responds to OFSTED.
- During the summer term 16 safeguarding complaints received had been followed up (none relating to safer recruitment). One OFSTED complaint in the autumn term was linked to safer recruitment, but was on investigation unfounded.
- Six full or refresher safe recruitment training sessions had been delivered during the current academic year and two in house sessions had been delivered to clusters of schools.
- The leadership of safeguarding was a topic presented at the summer term Governor Briefings to which 60% of schools attended.

Questions raised included:

- In reply to a question of how the local education authority could ensure safe recruitment practice was undertaken in academy schools in the County, it was explained that the authority could only visit and carry out checks if it was either invited to undertake a review by the academy, or if OFSTED received a complaint about safeguarding at a school. There was a request to ask the Cambridgeshire Local Safeguarding Children's Board for their assistance regarding safeguarding checks in academies and that their response should be reported back to the Committee in the next update report due in November. **Action**

**Chris Meddle**

- What steps were taken to ensure parents were made aware of safeguarding issues / any safeguarding failures at a school. In response, it was explained that annual leadership training was undertaken for school governors which included safeguarding. Checks on safeguarding included specific questions to parents. Governing Body minutes were expected to highlight any safeguarding issues raised. It was clarified that most were in relation to bullying, rather than safe recruitment.
- There was a request that the November update should highlight details of the 40% of schools who had not attended leadership training. **Action.**
- The Chairman and Committee thanked the officers for an excellent update report which showed an improvement in non-compliance on safeguarding which was welcomed as moving in the right direction.

**Chris Meddle**

It was resolved:

to note the report and receive the next update in November.

## **21. REGISTRATION OF LAND PURCHASED FOR HIGHWAYS PURPOSES**

Further to the last report received at the January meeting, this six month update set out the progress 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 highlighted included:

- That the scanning of the deeds in-house had now commenced with a temporary worker having been recruited to help with the scanning.
- The electronic lodgement stage was still being scoped by the Land Registry, but the timescale for the scanning and submission of the deeds had now been agreed.
- Spatial analysis of the land parcels had been undertaken. It was estimated that 20% of the parcels may have commercial value, but issues with the data made it impossible to draw meaningful conclusions at present on possible value.
- Changing national priorities resulting from the Government's White Paper on Housing, combined with a lack of HMLR resource, had resulted in the Land Registry no longer being able to commit to completing registration within 18 months



(target had been Autumn 2018) as the level of resources they would be able to allocate was minimal. Their priority was to identify areas of land that could be used for development. It was therefore likely that the funding set aside for the project would need to roll forward to the 2019-20 financial year.

- **There was a request for officers to liaise with the Land Registry on clarifying their priorities to enable a more detailed timetable up to 2020 to be developed and reported back. Action**

**D Ashman**

- That as this was a pathfinder project the Council would explore the possibility of offering their expertise on a consultancy basis to other councils wishing to undertake a similar exercise. In light of HMLR's deadline of 2020 to register all local authority land, it was agreed that a further milestone report would be presented to the November meeting, with specific reference to the possibility of a consultancy service.

**Issues raised / responses provided included:**

- confirming that the 6,000 identified parcels of land was likely to be accurate and include nearly all the land purchased for highways between 1930 to 1990. It was possible that a number of small parcels of land had not been included on the land terrier if deeds had not been taken out of the legal files. Checks in respect of this were being undertaken with LGSS Law.
- In reply to whether it was possible to obtain a discount from the Land Registry due to the amount of land involved, it was explained that the Authority was already receiving the maximum discount.

**It was resolved:**

- a) To note the progress to date and the revised timescale for completion of the project.
- b) To receive a further progress update at the November meeting including any update on both negotiations with the Land Registry and the consultancy marketing exercise.
- c) To support the rolling forward of funds.

**22. CHILDREN'S SOCIAL CARE CASE-LOADS QUARTERLY UPDATE**

Concerns were raised previously at the March Committee on the Risk 15 on the Risk Register 'Failure of the Council's arrangements

for safeguarding vulnerable Children and Adults' and particularly the trigger reading 'Children's social care caseloads reach unsustainable levels as indicated by the Unit case load tool'. As a result, there was a request for a quarterly update to be provided to the Committee to enable monitoring of the risks involved. It had been agreed at the March Meeting that it should come forward to the September meeting. At the request of the Chairman at the May Committee meeting, the first quarterly update was brought forward from September to the current July meeting.

The report highlighted that following the children's change programme units and teams had now located into the new districts. Over the previous seven weeks most of the districts had remained at a consistent case load level although Fenland and Huntingdonshire had around 30-40 fewer cases compared to Cambridge City and South Cambridgeshire. 60 cases per team was the target although the graph in the report showed that the period in question 08/05/17 – 19/06/17 South Cambridgeshire, East Cambridgeshire, Cambridge City and Huntingdonshire were above this target.

Details were provided regarding the successful recruitment exercise for newly qualified social workers (62) as well highlighting that there had been a 70-72% retention figure for newly qualified social workers over the last two years. This was an improvement on previous figures and reflected the level of support they received in the revised district configuration as detailed in the report. Wisbech was an area where the full staffing figure had been achieved while Cambridge City was a pressure point which reflected difficulties of recruitment due to property prices.

The officer was thanked for a very good report. In discussion issues raised / questions responded to included:

- That there more than one social unit per district in East Cambridgeshire, Fenland and Huntingdon which traditionally reflected the areas of higher demand.
- One Member queried why North West Cambridge was not handled by Peterborough? It was explained that previously there had been 14 different localities and that the biggest risk with this number was in terms of consistency of service and that five districts was felt to be an appropriate number with health and the police services being the main partners. In terms of the Peterborough model, this was very expensive and resulted in less early help offers. The aim was to combine the best of both systems. In respect of child and adolescent mental health services the aim was to offer the service earlier and assess at the end of 16 weeks whether the service was still required. There was a far greater

demand for the service in the County than was the case with the County's statistical neighbours. As a result of the training undertaken with teaching staff schools were particularly good at identifying both pupils with a mental health service need and safeguarding issues.

- In reply to a question on whether there were more referrals for mental health issues in deprived areas, it was explained that there were fewer from some schools in Fenland compared to those in Cambridge City. The biggest challenge in some communities was if they accepted certain behaviours as being normal and the fact that consent was required before help could be provided. Sometimes it was necessary for the situation to deteriorate further before interventions could be arranged. The quality of schools and the education provided, was highlighted as being crucial, as young people spent so much time in school.
- **There was a request that the next monitoring report should provide an update on the Early Help offer in the districts which had begun in the first week of July, and on the action plan activities to address the different district workloads.**

**Action**  
**Theresa**  
**Leavy /**  
**Sarah-Jane**  
**Smedmor.**

In terms of discussion around communications issues concerning children from deprived family backgrounds, this would be part of the Children's Centre Change Programme. The Chairman suggested that this was an area that the Health Committee should be involved with.

**Cllr Hudson**

#### **Having commented it was resolved:**

- a) To note the report.
- b) That continued monitoring of caseloads for the Children's Social Work Units by Children and Families Leadership Team should continue to be reported on a quarterly basis with the next report to be presented to the November meeting.

## **23. ANNUAL RISK MANAGEMENT REPORT**

This report was split into two parts:

- Section 2 presented the final Corporate Risk Register for 2017-18 which included 18 risks with none added or removed during the year, and of which 16 had the same score at the end of the year, while two scores had improved.

- Section 3 identified the proposed developments in risk management in 2017-18 following a workshop in GPC July. This included that the Corporate Risk Register would in future be part of the Integrated Resources and Performance Report to enable finance, performance and risk information to be included in a joined-up way, while also reducing the risk of having to produce separate reports. Going forward 11 risks would be managed and monitored corporately as listed in paragraph 3.4. paragraph 3.5 explained how removed risks from the previous register had been mapped to the new risks to ensure continuity.

In discussion clarification was sought on why the actions scores were green on Risk 26 'Increasing manifestation of Busway Defects' and 32 'Insufficient Capability of Care Services at affordable Rates'. In reply it was explained that scores showing green on the Register was when they were on track to deliver. For the Guided Busway, negotiations were taking place as planned.

It was resolved;

To endorse the 2016-17 Annual Risk Management Report.

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

At the request of the Chairman and with the agreement of the meeting, the Integrated Resources and Performance report was taken next.

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

This was the first report where risk information had been included as referred to in the previous Minute, with the information on the new, agreed, indicators provided in a revised, easier to read format. This included making the information previously provided on the A3 schedule as individual risk A4 pages.

The key issue on the report highlighted that the overall revenue budget forecast position was showing a forecast year end overspend of +£2.1m (+0.6m the previous month) largely from Children, Families and Adults (CFA) £+2.0m (+0.9m the previous month).

Key issues requested / additional information raised in discussion included:

#### **a) Looked after Children (LAC)**

Attention was drawn to Appendix 4 page 121 'Looked after Children Demography Virement' where it was highlighted that after spending £16.52m in 2015-16, the Looked After Children (LAC) placement budget for 2016-17 had been set at £12.51m. This had proved to be an unrealistic budget expectation predicated on reducing the numbers of looked after children. In fact demand had actually increased during 2016-17 with final spend totalling £16.66m. The Strategy had not taken into account national trends on the growth of looked after children which showed a 5% increase nationally during 2015/16. 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.

As a result, General Purposes Committee that morning had agreed the request to allocate £2.913m from the corporate demography budget to Looked After Children placements in Children's, Families & Adults Services (CFA). This was seen as being an appropriate allocation from the corporate demography budget, as it reflected demand continuing to rise since detailed budget consideration took place.

In discussion on the LAC budget position, the Chairman asked what was being done to ensure that going forward CFA set a realistic budget. Year on year their budget had proved insufficient and as a result, had continually put pressure on other areas of the Council budget. Questions were also raised on whether some children were still being sent out to expensive out-county placements.

Theresa Leavy explained that officers were optimistic regarding budget forecasting going forward as a result of:

- the valuable work undertaken by the Business Intelligence Unit on future forecasting.
- The composition of placements – there were now fewer out-of-county placements which made a difference of approximately £250k per placement. However, for some children with very complex needs, there was still a requirement for such placements where there was not the facilities in-county. What was required was more foster carers in this area as well as more foster carers becoming adopters of children with complex needs.
- The belief that the number of looked after children was flattening out and so officers were far more confident of the figures going forward.
- An increase from 5 to 63 unaccompanied asylum seeking children had originally placed a great deal of pressure on the system, but the regional dispersal system quota of 0.07% which would increase the number to 91, had now been accounted for in the budget.

b) **LAC Seminar** - In discussion there was a request for a seminar on LAC and its budget (including projects to reduce the numbers and their rationale) to be held an hour before the November Committee meeting to include comparative data from statistical neighbours on:

- Age profiles
- length of looked after stay
- composition of placement
- Nos. of received in a specified time frame
- Nos of unaccompanied asylum seekers

**T Barden to provide T Leavy with statistics**

**T. Leavy to contact D Cave to schedule an item on a future Member seminar.**

**Action.**

*Note: At the end of the meeting in discussion on the work programme and bearing in mind the number of reports scheduled for the November meeting, it was agreed that a seminar with this information would be more useful as part of a general seminar on looked after children (including details on the budget position) for all Members of the Council. See Minute on Future Work Programme (Minute29)*

Other issues discussed included:

d) **Tracker appendix to be provided as A3 document in future – Action.**

**Tom Kelly / Democratic Services**

e) **Page 103 Overspend - Fulbourn Primary increased by a third - request for explanation of increase to Cllr Williams. Action**

**T Kelly**

f) Page 111 – Net Borrowing chart – the Chairman queried an apparent £33m reduction between the closing balance borrowing activity in 2016/17 and the opening 2017-18 balance. It was clarified that the April figure was actually the figure at 30<sup>th</sup> April rather than the opening balance figure for 1<sup>st</sup> April (*Note: The reduction in £33m had therefore occurred during the whole month of April rather than being the difference between the opening and closing balance*).

g) The Vice Chairman queried whether the Audit and Accounts Committee or at least the Chairman, should receive the report in advance of the General Purposes Committee (The executive decision making committee on budget issues) so that it could make suggestions for any changes to recommendations in an overview role, as opposed to a scrutiny role as was the case at present. The Chairman responded that he was satisfied with the current arrangements as the Committee made its voice known when

it had issues in its designated role of providing both independent scrutiny of the authority's key financial and non-financial performance and independent assurance of the risk management framework.

- |    |   |             |
|----|---|-------------|
| h) | Page 111 – balance sheet – levels of debt outstanding – The Chairman queried why the level of outstanding debt had not reduced. In response it was indicated that <b>GPC would be receiving a report in September on actions to deal with the performance shortfall in debt recovery. (There was a request that the Committee should be provided with a copy of the report)</b> Action. | R Sanderson |
| i) | Carry forwards <b>PAGE 118 Adult Social Care capacity on Adult Social Care Procurement and Contracts - associated home care savings target – detail required on £143,000 figure to Chairman.</b> Action.  | Tom Kelly   |
| j) | <b>Page 119 Develop Traded Services – There were no targets for sales, but the officer agreed to provide more information on the detail of the figures on this line in an e-mail outside of the meeting.</b> Action.  | Tom Kelly   |

#### Risk Management

- |                                     |  |   |
|-------------------------------------|--|---|
| k)                                  | <b>Page 149 risk 03 'Personal data is inappropriately accessed / shared' – it was suggested fines could be added to the list in the potential consequences box – Officers would look at this suggestion</b> Action           | Tom Barden  |
| l)                                  | <b>Page 151 Risk 04 Serious incident prevents services from operating – Target date 30/06 2017 - explanation to be provided outside of the meeting on whether the action plans had been undertaken by this date.</b> Action  | Tom Barden  |
| m) Page 155 Risk 06 Our resources – |  |   |
| a)                                  | layout on Triggers 1-3 should be swapped   |   |
| b)                                  | <b>Likelihood factors / Triggers - suggested that reference to BREXIT should be added in terms of freedom of movement restrictions and the implications for staffing recruitment in social care / older people services.</b> | Tom Barden<br>to take these<br>suggestions<br>back to the<br>Review Group |
| c)                                  | <b>On the action plan – suggested that exit interviews should be added.</b>  |   |

n) **Page 157 - Risk 07 - The Infrastructure and Services – action plan explanation of how additional funding would be obtained if insufficient**

T Barden

o) **Page 161 – Risk 09 - Our partnerships are not successful in delivering intended outcomes – Need details on list of partnerships and what the proposed objectives are outside of the meeting.**

Tom Barden

There was no score information as the risk had only been proposed two weeks ago at the convened workshop so it was still in the development stage.

p) **Page 164 - Risk 11 – Changes and transformation is unsuccessful. – Suggestion that control should include Members - as relying on Members to agree transformation proposals**

Tom Barden

It was resolved:

to note the report.

## 25. DRAFT STATEMENT OF ACCOUNTS

This report presented the unaudited draft 2016-17 statement of accounts for comments and any suggested changes in advance of the final review and approval by the Committee on 19<sup>th</sup> September. In his introduction the Chairman stated that he was pleased that a good quality document had been produced and was an improvement on previous years.

Page 171 the Vice Chairman queried the reference in paragraph 2.3.9 on the overspend in Children, Families and Adults asking whether this should be further differentiated between adults or the childrens' budget. It was explained that this was in compliance with revised CIPFA guidance and reflected the same format as used for the monthly budget reports and was the same approach used for the ETE budget. **Action: Officers to speak to the Vice Chairman outside of the meeting regarding the complexities of changing the format of the accounts at this late stage.**

T Kelly

In discussion issues were raised including the following;

- **Page 6 Table Key Financial indicators**

Jeff Abbott

- 1) **brackets in the table should be around the 50 not the 8.**
- 2) **In the text below the table there should be explanation of what the indicators are.**



It was explained that the County Council paid for the required repairs to the guided busway and then would seek payment from the original contractor as part of the recovery process.

<b>Page 11 – third paragraph - There was missing figures that needed to be added so that the second sentence made sense.</b>	<b>Jeff Abbott</b>
<b>page 13 – New name for City Deal needs to added (Greater Cambridge Partnership)</b>	
<b>Page 19 – request to remove the shading from table</b>	<b>Jeff Abbott</b>
<b>Page 23 – The huge change in the Impairment and revaluation line required a note</b>	<b>Jeff Abbott</b>
<b>Page 25 – Intangible assets – requires a note of explanation on what they were.</b>	<b>Jeff Abbott</b>
<b>Page 25 note 13 on provisions figure - the figures were different from the table – it was explained that the notes split the provision between short and long term. Officers would look at the presentation to see if it could be made clearer.</b>	<b>Jeff Abbott</b>
<b>Page 37 – Income and expenditure in relation to investment properties and change in their fair value - note required outside of the meeting to explain the substantial change in the figures between the two years.</b>	<b>Jeff Abbott</b>
<b>On this page and other pages (41 also referred to regarding figure 13,439) the heading did not line up with the figure and officers were asked to review the whole document to correct these presentation issues.</b>	<b>Jeff Abbott</b>
<b>Page 38-39 query on whether the tables should be on the opposite pages as the 2015-16 information was on page 39 and the 2016-17 was on page 38.</b>	<b>Jeff Abbott</b>
<b>Page 49 - Council's surplus assets there was a query regarding the process of deciding Heritage Assets sales. Democratic Services were asked to find out and report back.</b>	<b>R Sanderson / Christine May</b>
<b>Page 51 – Assets held for Sale table – Note requested as an e-mail outside of the meeting on what assets had been sold.</b>	<b>Jeff Abbott</b>
<b>Page 53 – Note 25 - Usable Reserves - The statement did not have any explanatory graphs or figures. Officers indicated that they would review the format.</b>	<b>I Jenkins / Jeff Abbott</b>
<b>Page 69 – better explanation against those figures shown at 31<sup>st</sup> march 2016 and 31<sup>st</sup> March 2017 e.g. City Deal.</b>	<b>I Jenkins / Jeff Abbott</b>

**Page 90 – Outstanding invoices table –request to revisit to ensure figures were accurate as there was a query on the very large increase of over £9m over the previous year.**

**I Jenkins /  
Jeff Abbott**

Page 99 – Confirmed that appendix 1 accounting policies was a CIPFA requirement and could not be removed.

The Chairman requested an update of the position regarding the accounts timetable to ensure they were available for the September meeting. For the benefit of new members he explained that sign off of the accounts for the last two years had been after the statutory deadline. Officers responded that from the early activity already undertaken and the good progress being made, there was every reason to believe the accounts would be finalised, ready for sign off at the September meeting.

David Eagles confirmed that BDO's work on the pensions section of the Accounts was almost complete, with just two outstanding issues in respect of senior officer remuneration and changes in the categorisation of investments.

The statutory deadline for sign-off is moving from the end of September to the end of July for next year's accounts (2017-18). The current year's activity and earlier deadlines in respect of working practices developed between finance and the external auditors meant that it was expected that only marginal changes would be required to achieve the new deadline in 2018. In response to a comment that the deadlines were still greater than for commercial organisations, it was explained that the accounts of schools as part of the information required for the local authority accounts did create unique and complex challenges.

Page 95 Civic Regalia Heading – Where it was stated that the value was not known, there was a suggestion that someone should be able to value it.

## **Pension Fund Accounts**

Page 117 – Regarding management expenses:

- a) there was a request for details to be provided to the Committee outside of the meeting of how the figure of £15,163k broke down, including details on LGSS administration costs, salaries and external consultants costs.**
- b) Page 124 paragraph reading “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 .....**

**T Kelly to  
inform Richard  
Perry**

**Richard Perry**

**There was a request for clarification of whether the £6.9m represented the new total figure or if they had increased by an additional £6.9m.**

**c) Page 136 top table % heading needed explanation of what it was % of.**

R Perry

Subject to receiving the explanation to queries raised at the meeting it was resolved to:

Acknowledge the 2016-17 Statement of Accounts as submitted for audit ahead of its final review and approval at the Committee meeting on 19<sup>th</sup> September 2017.

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

This report provided details of a reference back from Constitution and Ethics Committee who, while unanimously recommending to Council approval to the revised terms of reference (approved by this Committee on the 31<sup>st</sup> May), invited this Committee to reconsider the following paragraphs:

*“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.”*

Specifically, this Committee were asked to consider the efficacy of the term ‘but not direct’ in point 1.2 and its relationship to 1.12, reading ‘suggest’, and to consider whether this wording was appropriate. The issue from Constitution and Ethics Committee was that ‘suggest’ and ‘direct’ did not have the same meaning, and there appeared to be no capacity for the Committee to require something to be undertaken. They therefore requested that, if point 1.12 could not be changed, it should be numbered 1.3 and placed immediately after 1.2, so that it was clear that the Audit and Accounts Committee had an opportunity at least, to suggest work for Internal and External Audit, if not to direct it.

Internal Audit’s response was that 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. So, in answer to a further question as to whether the Committee or the Chief Internal Auditor made the final decision, the answer was the latter, the Committee could suggest, but could not enforce. This reflected the

Committee's role in Internal Audit Planning as set out in the Public Sector Internal Audit Standards of which relevant extracts were set out in the report for clarification.

In terms of Committee input and approval, Internal Audit presented their draft Plan to Committee in March each year and then provided quarterly updates detailing proposed changes to the Plan as part of the Internal Audit Progress Report. This provided the opportunity to suggest areas for review. It was also clarified that the previous Terms of Reference for the Committee did not include a reference to the Committee's ability to suggest areas of work and therefore the revised Terms of Reference represented a clarification of the role of Committee in this area.

It was resolved:

To agree Internal Audit's recommendation in responding to the matter referred back to the Committee that:

- a) the proposed wording of point 1.2 should be retained,
- b) 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.
- c) To refer the decision back to Constitution and Ethics Committee for information.

## **27. INTERNAL AUDIT PROGRESS REPORT TO 31<sup>ST</sup> MAY 2017**

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

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

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

- the investigations caseload of the Internal Audit team provided in Table 3.
- A summary of the caseload currently being progressed by HR set out in table 4.

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

Section 5 'Other Audit Activity' provided an update on work in other areas, changes to the Internal Audit Plan and proposed additions to the Internal Audit Plan.

Issues raised included:

- Highlighting that the high level of management actions outstanding were being followed up.
- As explained in paragraph 5.4 the request from the Committee for an internal audit review of delayed transfers of care (DTOCs) was not being included in the Internal Audit Plan in the current year as it duplicated work being undertaken by other Committees.
- With reference to Table 1 page 69 'Transformation Programme Benefits Realisation', which had only received moderate assurance it was explained that at the time of the Audit, the Transformation Team were in the process of taking up their new roles and therefore the projects were at an early stage within the programme and a lot of work had at that time not been progressed far enough for audit to provide assurance over benefits realisation arrangements. A number of recommendations were agreed with the Team to strengthen the control environment as set out in the report. An update from the Transformation Team on Verto and the linked project management processes was included in the forward agenda plan to come forward to the November Committee meeting.
- Concern was expressed on whether sufficient funding was being allocated to the process of transformation. It was acknowledged that a Transformation Plan of the scale being proposed was a high risk area and required ongoing monitoring. Internal Audit were doing this as part of its work in reviewing individual projects in the Programme and on other work being carried out on the Business Plan. The Transformation had been reconfigured following the referred to capacity review. In addition, as set out in the report text, previous over optimistic savings targets were less likely going forward as a result of the introduction of the pipeline process with business cases being required for all

proposals, linked with the introduction of the savings tracker to improve monitoring of the progress on planned savings.

- The revised Whistleblowing Policy was due to go the Constitution and Ethics Committee in September and should it require any changes, they would be reported back to this Committee's November meeting.
- **Regarding the proposed addition to the internal Audit Plan of 'Members Travel and Subsistence' one Member asked that it should also include a comparison with the scheme operated in Northamptonshire. Action** He also made reference to a concern of the Conservative Group regarding no longer being able to claim travel expenses for attending group policy planning meetings, suggesting that it was a result of a change in legislation which Members had not been informed about.
- In response to a query on the time scale for reporting on the Internal Audit investigation on Fenland Association for Community Transport (FACT) it was indicated that the draft report was scheduled to be produced by October and due to the sensitive nature of the issues in term of the allegations that had been made, would require consultation with key stakeholders regarding quotes to be included. The very earliest the report could come forward to Committee would be to the November meeting and it might have to slip to January, bearing in mind lead in times for reports in terms of agenda publication. Given the number of reports already scheduled for November, it might be necessary to arrange an additional special meeting around the October / November period to deal with the FACT review, on the basis that as a sensitive major investigation it could take a considerable amount of Committee time.

M Kelly

It was resolved:

to note the contents of the update report.

## **28. AUDIT AND ACCOUNTS COMMITTEE TRAINING PLAN**

It was agreed to defer consideration of the report to the September meeting.

## **29. AUDIT AND ACCOUNTS FORWARD AGENDA PLAN**

In discussion and taking into account the number of reports to be presented to the November meeting, including potentially the FACT report, it was agreed that the LAC seminar would not be held

before the November meeting but should be a general seminar to which all Members could be invited.

On reviewing the programme it was agreed to:

Remove from the September Committee:

- |   |  |
|---|--|
| • the LGSS Accounts report (and for future reporting cycles) as this was only an information item and the decisions on these accounts were taken by the LGSS joint Committee. | <b>RVS inform<br/>LGSS Fin<br/>RVS</b> |
| • the duplicate reference to the Annual Report of the Audit and Accounts Committee  | <b>RVS</b>                             |
| • the Risk Update report, as this was now included in the Resources and Performance Report.   | <b>RVS</b>                             |
| • Update on unspent Section 106 Monies Report to be via e-mail unless it was significant amounts.   | <b>RVS / T Kelly</b>                   |

Regarding the Children's Social Care Caseloads Quarterly Update included for the September Committee, this was an error, as it had been brought forward to the current meeting at the request of the Chairman and should have been deleted from the September meeting. In addition, it had already been agreed earlier in the meeting that the next Quarterly report should be for November (which was more appropriate). *(Note: post meeting the Chairman confirmed that he would be happy to have a one page note sent around to the Committee on an e-mail and not include a formal report on the agenda for the September meeting)*

**RVS / T Leavy**

It was agreed to note the published Forward Plan which would be updated following a meeting between the Chief Internal Auditor and the Chairman later in the week to discuss FACT and the possible need for a special meeting.


**Duncan  
Wilkinson**

**30. DATE OF NEXT MEETING – 2.00 P.M. 19<sup>th</sup> SEPTEMBER 2017**

Chairman  
19<sup>TH</sup> September  
2017







## Agenda Item 5

# CAMBRIDGESHIRE COUNTY COUNCIL PENSION FUND

## ISA260 AUDIT COMPLETION REPORT TO THE AUDIT AND ACCOUNTS COMMITTEE

Audit for the year ended 31 March 2017

6 September 2017

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# SUMMARY

## AUDIT SCOPE AND OBJECTIVES

Audit status	We have substantially completed our audit procedures in accordance with the planned scope and our objectives have been achieved, subject to resolution of matters set out in the outstanding matters section below.
Audit risks	No additional significant audit risks were identified during the course of our audit procedures subsequent to our audit plan to you dated 13 April 2017.
Materiality	Our final materiality is £28.536 million for the net asset statement, £12.0 million for the fund account and £6.422 million for contributions specifically. We have increased our materiality from £27.0 million to £28.536 million for the net asset statement as a result of the significant increase in valuation of investment asset year end. We also increased our specific contributions materiality from £6.0 million to £6.422 million as a result of the increased level of contributions at the yearend; the original materiality calculations were performed on the prior year signed financial statements.
Changes to audit approach	There were no significant changes to our planned audit approach nor were any restrictions placed on our audit.

## KEY AUDIT AND ACCOUNTING MATTERS

Material misstatements	Our audit identified no material misstatements. Management has made a number of presentational corrections and amendments to disclosures as a result of the audit.
Unadjusted audit differences	Please see Appendix I for the errors which have been identified during the audit which remain unadjusted.
Control environment	Our audit identified no significant deficiencies in internal controls.

## SUMMARY

### AUDIT OPINION

Financial statements	Subject to the successful resolution of outstanding matters set out on page 5, which are largely procedural, we anticipate issuing an unmodified opinion on the financial statements for the year ended 31 March 2017.
Pension fund annual report	Our review of the separate pension fund annual report is similarly complete, and we anticipate issuing an unmodified consistency opinion on the financial statements for the year ended 31 March 2017.

### OTHER MATTERS FOR THE ATTENTION OF THE AUDIT AND ACCOUNTS COMMITTEE

Audit independence	Our observations on our audit independence and objectivity and related matters are set out in Appendix IV.
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# INTRODUCTION

## PURPOSE AND USE OF THIS REPORT

We present our report to the Audit And Accounts Committee, which details the key findings arising from the audit for the attention of those charged with governance. It forms a key part of our communication strategy with you, a strategy which is designed to promote effective two way communication throughout the audit process.

As auditors we are responsible for performing our audit in accordance with International Standards on Auditing (UK & Ireland) which provide us with a framework which enables us to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management nor those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. As the purpose of the audit is for us to express an opinion on the financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

This report has been prepared solely for the use of the Audit And Accounts Committee. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person.

We would like to thank staff for their co-operation and assistance during the audit and throughout the period.

## AUDIT QUALITY

BDO is totally committed to audit quality. It is a standing item on the agenda of BDO's Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream's objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections. BDO welcome feedback from external bodies and is committed to implementing necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council's Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Company Accounting Oversight Board who oversee the audits of US firms), the firm undertake a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years. We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our latest Transparency Report at [www.bdo.co.uk](http://www.bdo.co.uk).

## OUTSTANDING MATTERS

We have substantially completed our audit work for the year ended 31 March 2017, and anticipate issuing an unmodified opinion on the financial statements.

The following matters are outstanding at the date of this report. We will update you on their current status at the Audit And Accounts Committee meeting at which this report is considered:

1 Clearance of engagement lead and quality review points

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2 Review of the final amended financial statements and annual report

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3 Subsequent events review

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4 Final review and approval by you of the financial statements, including the management representation letter attached in Appendix VI

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# KEY AUDIT AND ACCOUNTING MATTERS

AUDIT RISKS

We assessed the following matters as significant audit risks, as identified in our earlier audit plan.  
Below we set out how these risks have been addressed and the outcomes of our procedures.

Key: ■ Significant risk ■ Normal risk ■ Other issue

AUDIT AREA		RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
1	Management override of controls	<p>Under International Standards on Auditing (UK and Ireland) 240, there is a presumed significant risk of management override of the system of internal controls.</p> <p>The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. They are responsible for establishing a sound system of internal control designed to support the achievement of the fund's policies, aims and objectives and to manage the risks facing the fund; this includes the risk of fraud.</p>	<p>Our response to this risk included:</p> <ul style="list-style-type: none"><li>• testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements</li><li>• reviewing accounting estimates for biases and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud</li><li>• obtaining an understanding of the business rationale for significant transactions that are outside the normal course of business for the entity or that otherwise appear to be unusual.</li></ul>	<p>Our audit work did not identify any significant issues.</p> <p>We have not found bias in accounting estimates. See page 15 for our findings regarding the reasonableness of significant management estimates.</p> <p>No unusual or transactions outside of the normal course of business were identified.</p>

## KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
<b>2</b> Fair value of investments (unquoted investments - excluding Cambridge & Counties Bank)	<p>The investment portfolio includes unquoted investment holdings valued by the fund manager. The valuation of these assets may be subject to a significant level of assumption and estimation and valuations may not be based on observable market data.</p> <p>In some cases, the valuations are provided at dates that are not coterminous with the pension fund's year end and need to be updated to reflect cash transactions (additional contributions or distributions received) since the latest available valuations.</p> <p>As a result, we consider there to be a significant risk that investments are not appropriately valued in the financial statements.</p> <p>The valuation of Cambridge &amp; Counties Bank is considered separately as a non-significant risk below.</p>	<p>We have obtained direct confirmation of investment valuations from the fund managers.</p> <p>Where the financial statement date supporting the valuation is not coterminous with the pension fund's year end, we have confirmed that the appropriate adjustments have been made to the valuations in respect of additional contributions and distributions with the funds.</p> <p>We have reviewed the methods and assumptions used and considered whether investments have been correctly valued in accordance with relevant accounting policies.</p>	<p>We have reconciled the valuations to direct confirmations from the investment managers and reviewed the basis used to value these.</p> <p>We have concluded that the valuation basis used appears reasonable and the values are not materially misstated. We identified an immaterial variance arising from the fact that some investment reports used during the preparation of financial statements were not coterminous with year-end see Appendix I journal 2</p>



## KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
3 Revenue recognition (CCC contributions)	<p>Under International Standard on Auditing 240 “The Auditor’s responsibility to consider fraud in an audit of financial statements” there is a presumption that income recognition presents a fraud risk. We have rebutted this presumed significant risk as the majority of income is from contributions, which is a highly controlled stream (with limited subjectivity or opportunity for manipulation), and levels of contributions are set by the scheme actuary.</p> <p>However, the majority of contributions are from a single employer, Cambridge County Council (CCC). Therefore, there is a risk that manipulation may occur within the CCC contributions, but this is not regarded as significant. We have scoped out from this specific risk the contributions received from other bodies, as it would require significant manipulation of multiple bodies for any misstatement to be material.</p>	<p>We have undertake substantive testing of contributions receivable by the fund from CCC, on a sample basis, to verify the monthly contributions received by the pension fund and traced these back to returns issued to the pension fund and the employer payroll records.</p> <p>For a sample of individual members, we have verified their inclusion in the employer payroll and confirmed that employer contribution rates are in line with the latest rates set by the actuary, and member rates are in accordance with the LGPS Contributions Table.</p>	Our testing has not identified any issues with the timings of contributions receivable to the fund or the accuracy of the amounts paid by the employer or employee.

	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
4	Fair value of investments (Cambridgeshire and Counties Bank)	<p>The investment in Cambridge &amp; Counties Bank (CCB) is unquoted and is valued by an external valuer appointed by the fund (Grant Thornton). The valuation of the investment is based upon the unquoted results of the bank and includes an element of assumption and estimation.</p> <p>There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements. However, from our experience gained by reviewing the valuation basis in the prior year, and our expectation that the same basis will be applied this year, we have concluded this does not present a significant risk of misstatement.</p>	<p>We have reviewed the valuation of the bank completed by the external valuer and the significant assumptions made in this valuation. As part of this we have consulted with our own valuation specialists to help assess the reasonableness of the valuation.</p> <p>We have ensured that the investments have been correctly valued in accordance with the relevant accounting policies.</p>	Our testing has not identified any issues with the valuation of Cambridgeshire and Counties Bank at year end and it has been concluded that the valuation has been accounted for in accordance with the relevant accounting.
5	Pension liability assumptions	<p>An actuarial estimate of the pension fund liability to pay future pensions is calculated by an independent firm of actuaries with specialist knowledge and experience. The estimate is based on the most up to date membership data held by the pension fund and has regard to local factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.</p> <p>There is a risk the valuation uses inappropriate assumptions to value the liability.</p>	<p>We have reviewed the controls in place at the Pension Fund to ensure that the data provided to the actuary is complete and accurate.</p> <p>We have reviewed the reasonableness of significant assumptions used in the calculations against other local government pension fund actuaries and other observable data.</p> <p>We have agreed the disclosure to the information provided by the actuary.</p>	No issues have been identified in our review of the assumptions used and our work on accounting estimates has not identified any evidence of bias.

# KEY AUDIT AND ACCOUNTING MATTERS

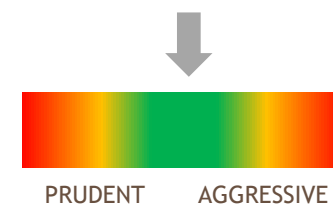
OTHER ISSUES		
We comment below on other issues identified in the course of our audit, of which we believe you should be aware:		
AUDIT AREA	AUDIT FINDINGS	
6	Monthly PEN18 contributions	<p>PEN18s are not always received monthly from employers. When this is the case, no accrual is posted for the expected contributions. For example, we tested contributions from one employer for the month of April 2016, but the respective PEN18 was not received until January 2017, so the month 9 ledger (used during the interim audit) did not include contributions in respect of April 2016 for that employer. In addition this was also noted during our completeness testing carried out over contributions at the year end. This relates to the unadjusted error identified and shown in Appendix I.</p> <p>We recommend that management push employers to submit the PEN18's on time and where these are late an accrual should be input based on management's best estimate. We suggest that this would be based on the previous month's contributions for that employer.</p>

## KEY AUDIT AND ACCOUNTING MATTERS

### ACCOUNTING ESTIMATES

Our views on significant estimates arrived at in the preparation of your financial statements are set out below:

ESTIMATES		COMMENT			
13	PENSION LIABILITY ASSUMPTIONS	The actuary has used the following assumptions to value to future pension liability. Whilst this figure is not part of the Fund’s primary statements, it is disclosed in the accounts and is, of course, included within the primary statements of the Administering Authority and member bodies.			
	We compared the assumptions used by the scheme actuary with assumptions used by other local government actuaries to assess the reasonableness of the assumptions and impact on the calculation of the present value of estimated future pension payments.	We have compared these to the expected range used by your actuary and the assessment provided by PwC consulting actuary whether the range is reasonable:			
			Actuary Range	Applied	Reasonable range
		RPI increase	3.4%	3.3%	Reasonable
		CPI increase	2.4%	2.5%	Top of range (derived from RPI above)
		Salary increase	--	2.7%%	Reasonable in context of CPI and RPI
		Pension increase	2.4%	2.4%	Reasonable
		Discount rate	2.5-2.7%	2.6%	Reasonable
		Mortality			
		Male - current	21.5-22.8	22.4 years	Reasonable
		Female - current	24.1-25.1	24.4years	Reasonable
		Male - retired	23.7-24.4	24years	Reasonable
		Female - retired	26.2-26.9	26.3 years	Reasonable
		Commutation	50%	50%	Reasonable



## OTHER REPORTING MATTERS

We comment below on other reporting required to be considered in arriving at the final content of our audit report:

	MATTER	COMMENT
14	Pension fund annual report	<p>We are required to review the pension fund annual report and report on the consistency of the pension fund financial statements within the annual report with the pension fund financial statements in the statement of accounts.</p> <p>Our review of the separate pension fund annual report is in progress and we will provide an oral update on the findings to the Audit And Accounts Committee.</p>

## CONTROL ENVIRONMENT

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to you.

As the purpose of the audit is for us to express an opinion on the financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

We did not identify any significant deficiencies in internal controls during the audit.

However, we identified during our review of the pension system upgrade that there was no formal documentation of test results during system upgrade or system programme changes prior to implementation to live environment. There is a risk that errors may occur in the live environment without proper testing which may adversely affect the completeness and accuracy of key information and data.

## APPENDICES

## APPENDIX I: AUDIT DIFFERENCES

We are required to bring to your attention audit differences identified during the audit, except for those that are clearly trivial, that the Audit And Accounts Committee is required to consider. This includes: audit differences that have been corrected by management; and those that remain uncorrected along with the effect that they have individually, and in aggregate, on the financial statements.

### ADJUSTED AUDIT DIFFERENCES

Our audit has not identified any material misstatements. Management has made a number of presentational corrections and amendments to disclosures as a result of the audit.

### UNADJUSTED AUDIT DIFFERENCES

	£'000	PENSION FUND ACCOUNT		NET ASSET STATEMENT	
		DR £'000	CR £'000	DR £'000	CR £'000
DR Accrued income (contributions)				640	
CR Contributions			640		
(1) Being the omission of accrued contributions due to late PEN18s.					
DR Investments				6,480	
CR Changes in market values of investments			6,480		
(2) Being Variances are arising from Investment reports used during the preparation of financial statements not being coterminous with year-end and therefore estimates were made.					

### UNADJUSTED DISCLOSURE MATTERS

The following unadjusted disclosure matter was noted:

Cash held by the Custodian amounting to £23m is being included within individual fund managers totals, rather than separately.



## APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

Key: ■ Significant deficiency in internal control ■ Other deficiency in internal control ■ Other observations

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
FINANCIAL STATEMENTS					
Late/missing PEN18's	<p>PEN18s are not always received monthly from employers. When this is the case, no accrual is posted for the expected contributions. For example, we tested contributions from one employer for the month of April 2016, but the respective PEN18 was not received until January 2017, so the month 9 ledger (used during the interim audit) did not include contributions in respect of April 2016 for that employer.</p> <p>In addition this issue was also noted during our completeness testing carried out over contributions at the year end. An unadjusted error is included in Appendix I in respect of this</p>	We recommend that management push employers to submit the PEN18s on time and where these are late an accrual should be input based on management's best estimate; this would likely be based on the previous month's contributions for that employer.	<p>Late receipt of PEN18s are logged monthly and reported to the Pension Committee quarterly. There is an escalation process agreed by the Pension Committee for employers who provide PEN18s late. An Average of 96% are received on time and we believe that the current process is appropriate.</p> <p>Accruals are made at year end based upon cash received during April in respect of March contributions and together with controls over the receipt of PEN18s we ensure that contributions are recorded in the correct accounting period</p>	Ben Barlow	Implemented

## APPENDIX III: MATERIALITY

MATERIALITY - FINAL AND PLANNING		
	FINAL	PLANNING
Pension fund overall materiality	£28.536 million	£27.0 million
Fund account specific materiality	£12.0 million	£12.0 million
Contributions specific materiality	£6.422 million	£6.0 million
<b>Clearly trivial threshold:</b>		
Pension fund overall	£540,000	£570,000
Fund account specific	£240,000	£240,000
Contributions specific	£120,000	£128,000
<p>Planning materiality for the pension fund financial statements was based on 1% of prior year net assets. Contributions specific materiality was set on 5% of prior year contributions for the fund account. These were updated for actual amounts reported in the draft financial statements.</p>		

# APPENDIX IV: INDEPENDENCE

We confirm that the firm complies with the Financial Reporting Council’s Ethical Standards for Auditors and, in our professional judgement, is independent and objective within the meaning of those Standards.

In our professional judgement the policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit engagement lead and audit staff is not impaired. These policies include engagement lead and manager rotation, for which rotation is required after 5 years and 10 years respectively.

INDEPENDENCE - ENGAGEMENT TEAM ROTATION	
Senior team members	Number of years involved
David Eagles - Engagement lead	2
Stephanie Bettinson - Audit manager (final)	1
Paul Jack - Audit Manager (planning and interim)	2
Archie Rwavazhinji - Audit Assistant Manager (final and ongoing)	1

We are not aware of any financial, business, employment or personal relationships between the audit team, BDO and the Council.

## APPENDIX V: FEES SCHEDULE

	2016/17 FINAL PROPOSED £	2016/17 PLANNED £	2015/16 FINAL £
Code audit fee	22,410	22,410	22,410
TOTAL AUDIT	22,410	22,410	22,410
Fees for other non-audit services	-	-	-
TOTAL ASSURANCE SERVICES	22,410	22,410	22,410

## APPENDIX VI: DRAFT REPRESENTATION LETTER

TO BE TYPED ON CLIENT HEADED NOTEPAPER

BDO LLP  
16 The Havens  
Ransomes Europark  
Ipswich  
Suffolk  
IP3 9SJ

[DATE]

Dear Sirs

### Financial statements of Cambridgeshire County Council Pension Fund for the year ended 31 March 2017

We confirm that the following representations given to you in connection with your audit of the pension fund's financial statements for the year ended 31 March 2017 are made to the best of our knowledge and belief, and after having made appropriate enquiries of other officers and members of the Fund.

The Chief Finance Officer has fulfilled his responsibilities for the preparation and presentation of the financial statements as set out in the Accounts and Audit Regulations 2015 and Statement of responsibilities of auditors and of audited bodies: local government issued by Public Sector Audit Appointments (PSAA), and in particular that the financial statements give a true and fair view of the financial transactions of the scheme and the amount and disposition at the end of the year of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year 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) and for making accurate representations to you.

We have fulfilled our responsibilities on behalf of the Fund, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the pension fund's financial affairs, to conduct a review at least once in a year of the effectiveness of the system of internal control and approve the Annual Governance Statement, to approve the Statement of Accounts (which include the financial statements), and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and other meetings have been made available to you.

In relation to those laws and regulations which provide the legal framework within which the pension fund's business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

## APPENDIX VI: DRAFT REPRESENTATION LETTER

There have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with international financial reporting standards and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving members of the Fund, management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by members of the Fund, employees, former employees, analysts, regulators or any other party.

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the applicable financial reporting framework.

We have no plans or intentions that may materially affect the carrying value and where relevant, the fair value measurement, or classification of assets or liabilities reflected in the financial statements.

The value at which investment assets are recorded in the net assets statement is the market value. We are responsible for the reasonableness of any significant assumptions underlying the valuations, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the scheme. Any significant changes in those values since the year end date have been disclosed to you.

None of the assets of the scheme has been assigned, pledged or mortgaged.

The following key assumptions have been used to calculate the actuarial present value of future pension benefits disclosed in the financial statements:

- RPI increase 3.3%
- CPI increase 2.4%
- Salary increase 2.7%
- Pension increase 2.4%
- Discount rate 2.6%
- Mortality: male current 22.4 years, female current 24.4 years, male retired 24 years and female retired 26.3 years
- Commutation take up 50%

We consider these assumptions to be appropriate for the purposes of estimating the pension liability in accordance with the Code and IAS 19.

## APPENDIX VI: DRAFT REPRESENTATION LETTER

We confirm that the above representations are made on the basis of enquiries of councillors, management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

- We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. All officers and members have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Chris Malyon  
Chief Finance Officer and S151 Officer

[date]

Councillor Michael Shellens  
Chairman of the Audit and Accounts Committee  
Signed on behalf of the Audit And Accounts Committee

[date]

**FOR MORE INFORMATION:**

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Engagement lead

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**ARCHIE RWAVAZHINJI**

Manager

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E: archie.rwavazhinji@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to the attention of the organisation. They do not purport to be a complete record of all matters arising. No responsibility to any third party is accepted.

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**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING  
31ST JULY 2017**

*To:* **General Purposes Committee**

*Date:* **19th September 2017**

*From:* **Chief Finance Officer**

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

*Forward Plan ref:* **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 19<sup>th</sup> September 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 6.7.**
  - i) Allocate £3.5m Challenge Fund grant received from the Department for Transport to ETE.**
  - ii) Revised phasing of £2.25m of Prudential Borrowing for use by ETE, bringing it forward from later years in the Capital Programme.**
  - iii) An additional £193k of Prudential Borrowing to fund the increased costs of the Sawston Community Hub scheme, which will need to be met in 2017/18.**
- c) Confirm the allocation of improved Better Care Fund grant, within People & Communities, following sign-off of a joint plan with the NHS (as set out in Appendix 3)**

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

## **1. PURPOSE**

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

## **2. OVERVIEW**

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

## Outcomes

80 indicators about outcomes are monitored by service committees

They have been grouped by outcome area and their status is shown below

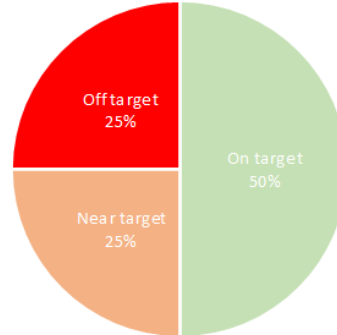
A direction of travel arrow will be shown for each chart once the indicator review by Service Committees has been completed

Older people live well independently



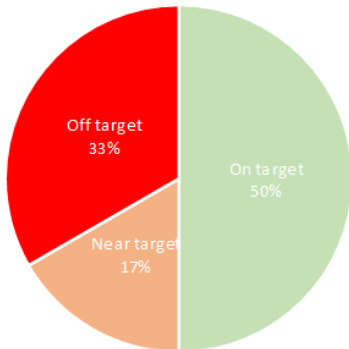
4 indicators

People with disabilities live well independently



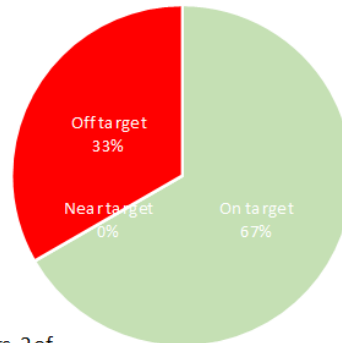
4 indicators

Adults and children are kept safe



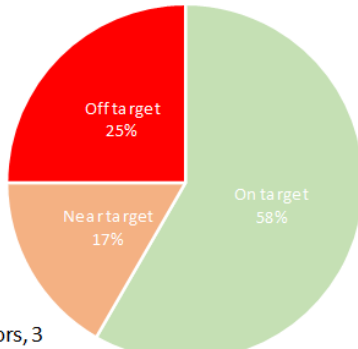
6 indicators

People live in a safe environment



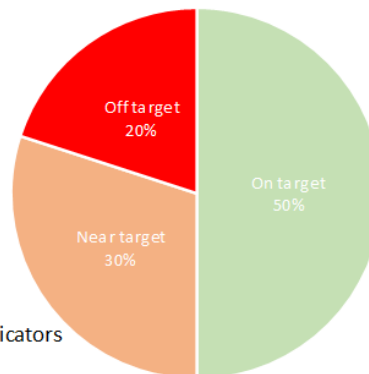
5 indicators, 2 of which do not have targets

The Cambridgeshire economy prospers to the benefit of all residents



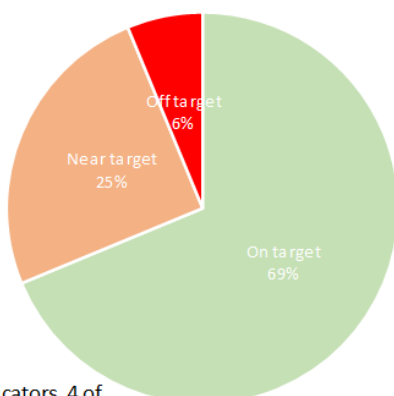
15 indicators, 3 of which do not have targets

Places that work with children help them to reach their potential



10 indicators

People lead a healthy lifestyle and stay healthy for longer



36 indicators, 4 of which do not have targets

Our Transformation Programme is on track	Sustain a high performing, talented, engaged and resilient workforce
<p>21 Early ideas ↑</p> <p>82 Business cases in development ↑</p> <p>27 Projects being implemented ↑</p> <p>Transformation Fund:</p> <p>14 projects rated Green</p> <p>4 rated Amber (reflecting some need to re-phase savings)</p> <p>3 rated Red (risk of non-delivery of savings or benefits)</p>	<p>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)</p>

## Finance and risk

<u>Revenue budget forecast</u>  +£4.1m, +1.2% variance at end of year  <b>RED</b>	<u>Capital programme forecast</u>  £0m, 0% variance at end of year  <b>GREEN</b>	<u>Balance sheet health</u>  Net borrowing activity £466m  <b>GREEN</b>
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Residual risk score	<b>Green</b>	<b>Amber</b>	<b>Red</b>
Number of risks	<b>0</b>	<b>8</b>	<b>1</b>

## Number of service users supported by key care budgets

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

	Jul-17	Trend since Apr-17
Nursing	319	↑
Residential	716	↑
Community	2013	↑

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

	Jul-17	Trend since Apr-17
Nursing	25	↔
Residential	309	↔
Community	1921	↑

### Children open to social care

	Jul-17	Trend since Apr-17
Looked after children	681	↔
Child protection	572	↓
Children in need	2095	↑

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

2.2 The key issues included in the financial summary analysis are:

- The overall revenue budget position is showing a forecast year-end overspend of +£4.1m (+1.2%), an increase of £1.0m on the forecast overspend reported in May; the increase is mainly within People & Communities (P&C) and Corporate Services Financing. See section 3 for details. Significant action is underway to identify further mitigations to manage these pressures downwards.
- The Capital Programme is forecasting a balanced budget at year end. This includes use of £1.8m (7%) of the capital programme variations budget. See section 6 for details.
- Balance Sheet Health; the original forecast net borrowing position for 31<sup>st</sup> 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.

### 3. REVENUE BUDGET

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

#### Key to abbreviations

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

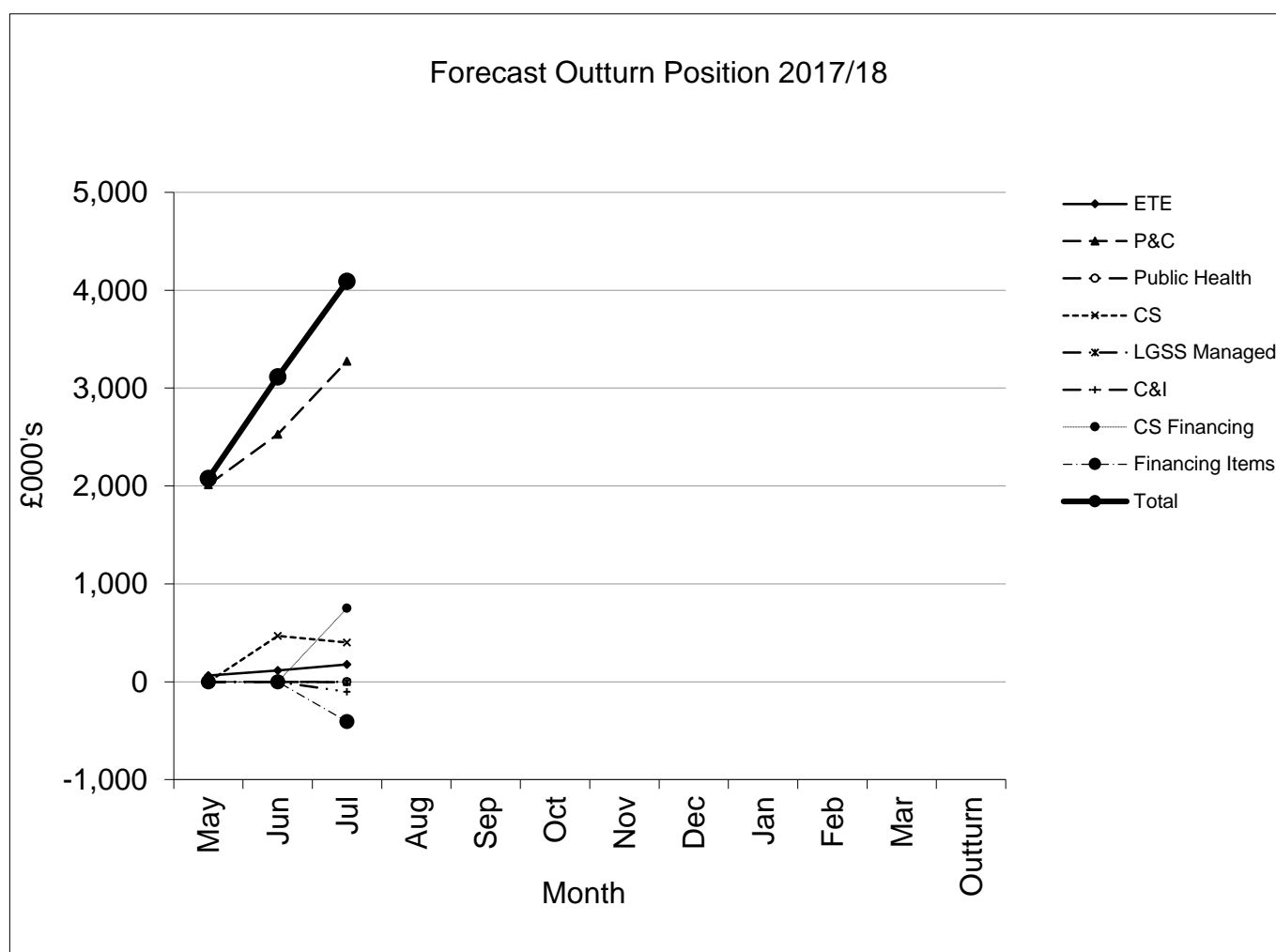
Original Budget as per Business Plan £000	Service	Current Budget for 2017/18 £000	Forecast Variance (June) £000	Forecast Variance (July) £000	Forecast Variance (July) %	Overall Status	DoT
38,682	ETE	38,384	116	178	0.5%	Amber	↓
237,311	People & Communities	237,045	2,528	3,276	1.4%	Red	↓
200	Public Health	386	0	0	0.0%	Green	↔
15,542	Corporate Services	6,463	470	400	6.2%	Amber	↑
6,500	LGSS Managed	13,560	0	-5	0.0%	Green	↑
2,702	Commercial & Investment	2,356	0	-101	-4.3%	Green	↑
22,803	CS Financing	22,803	0	750	3.3%	Amber	↓
<b>323,740</b>	<b>Service Net Spending</b>	<b>320,997</b>	<b>3,114</b>	<b>4,498</b>	<b>1.4%</b>	<b>Red</b>	↓
24,377	Funding Items	23,384	0	-405	-1.7%	Green	↑
<b>348,117</b>	<b>Total Net Spending</b>	<b>344,381</b>	<b>3,114</b>	<b>4,093</b>	<b>1.2%</b>	<b>Red</b>	↓
	<b>Memorandum items:</b>						
7,746	LGSS Operational	9,396	0	90	1.0%	Green	↓
212,873	Schools	212,873					
<b>568,736</b>	<b>Total Spending 2017/18</b>	<b>566,650</b>					

- 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.
- For budget virements between Services throughout the year, please see [Appendix 1](#).
- 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.
- The 'Funding Items' budget (previously been referred to as 'Financing Items') comprises the £23m Combined Authority Levy and the £384k Flood Authority Levy. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.

3.1.1 Although the position continues to be challenging, savings of £29.4m are on track against a target for 2017-18 of £33.4m. The council faces significant demand led pressures and risks particularly related to children's services, where numbers of looked after children are at very high levels in historical context, and continue to grow, in line with national trends.

This report includes new favourable forecasts on business rates income and County offices. Children's services have a reduced expenditure expectation on business support.

Robust action is being taken to improve the budgetary position in People & Communities and the Executive Director is currently developing actions plans to ensure that mitigating measures are brought forward.



3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** +£0.178m (+0.5%) overspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [ETE Finance & Performance Report](#).

3.2.2 **People & Communities:** +£3.276m (+1.4%) overspend is forecast at year-end.

Due to the material overspend in Children's Services, the full narrative regarding those variances, provided to the CYP Committee is available in [Appendix 5](#) to this report.

	£m	%
<ul style="list-style-type: none"> <li><b>Looked After Children (LAC) Placements</b> – a +£641k overspend is forecast at year-end, which is an increase of £368k on the overspend previously reported in May. LAC numbers have increased by 9 since June and 14 since May.</li> </ul>	+0.641	(+4%)
<ul style="list-style-type: none"> <li><b>Older People Mental Health</b> – a +£271k overspend is forecast for year-end. This is due to increased care commitments for nursing dementia beds in comparison to those budgeted. Delivery of savings is in line with expectations and other mitigations within Mental Health Services are partially mitigating the pressure.</li> </ul>	+0.271	(+5%)

The rest of the Adults programme is currently on track. P&C are forecasting delivery of £20m savings in 2017-18.

- For full and previously reported details see the [P&C 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:** +£0.400m (+6.2%) overspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

3.2.5 **LGSS Managed:** -£0.005m (-0.0%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

3.2.6 **CS Financing:** +£0.750m (3.3%) overspend is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li><b>Housing Financing</b> – the Housing Investment Company is a new initiative for the Council, and a new income stream is forecast. After re-phasing, there are greater returns in future years but a +£750k pressure within 2017-18. Timescales set within the business plan were deliberately ambitious. Planning permission is being actively progressed on schemes in order to maximise asset values. The Resources directorate has identified some mitigation from the County Offices budget (see below) and is working to reduce the pressure further.</li> </ul>	+0.750	(+3%)



- For full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

### 3.2.7 **Commercial & Investment:** -£0.101m (-4%) underspend is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li>• <b>County Offices</b> – a -£450k underspend is forecast at year-end. Members will be aware that the Council has increased public access to pay and display parking at the Shire Hall Campus and following successful implementation and marketing, this is now generating significant additional revenue income, which makes up -£105k of the forecast underspend. The balance of the underspend is due to a rebate (£345k) for business rate costs following the leasing of the Castle Court office building to a student accommodation provider.</li> </ul>	-0.450	(-10%)
<ul style="list-style-type: none"> <li>• <b>Strategic Assets</b> – a +£349k overspend is forecast at year-end. This is due to the ending of shared service arrangements for Property and Asset services with LGSS. Whilst shared service arrangements applied the Council benefitted from savings made across all partners. At the ending of the arrangements, budgets were disaggregated. Cambridgeshire no longer receives the benefit of savings made at other partners and has a remaining deficit on the delivery of these services compared to the budget. It was an LGSS decision to withdraw from property services provision and there will be new opportunities in terms of collaboration within the County. An outcomes focused review is commencing across assets, facilities and property compliance functions with a view to improving the final outturn.</li> </ul>	+0.349	(+49%)

Mitigation from the Business Rates pilot is report below under the funding adjustments category.

- For full and previously reported details see the [C&I Finance & Performance Report](#).

### 3.2.8 **LGSS Operational:** +£0.090m (+1.0%) overspend is forecast at year-end. Pressures in LGSS Operational are set against LGSS reserves at year-end, rather than using the General Fund. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

### 3.2.9 **Funding adjustments:** The County Council participates in a local business rates retention pilot agreed with HM Treasury as a pathfinder. This enables the Council to retain a share of local increases in business rates income, so that more of the proceeds of local economic growth are retained within the county rather than redistributed elsewhere in the country. This is forecast to deliver additional income of at least £405k this financial year, with the potential to grow. (see section 7.1 for more details).

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

## 4. KEY ACTIVITY DATA

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

## 5. PERFORMANCE AND RISK

- 5.1 At GPC in July, Service Committees were requested to review performance indicators. This work is underway, but is dependent on the timescales for the relevant Finance and Performance Report so is in different stages in each Committee. This report is based on the basket of indicators that are reported in the Finance and Performance Reports being considered by Committees in September, covering the period for July. As these reports are updated, the indicators reported here that make up the pie charts in Section 2.1 will be updated also.
- 5.2 GPC also requested that direction of travel arrows be added to the pie charts on the front sheet. These will be added once the indicator review has been completed as it is not possible to compare the baskets of indicators if they have changed.
- 5.3 A summary of the Corporate Risk Register is shown in [Appendix 4](#). The risk of the Business Plan not being delivered is now rated red, due to the forecast outturn position worsening.

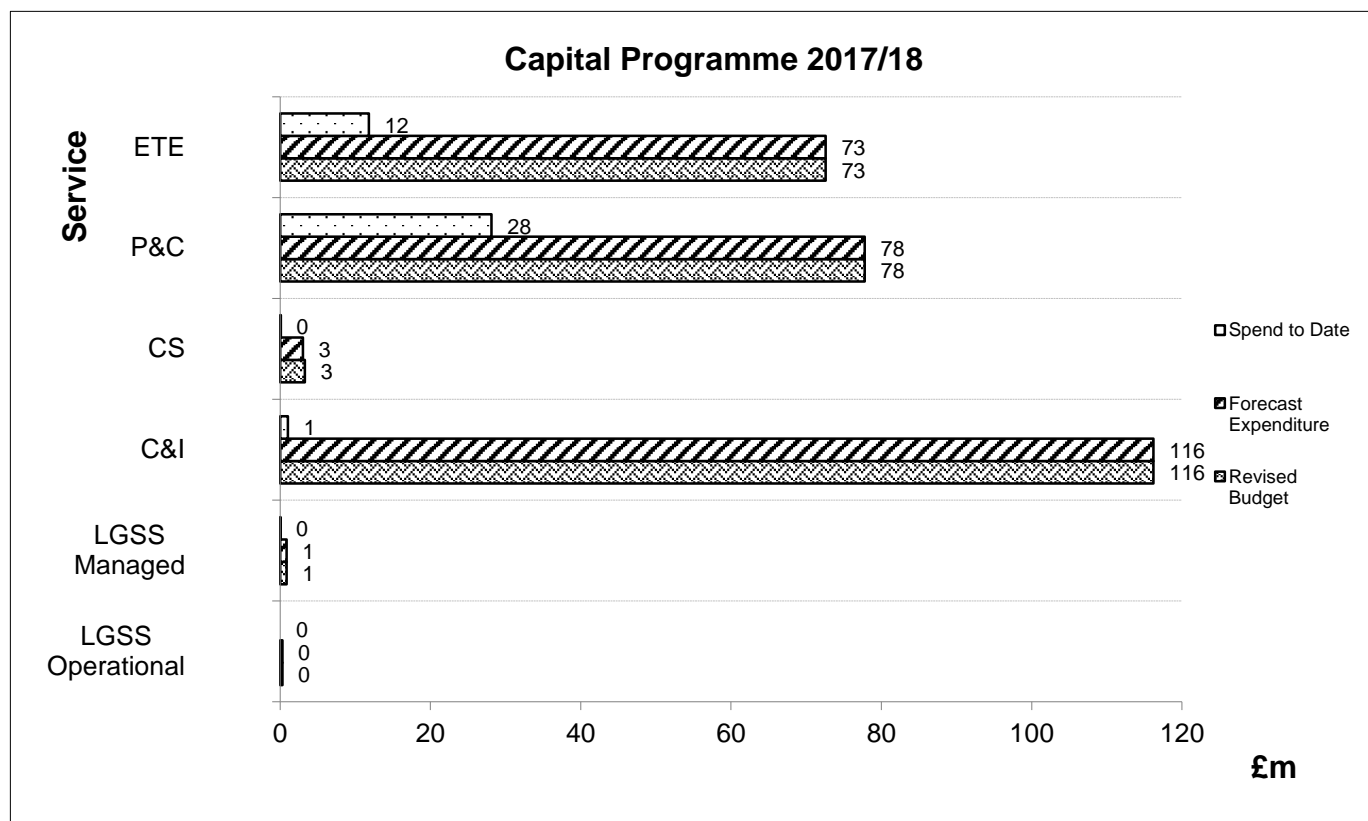
## 6. CAPITAL PROGRAMME

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

2017/18						TOTAL SCHEME	
Original 2017/18 Budget as per Business Plan  £000	Service	Revised Budget for 2017/18  £000	Forecast Variance - Outturn (June)  £000	Forecast Variance - Outturn (July)  £000	Forecast Variance - Outturn (July)  %	Total Scheme Revised Budget (July)  £000	Total Scheme Forecast Variance (July)  £000
66,263	ETE	72,580	-	-	0.0%	431,053	-
79,208	P&C	77,774	-	-0	0.0%	578,941	12,363
3,689	CS & Transformation	3,280	-	-237	-7.2%	8,993	-
160	LGSS Managed	851	-	-	0.0%	9,300	-
116,476	C&I	116,208	-	-	0.0%	218,376	-
100	LGSS Operational	301	-	-	0.0%	1,408	-
-	Outturn adjustment	-	-	237	-	-	-
<b>265,896</b>	<b>Total Spending</b>	<b>270,994</b>	-	<b>0</b>	<b>-7.2%</b>	<b>1,248,071</b>	<b>12,363</b>

**Notes:**

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



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

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

2017/18					
Service	Capital Programme Variations Budget	Forecast Variance - Outturn (July)	Capital Programme Variations Budget Used	Capital Programme Variations Budget Used	Revised Forecast Variance - Outturn (July)
	£000	£000	£000	%	£000
ETE	-15,234	-106	106	0.70%	0
P&C	-10,305	-1,525	1,525	14.80%	-0
CS & Transformation	-279	-516	279	100.00%	-237
LGSS Managed	-643	-73	73	11.35%	0
C&I	-1,000	0	0	0.00%	0
LGSS Operational	-20	0	0	0.00%	0
Outturn adjustment	-	-	237	-	237
<b>Total Spending</b>	<b>-27,481</b>	<b>-2,220</b>	<b>2,220</b>	<b>8.08%</b>	<b>0</b>

- 6.3 Although slippage on Corporate Services and Transformation schemes have exceeded the capital programme variations budget allocated to them, it is not currently thought that slippage across the whole programme will exceed the total capital programme variations budget. However, it is not known where any balancing variances will occur, so an adjustment has been made to the outturn.

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

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

- 6.4.2 **People & Communities:** a balanced budget is forecast at year-end.

- |   | £m   | %     |
|---|------|-------|
| <ul style="list-style-type: none"> <li><b>Basic Need – Primary</b> – an in-year underspend of -£1.5m is forecast, which is a movement of -£0.6m on the position last reported in May. This is mainly due to slippage on Meldreth Primary (£500k increase since May) due to the commencement on site being delayed from November 2017 to February 2018.</li> </ul> | -1.5 | (-4%) |
| <ul style="list-style-type: none"> <li>For full details see the <a href="#">P&amp;C Finance &amp; Performance Report</a>.</li> </ul>  |      |       |

6.4.3 **Corporate Services:** a -£0.2m (-7.2%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

	£m	%
<ul style="list-style-type: none"> <li><b>Citizen First, Digital First</b> – an in-year underspend of -£516k is forecast due to revised timescales for implementing the projects as detailed in the latest business case analyses.</li> </ul>	-0.5	(-46%)
<ul style="list-style-type: none"> <li>For full details see the <a href="#">CS &amp; LGSS Finance &amp; Performance Report</a>.</li> </ul>		

6.4.4 **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](#).

6.4.5 **Commercial & Investment:** a balanced budget is forecast at year-end. This forecast assumes that the additional funding requested in section 6.7 for the Sawston Community Hub project is granted. There are no exceptions to report this month; for full details see the [C&I Finance & Performance Report](#).

6.4.6 **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](#).

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

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

6.5.2 **People & Communities:** a +£12.3m (+2%) total scheme overspend is forecast.

	£m	%
<ul style="list-style-type: none"> <li><b>Basic Need – Secondary</b> – there has been a +£21.6m increase in total scheme costs since the 2017/18 Business Plan was agreed, for which funding has not yet been allocated by Members. This is £19.9m higher than was reported in June and is largely due to a change in scope of the Northstowe Secondary scheme (+£19.6m).</li> </ul>		
<p>The scheme has been extended to include SEN provision, of which 90 places are to be funded by the Education Funding and Skills Agency (EFSA), and the delivery of community sports provision, which will attract S106 funding from South Cambs District Council. This change in budget will be dealt with through the 2018/19 Business Planning process, with funding being allocated to meet the increased costs. Ensuring there is sufficient local SEN provision is a key aspect of the Council's demand management strategy.</p>	+21.6	(+10%)
<ul style="list-style-type: none"> <li>For full details see the <a href="#">P&amp;C Finance &amp; Performance Report</a>.</li> </ul>		

- 6.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the [CS & LGSS Finance & Performance Report](#).
- 6.5.4 **LGSS Managed:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the [CS & LGSS Finance & Performance Report](#).
- 6.5.5 **Commercial & Investment:** a total scheme balanced budget is forecast. This forecast assumes that the additional funding requested in section 6.7 for the Sawston Community Hub project is granted. There are no exceptions to report this month; for full details see the [C&I Finance & Performance Report](#).
- 6.5.6 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full details see the [CS & LGSS Finance & Performance Report](#).
- 6.6 A breakdown of the changes to funding has been identified in the table below.

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding <sup>1</sup> £m	Revised Phasing £m	Additional/ Reduction in Funding £m	Revised Budget £m	Outturn Funding £m	Funding Variance £m
Department for Transport (DfT) Grant	20.5	0.5	8.0	7.7	36.6	36.6	-
Basic Need Grant	32.7	-	-	-	32.7	32.7	-
Capital Maintenance Grant	4.0	-	0.4	-	4.5	4.5	-
Devolved Formula Capital	1.1	0.8	-0.1	-0.0	1.8	1.8	-
Specific Grants	23.1	0.5	-7.6	-	16.1	16.1	-
S106 Contributions & Community Infrastructure Levy	22.0	1.6	-4.4	-0.0	19.2	19.2	-
Capital Receipts	83.9	-	-	-	83.9	83.9	-
Other Contributions	15.1	0.4	-4.7	1.6	12.4	12.4	-
Revenue Contributions	-	-	-	-	-	-	-
Prudential Borrowing	63.5	9.6	-10.4	1.2	63.9	63.9	0.0
<b>TOTAL</b>	<b>265.9</b>	<b>13.4</b>	<b>-18.8</b>	<b>10.5</b>	<b>271.0</b>	<b>271.0</b>	<b>0.0</b>

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

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

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding – Department for Transport (DfT) Grant	ETE	£3.5	<p>Cambridgeshire County Council has received a one-off grant payment £3.5m from the Department for Transport's Challenge Fund, to repair drought damaged roads.</p> <p><b>General Purposes Committee is asked to approve the allocation of the £3.5m grant to ETE so it can be used for its intended purpose.</b></p>
Revised phasing – Prudential Borrowing	ETE	£2.25	<p>The amount received from the Department for Transport's Challenge Fund is not sufficient to complete the required works. Our funding bid relied on being able to fund £1.25m of works ourselves with borrowing, but another £1m is required to make up the shortfall between the amount bid for and the amount awarded. Therefore it is requested that £2.25m of the £90m Highways Maintenance fund be brought forward from later years in the capital programme to allow the works to be completed in 2017/18.</p> <p><b>General Purposes Committee is asked to approve the revised phasing of £2.25m of Prudential Borrowing for use by ETE, bringing it forward from later years in the Capital Programme.</b></p>
Addition/Reduction in Funding – Prudential Borrowing	C&I	£0.2	<p>A +£193k increase in the in-year and total scheme costs for the Sawston Community Hub project has occurred. This is due to delays to the start date caused by prolonged negotiations with the Parish Council and Sawston Village College in relation to land usage, which delayed submission of the planning application. Additionally, further detailed design development has led to a number of changes being made to meet fire safety and disabled access requirements. The largest single cost (£38k) is for the removal of contaminated materials identified during the site survey.</p> <p><b>GPC is asked to approve an additional £193k of Prudential Borrowing to fund the increased costs of the scheme, which will need to be met in 2017/18.</b></p>

## 7. FUNDING CHANGES

- 7.1 Where there has been a material change in 2016/17 grant allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, this will require Strategic Management Team (SMT) discussion in order to gain a clear and preferred view of how this additional/shortfall in funding should be treated. The agreed approach for each grant will then be presented to the General Purposes Committee (GPC) for approval.

### Business Rates Retention Pilot

From April 2015 Cambridgeshire has been in a pilot scheme that allows councils to retain 100% of any additional growth in business rates beyond expected forecasts. For year two of the pilot scheme Cambridgeshire County Council's share of the additional growth, which will be received in 2017/18, is anticipated to be £405k. This has not been budgeted for and is shown as a forecast outturn in the 'Funding Items' section of this report.

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

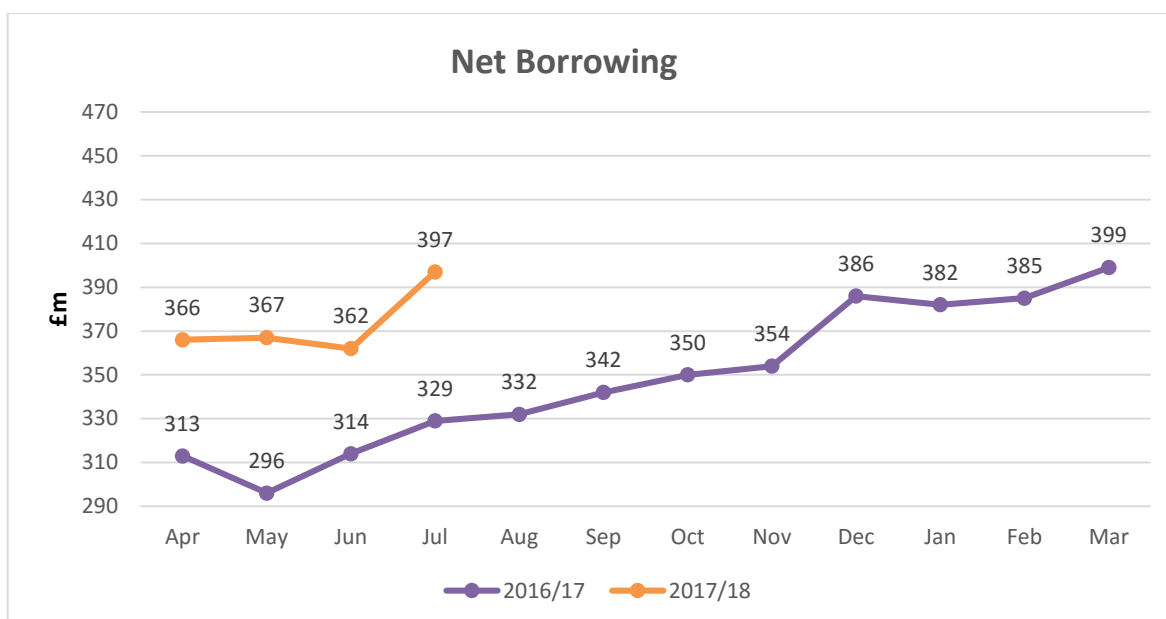
## 8. BALANCE SHEET

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

Measure	Year End Target	Actual as at the end of July
Level of debt outstanding (owed to the council) – 4-6 months, £m	£0.4m	£8.6m
Level of debt outstanding (owed to the council) – >6 months, £m	£1.0m	£2.7m
Invoices paid by due date (or sooner)	97.6%	99.6%

- 8.2 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 July 2017 were £14.49m (excluding 3<sup>rd</sup> party loans) and gross borrowing was £411.94m.





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

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

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

## **10. SIGNIFICANT IMPLICATIONS**

### **10.1 Resource Implications**

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

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

There are no significant implications within this category.

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

There are no significant implications within this category.

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

There are no significant implications within this category.

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

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

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

There are no significant implications within this category.

### **10.7 Public Health Implications**

There are no significant implications within this category.

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

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

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

	P&C	Public Health	ETE	CS Financing	Corporate Services	LGSS Managed	C&I	LGSS Op	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	237,311	200	38,682	22,803	15,542	6,500	2,702	7,746	3,915
Post BP adjustments	-292		-18		-69	521		-142	
Apprenticeship Levy	335	8	61		-456	6	5	40	
Transfer Digital Strategy budget to CS - CCR	-1,286				1,286				
Transfer Strengthening Communities budget to CS - CCR1			-756		756				
Property demerger from LGSS and rationalisation of property services			58			-7		-51	
Organisational structure review	-293				293				
Transfer budget for Court of Protection team to CS	-52							52	
Transfer surplus NHB funding from City Deal					-256				256
Transfer budget from reablement for In Touch maintenance	-10				10				
Allocation of inflation to Waste budget			200						-200
Drug and Alcohol Treatment service transfer to PH	-178	178							
Workforce development budget transferred to LGSS	-1,361							1,361	
Budget transfer per CCR	-43				43				
Property commissioning transfer budget to P&C	-11							11	
Dial a Ride budget to Total Transport	12		-12						
LAC demography	2,913				-2,913				
Waste demography			170		-170				
<b>Current budget</b>	<b>237,044</b>	<b>386</b>	<b>38,384</b>	<b>22,803</b>	<b>14,068</b>	<b>7,020</b>	<b>2,707</b>	<b>9,017</b>	<b>3,971</b>
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 July 17		
	£000s	£000s	£000s	£000s	
<b><u>General Reserves</u></b>					
- County Fund Balance	15,808	1,453	17,261	13,164	Service reserve balances transferred to General Fund after review
- Services					
1 P&C	540	-540	0	0	
2 ETE	2,229	-2,229	0	0	
3 CS	-64	64	0	0	
4 LGSS Operational	609	0	609	51	
subtotal	20,162	-1,252	17,870	13,215	
<b><u>Earmarked</u></b>					
- Specific Reserves					
5 Insurance	3,269	0	3,269	3,269	
subtotal	3,269	0	3,269	3,269	
- Equipment Reserves					
6 P&C	859	0	859	114	
7 ETE	218	0	218	218	
8 CS	57	0	57	57	
subtotal	1,134	0	1,134	389	
<b><u>Other Earmarked Funds</u></b>					
9 P&C	1,289	249	1,538	566	Includes liquidated damages in respect of the Guided Busway - current balance £1.5m.
10 PH	2,960	0	2,960	2,302	
11 ETE	6,003	1,019	7,022	4,883	
12 CS	2,656	0	2,656	2,656	
13 LGSS Managed	146	0	146	146	
14 C&I	362	27	389	389	Savings realised through change in MRP policy
15 Transformation Fund	19,525	-439	19,086	11,641	
16 Innovation Fund	1,000	0	1,000	1,000	
subtotal	32,901	856	33,797	22,583	
<b>SUB TOTAL</b>	<b>57,465</b>	<b>-396</b>	<b>56,069</b>	<b>39,456</b>	
<b><u>Capital Reserves</u></b>					
- Services					
17 P&C	1,827	24,091	25,918	273	Section 106 and Community Infrastructure Levy balances.
18 ETE	7,274	32,907	40,181	5,200	
19 LGSS Managed	72	-3	69	69	
20 C&I	0	3,072	3,072	0	
21 Corporate	29,782	398	30,179	17,834	
subtotal	39,343	60,465	99,419	23,376	
<b>GRAND TOTAL</b>	<b>96,808</b>	<b>60,069</b>	<b>155,489</b>	<b>62,832</b>	

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

Fund Description	Balance at 31 March 2017	2017-18		Forecast Balance 31 March 2018	Notes
		Movements in 2017-18	Balance at 31 July 17		
	£000s	£000s	£000s	£000s	
<b>- Short Term Provisions</b>					
1 ETE	669	0	669	0	
2 P&C	200	0	200	0	
3 CS	64	0	64	64	
4 LGSS Managed	3,056	-911	2,145	2,145	
5 C&I	24	0	24	24	
subtotal	4,013	-911	3,102	2,233	
<b>- Long Term Provisions</b>					
6 LGSS Managed	3,613	-3,613	0	0	
subtotal	3,613	-3,613	0	0	
<b>GRAND TOTAL</b>	<b>7,626</b>	<b>-4,524</b>	<b>3,102</b>	<b>2,233</b>	

## APPENDIX 3 – Improved Better Care Fund

In 2017-18, the County Council is receiving an **£8.339m** grant as part of an 'improved Better Care Fund.' This is additional, non-recurrent funding: the amount to be received, grant conditions and the wider planning requirements associated with the Better Care Fund were confirmed gradually by government in the early months of the financial year.

The grant is ring-fenced, and the Council must:

- Use the funding to:
  - meet adult social care needs,
  - reduce pressures on the NHS (including supporting more people to be discharged from hospital when they are ready), and
  - ensure that the local social care provider market is supported
- Pool the funding into the local Better Care Fund [via a section 75 agreement with the Clinical Commissioning Group (CCG)]
- Work with the CCG & social care providers to meet conditions around managing transfers of care
- Provide quarterly reports as required by the Secretary of State.

As this sets out, there are constraints in using the grant and formal processes for agreeing this with the NHS (and other partners). Following extensive planning work with the NHS during the Summer, the formal and public involvement of other committees is as follows:

<b>Health and Wellbeing Board</b> - formal sign-off of the BCF plan as a whole and pooling of funds by all partners	8 September 2017 <a href="https://cmis.cambridgeshire.gov.uk/ccg_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/749/Committee/12/SelectedTab/Documents/Default.aspx">https://cmis.cambridgeshire.gov.uk/ccg_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/749/Committee/12/SelectedTab/Documents/Default.aspx</a>
<b>Adults Committee –</b> Update on the Better Care Fund and confirmation of plans for the Council's part	14 September 2017 <a href="https://cmis.cambridgeshire.gov.uk/ccg_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/605/Committee/3/SelectedTab/Documents/Default.aspx">https://cmis.cambridgeshire.gov.uk/ccg_live/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/605/Committee/3/SelectedTab/Documents/Default.aspx</a>

Following sign-off by the Health and Wellbeing Board, the BCF plan, including the iBCF allocation, was submitted to NHS England on 11 September 2017.

Within the wider Better Care Fund, only the iBCF amount of £8.339m is a) additional funding and b) a grant to the local authority from central government, with the rest being supplied as income directly from the local NHS to a pooled budget which continues from last year. Although there is limited discretion possible due to the timing and conditions of grant, given the materiality, **GPC is asked to confirm, for its part, allocation within People & Communities to:**

Allocation Title	Amount	Remarks
Investment in Adult Social Care & Social Work	£2,889k	Additional capacity and initiatives which manage demand & sustain investment, including some repayment of transformation fund
Investment into housing options & accommodation projects for vulnerable people	£3,000k	Working with care suppliers, and to reduce out-of-county placements: reducing care costs on an ongoing basis.

Joint funding with NHS and Peterborough CC Public Health prevention initiatives	£150k	Supporting programmes on falls reduction & atrial fibrillation.
Detailed plan to support delivery of national reducing delayed transfers of care target	£2,300k	Capacity focused around hospital discharge and reablement, especially into Autumn/Winter
Total of grant [allocated]	<b>£8,339k</b>	

Beyond 2017-18, with allocations and planning guidance now known for 2018-19 (the iBCF reduces to £6.56m next year), it will be possible to deal with spending and funding assumptions in the wider Business Planning process in coming weeks as this reaches service committees from October. The funding reduces further to £3.273m in 2019-20 and zero thereafter, so iBCF funded activities are planned to end in line with these timescales.



## APPENDIX 4 – Corporate Risk Register Summary

Likelihood	5					
	4				2	
	3			3	4 6 7 10	1
	2			8	5	
	1					
		1	2	3	4	5
Consequence						

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	16		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

This month risk 2 (the Business Plan is not delivered) has worsened as a result of its consequence score increasing. It is now rated 'red'. This is because there is a higher forecast overspend this month compared to the last period, as explained in the main body of this report. Actions to address this are also described in the main body of this report.

## APPENDIX 5 – Narrative from the report to Children and Young People Committee about budget pressures

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
<b>8) Looked After Children Placements</b>	<b>17,344</b>	<b>3,867</b>	<b>641</b>	<b>4%</b>

An overspend of £641k is being forecast, which is an increase of £234k from what was reported in June. Of this increase, £151k relates to a reduction in the forecast LAC composition savings in 17/18 (where the expectation is that these will be delivered in 18/19 due to the timing of the savings), with the remaining £83k being due to a combination of changes in placement fees and/or new placements.

In July GPC approved the allocation of £2.913m from the corporately held demography and demand budget to the LAC Placement budget, resulting in the overall pressure being reduced to a more manageable level.

Overall LAC numbers at the end of July 2017, including placements with in-house foster carers, residential homes and kinship, are 689, 9 more than June 2017. This includes 66 unaccompanied asylum seeking children (UASC).

External placement numbers (excluding UASC but including 16+ and supported accommodation) at the end of July are 355, an increase of 8 from the 347 reported at the end of June. A small number of expensive residential placements made in the last quarter of 2016/17 and during April 2017 impact significantly on the forecast.

External Placements Client Group	Budgeted Packages	30 June 2017 Packages	31 July 2017 Packages	Variance from Budget
Residential Disability – Children	1	1	1	0
Child Homes – Secure Accommodation	0	0	0	0
Child Homes – Educational	16	20	20	+4
Child Homes – General	22	33	33	+11
Independent Fostering	263	263	269	+6
Supported Accommodation	15	21	24	+9
Supported Living 16+	25	9	8	-17
<b>TOTAL</b>	<b>342</b>	<b>347</b>	<b>355</b>	<b>+13</b>

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

Actions being taken to address the forecast overspend include:

- A fortnightly panel to review children on the edge of care, specifically looking to prevent escalation by providing timely and effective interventions. The panel also reviews placements of children currently in care to provide more innovative solutions to meet the child's needs.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
<b>Looked After Children Placements continued;</b> <ul style="list-style-type: none"> <li>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 a 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.</li> <li>A new Head of Service, with expertise in children's services commissioning, has been re-deployed from elsewhere in the newly formed, combined People &amp; Communities directorate to lead the Access to Resources function. Their review of commissioning practices for LAC will report in mid-September, to identify potential quicker wins, longer term process improvements and resourcing needs.</li> </ul>				
<b>9) Adoption</b>	<b>4,406</b>	<b>1,774</b>	<b>450</b>	<b>10%</b>
<p>The Allowances budget is forecasting an over spend of £450k.</p> <p>Our contract with Coram Cambridgeshire Adoption (CCA) provides for 38 adoptive placements pa. In 2017/18 we are forecasting an additional requirement of 20 adoptive placements. There is a need to purchase inter agency placements to manage this requirement and ensure our children receive the best possible outcomes. The forecast assumes £270k to manage our inter agency requirement and a further £30k to increase our marketing strategy in order to identify more suitable adoptive households.</p> <p>The adoption/Special Guardianship Order (SGO) allowances overspend of £150k is based on the continuation of historical adoption/SGO allowances and a lower than expected reduction from reviews of packages or delays in completing reviews of packages. The increase in Adoption orders is a reflection of the good practice in making permanency plans for children outside of the looked after system and results in reduced costs in the placement budgets.</p> <p><u>Actions being taken:</u> Ongoing dialogue continues with CCA to look at more cost effective medium term options to recruit more adoptive families to meet the needs of our children. Rigorous oversight of individual children's cases is undertaken before Inter Agency placement is agreed.</p> <p>A programme of reviews of allowances continues which is resulting in some reduction of packages, which is currently off-setting any growth by way of new allowances.</p>				
<b>10) Legal Proceedings</b>	<b>1,540</b>	<b>339</b>	<b>450</b>	<b>29%</b>
<p>The Legal Proceedings budget is forecasting a £450k overspend.</p> <p>Numbers of Care Applications have increased by 52% from 2014/15 (105) to 2016/17 (160), mirroring the national trend and continue to rise. Aside from those areas which we are working on to reduce costs ie advice/use of appropriate level of Counsel, the volume of cases remaining within the system indicates an estimated £450k of costs in 2017/18. This assumes overrun costs through delay in cases can be managed down as well as requests for advice being better managed.</p> <p><u>Actions being taken:</u> Work is ongoing to better manage our controllable costs by use of a legal tracker but this was only implemented in June 2017 so the impact is yet to be felt. The tracker should enable us to better track the cases through the system and avoid additional costs due to delay. We have invested in two practice development posts to improve practice in the service and will also seek to work closer with LGSS Law with a view to maximising value for money.</p>				

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
<b>11) Children's Disability Service</b>	<b>6,527</b>	<b>2,490</b>	<b>168</b>	<b>3%</b>
<p>The Children's Disability Service is forecasting an over spend of £168k.</p> <p>The Community Support Services budget has seen an increase both in the number of support hours, a high cost individual case (£35k) and in the number of joint funded health packages (also including some with high allocations of hours). Contributions to Adult Services (£45k) have increased and the service is also carrying a £50k overspend position from 2016/17.</p> <p><u>Actions being taken:</u></p> <p>We will be reviewing the costs of current packages and in particular support levels for our young people.</p>				
<b>12) Children's Innovation &amp; Development Service</b>	<b>47</b>	<b>-1,414</b>	<b>104</b>	<b>220%</b>
<p>There is a pressure of £104k against Grafham Water which was identified during budget build.</p> <p>The budget includes an internal loan of £97k in 17/18 relating to building and improvement works carried out a number of years ago. Although prices have been increased for all user groups and the centre is running at high capacity, the centre is currently unable to generate sufficient income to cover the additional costs of the loan as well as a targeted £27k over-recovery.</p> <p>This long standing issue will be addressed through a review of options for Grafham Water going forwards, with the aim of achieving a realistic and sustainable budget. We will look to mitigate the pressure in the short term via any emerging underspends elsewhere within the directorate.</p>				
<b>13) Catering &amp; Cleaning Services</b>	<b>-449</b>	<b>-130</b>	<b>185</b>	<b>41%</b>
<p>CCS is currently forecasting an under recovery of £185k, which is reduced from the £215k pressure identified at budget build. Plans are being progressed with the transformation team to develop strategies in which the service can be competitive in price, make efficiencies to the service and increase customer engagement.</p> <p>Encouragingly the service has retained the CPET group of 3 schools plus an additional new site at Trumpington, as well as contracting with ALT to develop the catering service at the new Littleport Academy from Sep17.</p> <p>Conversely, a further 4 sites have given notice that they are tendering their catering services to commence wef Jan 18 and previous trends indicate the very high potential for these contracts to be lost.</p> <p>Operational teams have been targeted with increasing the uptake of meals served by a minimum 5%, and making productivity savings against the major direct costs to achieve 45% staffing costs (budget = 47%, savings value = £200k) and 39% provisions costs (budget = 39%) against income.</p> <p>Cleaning services will face a further pressure in 18/19 when contracts for Children's center's are moved to the corporate CCC contract, and 2 major SLAs are expected to end (Revenue value £200k)</p> <p>The Management Team are considering a number of additional actions for potential delivery in year, alongside wider considerations for long term model and structure. As a result of support from Transformation Team and the wider considerations, the HoS and Client Development posts are being held vacant enabling an in year saving of £70k to be held whilst appropriate structure and future model discussions take place.</p> <p>The mothballed C3 cook freeze unit has a potential £500k dilapidations cost (awaiting verification) to resolve before the lease can be ended, and £80k pa ongoing costs until then.</p>				

<b>7) Strategic Management – Children &amp; Safeguarding</b>	<b>2,521</b>	<b>1,412</b>	<b>956</b>	<b>38%</b>
<p>The Children and Safeguarding Director budget is forecasting an over spend of £956k. This is a reduction of £122k on the June 2017 position.</p> <p>The Children's Change Programme (CCP) is on course to deliver savings of £669k in 2017/18 to be achieved by integrating children's social work and children's early help services in to a district-based delivery model. However, historical unfunded pressures of £886k still remain. These consist of £706k around the use of agency staffing, unfunded posts (£180k). The previous Business Support service pressure of £122k is now being managed in year and managed out entirely by 2018/19. An additional £70k of costs associated with managing the Children's Change Programme is also forecast. Agency need has been reduced based on a 15% usage expectation in 2017/18 but use of agency staff remains necessary to manage current caseloads.</p> <p><u>Actions being taken:</u></p> <p>A business support review is underway to ensure we use that resource in the most effective manner in the new structure. All the budget pressures continue to be monitored and reviewed at the CCP work stream project meetings, by Senior Management Team and at the P&amp;C Delivery Board with the intention of any residual pressures being managed as part of the 2018/19 Business Planning round.</p>				

Savings Tracker 2017-18

							Planned £000					Forecast £000											
							4,073	-15,785	-5,775	-4,830	-4,274	-30,664	-11,528	-6,508	-5,039	-4,418	-27,493	3,171					
Reference	Title	Description	Service	Committee	Responsible Officer	Transformation Workstream	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.6.001	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	Adults, C&YP	Sarah Ferguson	Contracts, commercial & procurement	0	-100	0	0	0	-100	-100	0	0	0	-100	0	Yes	Green	↔	Saving Achieved	0
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	Adults	Teresa Cockette	Finance & budget review	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.  This position will be kept under close review as direct payments are monitored each month. Scheduled for delivery board on 6 July.	N - except LD: Pooled budget - learning disability partnership
A/R.6.102	Care Act (part reversal of previous saving)	There is a £60k deficit on Care Act funded schemes going into 2017-18, and a further £60k required to fund a new Community Navigators scheme. A saving of £400k was taken from the Care Act funding in 2016-17. Part of this (£120k) will be reversed to fund these schemes now that they are established and ongoing	CFA	Adults	Claire Bruin	Finance & budget review	0	120	0	0	0	120	120	0	0	0	120	0	Yes	Green	↔	In place	0
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	Adults	Linda Mynott	Commissioning	128	-377	-138	-138	-138	-791	-27	-254	-255	-255	-791	0	No	Green	↔	On track	0
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	Adults	Linda Mynott	Finance & budget review	0	-80	-80	-80	-80	-320	-66	-84	-85	-85	-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	Linda Mynott	Adults services	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.	0
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	Adults	Mubarak Darbar	Commissioning	750	-2,307	-74	0	0	-2,381	-904	-984	-493	0	-2,381	0	No	Green	↔	On track	Pooled budget - learning disability partnership
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	Adults	Mubarak Darbar	Contracts, commercial & procurement	0	-63	-63	-102	-103	-331	-71	0	0	0	-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	Tracy Gurney	Adults services	186	-53	-53	-54	-54	-214	-53	-53	-54	-54	-214	0	No	Green	↔	On track.	0
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	Adults	Mubarak Darbar	Commissioning	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	Adults	Claire Bruin	Finance & budget review	0	-500	0	0	0	-500	-500	0	0	0	-500	0	No	Green	↔	Negotiation with CCG largely concluded, with saving expected to be delivered.	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. 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	Adults	Claire Bruin	Finance & budget review	0	-100	0	0	0	-100	-100	0	0	0	-100	0	Yes	Green	↔	Budget reduced - delivered	0

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								Planned £000					Forecast £000											
								4,073	-15,785	-5,775	-4,830	-4,274	-30,664	-11,528	-6,508	-5,039	-4,418	-27,493	3,171					
Reference	Title	Description	Service	Committee	Responsible Officer	Transformation Workstream	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.6.145	Using assistive technology to support older people to remain independent in their own homes	<p>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.</p> <p>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.</p>	CFA	Adults	Vicky Main	Adults services	110	-187	-134	-27	-10	-358	-166	-155	-27	-10	-358	0	No	Green	↔	On track	0	
A/R.6.146	Expansion of the Adult Early Help Team to minimise the need for statutory care	<p>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.</p> <p>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 initial 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.</p>	CFA	Adults	Vicky Main	Customer & communities	0	-201	-143	-29	-11	-384	-201	-143	-29	-11	-384	0	No	Green	↔	On track. Work underway to be able to demonstrate avoid costs as a result of service’s involvement.	0	
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	Adults	Richard O’Driscoll	Finance & budget review	0	-150	0	0	0	-150	-150	0	0	0	-150	0	Yes	Green	↔	Savings for 2017/18 agreed with District Councils and in the budget - complete.	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	Adults	Fiona Davies	Finance & budget review	0	-150	-150	-80	-40	-420	-45	-250	-85	-40	-420	0	No	Green	↔	On track	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	Adults	Chris Law	Finance & budget review	0	-53	-38	-22	-6	-119	-53	-38	-22	-6	-119	0	No	Green	↔	Implemented following policy change in 2016. Achievement in 2017/18 is through full year effect (existing clients did not start adjustment until January, and will be picked up through scheduled financial assessment reviews). Monitoring process in place through to OP management team.	0	
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	Adults	Jackie Galwey	Commissioning	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.	0	
A/R.6.160	Ensuring joint health and social care funding arrangements for older people are appropriate	<p>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 between social care and the NHS when someone has continuing health care needs.</p> <p>Several cases has been identified where potentially health funding should be included or increased based on a review of needs.</p>	CFA	Adults	Richard O’Driscoll	Finance & budget review	0	-196	-143	-89	-36	-464	-106	-143	-89	-36	-374	90	No	Red	↓	To achieve the baseline CHC savings each year as well as continue with last year’s permanent saving and make this year’s saving requires the team to complete DSTs that save £1.854m this year. Savings to date are £422k across the OP&MH directorate. Our progress is constrained by the pace, efficacy and effectiveness of the CCG in completing the CHC process.	0	
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 previously held for CLAS has now been removed, as is no longer required to support the redesigned service.	CFA	Adults	Meredith Teasdale	Finance & budget review	0	-163	0	0	0	-163	-163	0	0	0	-163	0	No	Green	↔	On-track. The contract has already been let and so the savings will be delivered.	0	
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	Fiona Davies	Adults services	0	-75	-75	-60	-40	-250	-38	-112	-60	-40	-250	0	No	Green	↔	On track	0	

								Planned £000					Forecast £000											
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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. 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	Vicky Main	Adults services	0	-93	-67	-42	-17	-219	-93	-67	-42	-17	-219	0	No	Green	↔	On track	0	
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. 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: • Reduce existing double-up packages of care to single-handed care OR • Prevent single-handed care packages being increased to double-up 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 whilst returning a saving direct to the Council. 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. 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	Diana Mackay	Adults services	90	-132	-94	-19	-7	-252	-42	-124	-39	-17	-222	30	No	Amber	↔		0 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	Adults	Charlotte Black	Finance & budget review	0	-130	0	0	0	-130	-130	0	0	0	-130	0	Yes	Green	↔	Delivered	0	
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	Fiona Davies	Adults services	0	-20	-25	-15	-9	-69	-4	-35	-20	-10	-69	0	No	Green	↔	On track	0	
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.  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	Adults	Will Patten	Finance & budget review	0	-930	0	0	0	-930	0	-880	0	0	-880	50	No	Amber	↔	Full guidance for BCF planning round 2017-19 still awaited.  Council negotiating position of uplifts for 2017/18 and 2016/17 (which was not agreed last year) is likely to clash with CCG intentions. Risk of delayed non-agreement. 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.  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	Adults	Charlotte Black	Commissioning	0	-450	0	0	-100	-550	-450	0	0	-100	-550	0	No	Green	↔	On track - following improvements in OP position in final 2 months of 2016/17	0	
A/R.6.201	Staffing reductions in Commissioning Enhanced Services	Review of Commissioning across CFA.	CFA	C&YP	Meredith Teasdale	Workforce planning & development	0	0	0	-107	0	-107	0	0	-107	0	-107	0	No	Green	↔	On-track. Saving to be delivered as part of the Commissioning restructure.	0	
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	C&YP	Theresa Leavy	Workforce planning & development	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 before confirming full achievement of savings.	0	
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	C&YP	Theresa Leavy	Workforce planning & development	0	-50	0	0	0	-50	-50	0	0	0	-50	0	No	Green	↔	On-track - Plan in place.	0	
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	C&YP	Theresa Leavy		0	497	0	-135	-181	-243	-559	0	-135	-181	-243	-559	0	No	Green	↔	On-track - Savings re-profiled across Q2,3,4	0

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A/R.6.210	Home to School Transport (Special)	<p>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.</p> <p>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. In addition to the £396k of savings in this business case, there are two separate invest to save proposals which are being funded by CFA underspend and ETE capital funding (Meadowgate footpath and Independent Travel Training) which relate to home to school transport (special). There is less likelihood of achieving savings from 2018-19 onwards as these are more reliant on a reduction in the number of children on EHC plans. 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 - even with demographic increase in population. We plan to achieve savings through a change to post-16 funding policy introducing contributions to all post-16.</p>	CFA	C&YP	Meredith Teasdale	Children's services	0	-124	-123	-123	-123	-493	-124	-123	-123	-123	-493	0	No	Green	↔	On-track - Transport delivery board overseeing the delivery of these savings.	0
A/R.6.213	LAC Inflation Savings	Award inflation at 0.7% rather than 1.7%	CFA	C&YP	Judith Davies	Commissioning	0	-31	-31	-31	-31	-124	-124	-23	-23	-22	-192	-68	No	Green	↑	The forecast is based on the current fee uplifts agreed. If further fee uplift requests are received, and subsequently approved, the forecast surplus will decrease. Requests can be received throughout the year. This savings is likely to over deliver and mitigate under delivery in A/R. 6. 239	0
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	C&YP	Meredith Teasdale	Contracts, commercial & procurement	0	-58	-58	-58	-58	-232	-58	-58	-58	-58	-232	0	No	Green	↔	On-track - Transport board in place; systems and processes established to oversee the delivery of the savings.	0
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	C&YP	Judith Davies	Commissioning	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. Due to issues with handing the properties over in a fit state the timescales for opening homes has moved to 1st July. As a result of the lead times needed to progress the project, part of the saving will be pushed to 18/19. 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.	0
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. We will purchase 12 contraception boxes for offices of services attending training for use with clients.	CFA	C&YP	Tony Lacey	Commissioning	0	-185	0	0	0	-185	0	0	0	0	0	185	No	Red	↔	Due at Delivery Board during August.	0
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	C&YP	Rachel Watson	Commissioning	120	-29	-48	-48	-49	-174	-29	-48	-48	-49	-174	0	No	Green	↔	On-track - Staff appointed, children identified and working within timeframes	0

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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. 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. 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	C&YP	Jo Maxwell / Sam Howlett	Children’s services	0	-111	0	0	0	-111	0	0	0	0	0	111	No	Red	↔	Savings deemed as not achievable. Under review.		
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	C&YP	Rachel Watson / Fiona VDH	Commissioning	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 quantified against benchmark data.		
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	C&YP	Fiona MacKirdy	Commissioning	0	-48	-49	-49	-49	-195	-48	-49	-49	-49	-195	0	No	Green	↔	On-track		
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	C&YP	Alison Smith	Commissioning	84	0	0	0	0	0	0	0	0	0	0	0	No	0	↔	No savings planned for 17/18		
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	C&YP	Judith Davies	Children’s services	0	-24	-24	-24	-24	-96	0	-32	-32	-32	-96	0	No	Green	↔	On track		
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	C&YP	Rudy Imhoof	Workforce planning & development	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.  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.		
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. 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	C&YP	Keith Grimwade	Workforce planning & development	0	-67	-68	-67	-68	-270	-180	-25	-35	-30	-270	0	No	Green	↑	These savings have been met in full through grant funding and reduction in intervention budget		
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	C&YP	Keith Grimwade	Workforce planning & development	0	-80	0	0	0	-80	-60	0	0	0	-60	20	No	Green	↔	On-track - Head of Service for CID appointed as interim, permanent role still planned for deletion.		
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.  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	C&YP	Keith Grimwade	Contracts, commercial & procurement	0	-70	0	0	-24	-94	-70	0	0	-24	-94	0	No	Green	↔	On-track - Anticipated to meet savings now that transport post has been appointed. Expected savings to be achieved using the Ely model outcomes		
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	C&YP	Keith Grimwade	Workforce planning & development	0	-51	0	0	0	-51	-51	0	0	0	-51	0	Yes	Green	↔	Saving achieved		
A/R.6.238	Virtual Beds	Tender for 16 Block Distributed Purchasing (Flexi Beds).	CFA	C&YP	Meredith Teasdale	Commissioning	0	0	-23	-83	-99	-205	0	0	0	0	0	205	No	Red	↔	Decision taken not to take this proposal forward. Alternative proposals are being progressed.		

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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	C&YP	Meredith Teasdale / Theresa Leavy	Commissioning	0	-81	-81	-81	-81	-324	0	0	-45	-135	-180	144	No	Red	↓	<p>The forecast saving is based on a review of the high cost placements that has been undertaken to date. 'Top 50' meetings are taking place to ensure regular review of high cost placements in order to secure further savings. There are also Purchased Placement review meetings being established that will be held by Placements Officers and Group Managers to review high cost placements that are made in an emergency and ensuring these are adequately reviewed. The forecast will be updated monthly following the outcome of these meetings. This is likely to generate further savings.</p> <p>It should also be noted that where a placement price is reduced, the saving is quantified over a 12 month period. Therefore any changes midway through the financial year will result in an element of the saving being pushed back into 18/19. Of the placements currently identified to deliver savings during 17/18 (£180k), a further £377k is forecast to be delivered in 18/19 from these placements.</p>	0
A/R.6.240	Negotiating placement fees	Negotiate the costs of external placements for Looked After Children.	CFA	C&YP	Meredith Teasdale / Theresa Leavy	Commissioning	0	-17	-18	-17	-18	-70	-9	-8	-7	-8	-32	38	No	Red	↓	Savings are negotiated on an adhoc basis either at point of placement (for placement moves) or by reducing high cost packages. The team will continue to negotiate with providers where possible.	0
A/R.6.241	Foster carers to provide supported lodgings	Delivery of 10 new supported lodging placements	CFA	C&YP	Fiona MacKirdy	Commissioning	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	0
A/R.6.242	Reducing fees for Independent Fostering Agency placements	Reduce fees for Independent Fostering Agency (IFA) placements	CFA	C&YP	Meredith Teasdale	Commissioning	0	-30	-30	-3	-3	-66	-17	-12	0	0	-29	37	No	Red	↓	Meetings continue to be arranged with providers, contracts and placements to support negotiations in order to try and secure further savings in this area.	0
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	C&YP	Theresa Leavy	Children's services	1,595	-1,595	0	0	0	-1,595	-1,595	0	0	0	-1,595	0	Yes	Green	↔	Saving Achieved	0
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	C&YP	Hazel Belchamber	Commissioning	132	-180	0	-290	-370	-840	0	-134	-336	-370	-840	0	No	Green	↑	Actions are on track to deliver these savings. There will be no savings in quarter one because these savings related to the new school year, from September onwards	0
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	C&YP	Jo Pallett	Workforce planning & development	0	-125	0	0	0	-125	-125	0	0	0	-125	0	No	Green	↔	On-track	0
A/R.7.101	Early Years subscription package	Proposal to develop Early Years subscription package for trading with settings.	CFA	C&YP	Gill Harrison	Children's services	0	0	0	-28	0	-28	0	0	-28	0	-28	0	No	Green	↔	On-track	0
A/R.7.103	Education ICT Service	Increase in trading surplus through expanding out-of-county provision.	CFA	C&YP	John Chapman	Children's services	0	-25	-25	-25	-25	-100	-25	-25	-25	-25	-100	0	No	Green	↔	On-track	0
A/R.7.104	Cambridgeshire Outdoors	Increase in trading surplus through cost reduction and external marketing.	CFA	C&YP	Carol Gronow	Children's services	0	-12	-13	-13	-12	-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.	0
A/R.7.105	Admissions Service	Increase in trading surplus through an increased use of automated systems.	CFA	C&YP	Hazel Belchamber	Children's services	0	-3	-3	-3	-1	-10	-3	-3	-3	-1	-10	0	No	Green	↔	On-track	0
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	C&YP	Jo Pallett	Workforce planning & development	0	30	30	30	35	125	30	30	30	35	125	0	No	Green	↔	On-track	0
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	E&E, H&CI	Graham Hughes	Workforce planning & development	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
B/R.6.002	Centralise business support posts across ETE	Costs will be reduced by centralising business support for the whole of ETE.	ETE	E&E, H&CI	Graham Hughes	Workforce planning & development	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



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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	E&E	Sass Pledger	Commissioning	0	-25	0	0	0	-25	0	0	0	0	0	25	No	Red	↔	These savings were originally to be made by sharing services with the District Councils. The focus of sharing services is now with Peterborough City Council and work is underway to develop options. This saving will therefore be made later than originally anticipated and there is only likely at best to be a part year saving in 2017/18.	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	E&E	Sass Pledger	Commissioning	0	-25	0	0	0	-25	0	0	0	0	0	25	No	Red	↔	These savings were originally to be made by sharing services with the District Councils. The focus of sharing services is now with Peterborough City Council and work is underway to develop options. This saving will therefore be made later than originally anticipated and there is only likely at best to be a part year saving in 2017/18.	N
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	E&E	Paul Nelson	Environment, transport & economy	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	H&CI	Richard Lumley	Contracts, commercial & procurement	0	0	-14	0	0	-14	0	0	-14	0	-14	0	No	Green	↔	On track	N
B/R.6.203	Rationalise business support in highway depots to a shared service	Move to shared service business support across the highway depots.	ETE	H&CI	Richard Lumley	Workforce planning & development	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	H&CI	Richard Lumley	Commissioning	0	-25	0	0	0	-25	-25	0	0	0	-25	0	Yes	Green	↑	On track	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	H&CI	Richard Lumley	Contracts, commercial & procurement	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	H&CI	Christine May	Commissioning	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	H&CI	Richard Lumley	Commissioning	0	-84	0	0	0	-84	-84	0	0	0	-84	0	Yes	Green	↔	On track	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	H&CI	Richard Lumley	Commissioning	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. This cost can be paid upfront or over time. It is proposed that CCC pays the Break Cost upfront.	ETE	H&CI	Richard Lumley	Environment, transport & economy	0	-32	-32	-32	-33	-129	-32	-32	-32	-33	-129	0	No	Green	↔	"£800k investment in 16-17 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	H&CI	Richard Lumley	Contracts, commercial & procurement	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	GPC	Adam Smith	Contracts, commercial & procurement	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	H&CI	Christine May	Environment, transport & economy	0	-5	0	-15	0	-20	0	-7	-15	0	-22	-2	No	Green	↑	On track	0

								Planned £000					Forecast £000												
								4,073	-15,785	-5,775	-4,830	-4,274	-30,664	-11,528	-6,508	-5,039	-4,418	-27,493	3,171						
Reference	Title	Description	Service	Committee	Responsible Officer	Transformation Workstream	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		
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	H&CI	Richard Lumley	Environment, transport & economy		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	H&CI	Richard Lumley		0	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 reviewed 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	H&CI	Richard Lumley	Environment, transport & economy		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 plateau and drop off slightly as the scheme beds in, the income target will be achieved.	N	
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	GPC	Chris Malyon	Contracts, commercial & procurement		0	0	0	-250	-250	-500	0	0	0	-30	-30	470	No	Red	↔	Opportunities from insurance, facilities management. External consultants have underpinned contractual savings in highways, care purchasing and home to school transport.	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	GPC	Chris Malyon	Workforce planning & development		0	-333	-333	-333	-313	-1,312	-386	-300	-200	-100	-986	326	No	Red	↑		0	0
C/R.6.103	Courier Contract	A more efficient Council-wide postage service, has generated savings against courier costs.	CS	GPC	Dan Horrex	Commissioning		0	-35	0	0	0	-35	-35	0	0	0	-35	0	Yes	Green	↔	Existing contract terminated. New arrangements now in place	N	
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	GPC	Sue Grace	Customer & communities		0	-14	-14	-14	-14	-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	GPC	Sue Grace	Customer & communities		0	-62	-62	-62	-61	-247	-62	-62	-62	-61	-247	0	No	Green	↓	On track	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	GPC	Sue Grace	Finance & budget review		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	GPC	Chris Malyon	Finance & budget review		0	-1,000	0	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	GPC	Chris Malyon	Finance & budget review		0	0	-1,293	0	0	-1,293	-1,293	0	0	0	-1,293	0	Yes	Green	↔	Accounting adjustment already made	N	
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	Health	Val Thomas	Public Health		0	-50	0	0	0	-50	-50	0	0	0	-50	0	No	Green	↔	Realised on 1st July 2017.	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.  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	Health	Val Thomas	Public Health		0	-71	0	0	0	-71	-71	0	0	0	-71	0	Yes	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	Health	Raj Lakshman	Public Health		0	-90	0	0	0	-90	-23	-22	-23	-22	-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	Health	Val Thomas	Public Health		0	-13	-12	-13	-12	-50	-13	-12	-13	-12	-50	0	Yes	Green	↔	On track		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	Health	Val Thomas	Public Health		0	-14	-14	-14	-15	-57	-14	-14	-14	-15	-57	0	Yes	Green	↔	On track		0

								Planned £000					Forecast £000											
								4,073	-15,785	-5,775	-4,830	-4,274	-30,664	-11,528	-6,508	-5,039	-4,418	-27,493	3,171					
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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	Health	Val Thomas	Public Health	0	-28	-27	-28	-27	-110	-28	-27	-28	-27	-110	0	Yes	Green	↔	On track	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	Health	Val Thomas	Public Health	0	-13	-12	-13	-12	-50	-13	-12	-13	-12	-50	0	Yes	Green	↔		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	Health	Val Thomas	Public Health	0	-25	0	0	0	-25	-25	0	0	0	-25	0	Yes	Green	↔		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	Health	Kate Parker	Public Health	0	-5	0	0	0	-5	-5	0	0	0	-5	0	No	Green	↔		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	Health	Raj Lakshman	Public Health	0	-98	0	0	0	-98	-98	0	0	0	-98	0	Yes	Green	↔		0	
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	Health	Liz Robin		0	0	56	0	0	56	56	0	0	0	56	0	No	Green	↔		0	
F/R.6.107	Rationalisation of Property Portfolio	Savings generated by the more efficient use of Council properties.	A&I	A&I	John Macmillan	Assets, estates & facilities management	0	-38	-38	-38	-40	-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 and additional 6-9 months. However new lease is at reduced rate from £57k to £41k so some saving is achieved.	N	
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	A&I	Claire Julian-Smith	Assets, estates & facilities management	0	-3	-5	-6	-6	-20	-3	-5	-6	-6	-20	0	No	Green	↔		0 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	A&I	Hugo Mallaby		0	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	A&I	Hugo Mallaby		0	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	A&I	Hugo Mallaby		0	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	A&I	Hugo Mallaby		0	0	-33	-50	-50	-50	-183	-33	-50	-50	-50	-183	0	No	Green	↔	Current expectation is that we will start to receive income from May and not April has 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.7.109	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	A&I	Ian Wilson	Assets, estates & facilities management	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	A&I	Ian Wilson		0	0	-98	-98	-98	-99	-393	-98	-98	-98	-99	-393	0	No	Green	↔	Full year effect for Castle Court income	N



**AUDIT AND ACCOUNTS COMMITTEE ANNUAL REPORT 2016 - 17**

To: **Audit and Accounts Committee**

**Full Council**

Date: **19<sup>th</sup> September 2017**

**17<sup>th</sup> October 2017**

From: **Duncan Wilkinson, LGSS Head of Audit and Risk Management**

Purpose: **To present the Audit & Accounts Committee Annual Report 2015/16.**

Recommendation: **The Audit and Accounts Committee issues an annual report to Council, detailing their activities during the year.**

**Council is requested to consider the report.**

<b><i>Officer contact:</i></b>		<b><i>Member contact:</i></b>	
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Source Documents	Location
Reports and Minutes to the Audit and Accounts Committee	Room 117 Shire Hall,  Cambridge

## **Audit and Accounts Committee**

### **Annual Report**

#### **1. Introduction**

- 1.1 The Audit and Accounts Committee exists to provide independent assurance on the adequacy of the Council's risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. Audit and Accounts Committees within Local Authorities are necessary to satisfy the wider statutory requirements for sound financial management.
- 1.2 The Audit and Accounts Committee plays a vital role in ensuring that the residents of Cambridgeshire County Council are getting good-quality services and value for money, i.e. economy, efficiency and effectiveness.
- 1.3 The Audit and Accounts Committee has seven members and met seven times in 2016/17. All meetings have been held in public.
- 1.4 The Committee has been structured around the following responsibilities:
  - Considering and approving the Annual Statement of Accounts;
  - Ensuring that the financial management of the Council is adequate and effective;
  - Ensuring that the Council has a sound system of internal control, which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk;
  - Reviewing annually the Council's system of internal control and agreeing an Annual Governance Statement;
  - Ensuring that the Council has an adequate and effective Internal Audit function.
- 1.5 In its role of overseeing the work of Internal Audit, the Committee was advised that in 2016/17, Internal Audit carried out 64 audit reviews, including reviews of policies and compliance, embedded assurance work, risk-based reviews and contracts reviews. Internal Audit also completed 31 schools audits, 46 investigations and 10 grant certifications, as well as providing advice and guidance on a wide range of topics including finance instructions for the

Registrations Service, authorisation of payments, and arrangements for reimbursing independent care providers for flu jab costs.

- 1.6 In total, during the year Internal Audit made 57 recommendations considered to be 'significant' or 'fundamental'. Throughout the course of the year, 45 actions which were considered to be 'significant' or 'fundamental' were implemented by management. 1 'fundamental' and 7 'significant' actions were still outstanding at the end of the year. This is a similar position to 2015/16, where 8 'significant' actions were outstanding at the end of the year.
- 1.7 Of the 8 outstanding actions, implementation of four had been delayed due to the Corporate Capacity Review. Three actions had been partially completed by year-end, and the final one had been delayed due to the project in question being re-scoped.

## **2. Proactive Work of the Committee**

- 2.0 The following section provides a summary of the proactive work undertaken by the Committee over the last year. This aspect of the Committee's work is vital, and has assisted in improving the effectiveness of the Council's overall corporate governance arrangements.

### **2.1 Ely Archives Project**

- 2.1.1 Following a referral from the Assets & Investment Committee to the November 2016 meeting of the Audit & Accounts Committee, a decision was made to undertake a review of the officer processes throughout this project and identify internal lessons learned. This review was undertaken by Internal Audit, with outcomes reported to the Committee in January and March 2017.
- 2.1.2 The Internal Audit review undertaken documented the original scheme, brief and budget, and the timeline including key decisions and revisions relating to scope, cost and budget. It identified the causes of cost variations and evaluated the project's governance arrangements. A report was presented to Committee setting out the lessons learned from the project and recommendations going forward. As an outcome of this review, the Committee requested that Internal Audit review other capital projects to establish whether this had been a one-off case. The Committee received a progress report on implementation of actions in March, and a number of reviews of project management were included in the Internal Audit Plan for 2017/18.

## **2.2 Safe Recruitment in Schools**

- 2.2.1 Safe recruitment in schools has continued to be a focus for the Committee in 2016/17. In November 2016, the Committee received a report detailing the latest measures taken to improve practice in this area, including Internal Audit and the Learning Directorate jointly producing a safe recruitment audit tool for schools. Audit and the Learning Directorate also worked together to look at the safeguarding review process undertaken by Education Advisors, ensuring that the review tool was comprehensive and meets Ofsted framework expectations and the guidance in *Keeping Children Safe in Education*.
- 2.2.2 The Committee has resolved that in the event of a further Internal Audit review finding a serious failure of safe recruitment practice, the headteacher of the school concerned should be required to attend the next available Audit & Accounts Committee, and the head of governors requested to do likewise.
- 2.2.3 The Committee continue to receive regular updates in this area. In July 2017 an update from the Learning Directorate gave information on the Safeguarding reviews carried out in the first six months of the year, outcomes from Ofsted reviews and safer recruitment training delivered. The next update is scheduled for November 2017.

## **2.3 Workforce Strategy**

- 2.3.1 The development of a Workforce Strategy was an area of focus for the Committee. The Committee meeting in July 2016 received an update report on the progress to develop a Workforce Strategy and the proposed Employee Engagement Programme.
- 2.3.2 A further report on the Workforce Strategy was received at the November Committee meeting. It identified a need for innovation, digital awareness skills, and commissioning, commercial and contract management ability. The report also presented a proposal for the final CCC Workforce Strategy.
- 2.3.3 This continues to be an area of interest for the Committee, with a further update scheduled for November 2017.

## **2.4 Risk Management and the Risk Register**

- 2.4.1 In accordance with best practice, the Council operates a risk management approach at corporate and service levels, seeking to identify key risks which might prevent the Council's priorities, as stated in the Business Plan, from being successfully achieved. The role of this Committee is to provide independent assurance of the adequacy of the Council's risk management framework and the associated control environment.
- 2.4.2 The Committee has received four risk management reports throughout the year alongside the Corporate Risk Register. The Committee has the opportunity to query individual risks within the risk register, which are then reported back to the Corporate Risk Group and Senior Management Team (SMT) for further review. In particular, during 2016/17 the Committee raised queries regarding recruitment capacity, the potential impact of Brexit, and budget forecasts for Looked After Children. As a result of their work reviewing the risk register, the Committee is now receiving reports on caseloads in children's social care, to gain greater assurance over the management of this risk.
- 2.4.3 The Committee also requested some benchmarking work to compare Cambridgeshire's Corporate Risk Register with those of other Councils. This work found that the types of risk being recorded are in the same areas as other Councils, but that the number of corporate risks being recorded was higher than most of the other Councils that were looked at, and as a result the number of risk monitored and managed at corporate level has been reduced. The Committee has also requested updates to target dates and additional detail on specific mitigating actions to be provided, and reviewed the presentation of the risk register and its appendices.
- 2.4.4 In light of this, in the final quarter of 2016/17, discussions at Audit & Accounts Committee, General Purposes Committee (GPC) and Strategic Management Team (SMT) identified a need for the Corporate Risk Register to be reviewed, simplified and streamlined in accordance with best practice. The annual Risk Management report which was presented to the Committee in July 2017 outlined the key corporate risks faced by the Council throughout the year, the outcome of the annual review of the Risk Management Policy and the approach to revising the Risk Register. This has included a workshop with GPC to simplify the number of corporate risks, transfer reporting of risk into the Integrated Resources and Performance Report and fully implement the use of the new GRACE risk management system.

## **2.5 Corporate Governance**

- 2.5.1 The Council's Code of Corporate Governance must be reviewed by the Committee annually. In 2016, an update was made to *the Delivering Good Governance in Local Government* Framework issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), which sets out the requirements of the Code.
- 2.5.2 The Code of Corporate Governance was reviewed and re-drafted in light of the new requirements, and the draft was reviewed by the Committee on 30<sup>th</sup> May 2017, following a full review of supporting evidence by Internal Audit. The Code was approved by the Committee for sign off along with the Annual Governance Statement.

## **2.6 Council Finance and Statement of Accounts**

- 2.6.1 Throughout 2016/17, the Committee has maintained its oversight of Council finances, reviewing the quarterly Integrated Resources and Performance Reports to assess progress in delivering the Council's Business Plan and review the status of the Council's Key Performance Indicators. The Committee regularly inquires and follows-up on areas which have overspends or other issues.
- 2.6.2 The Committee also considered and approved the annual Statement of Accounts. This is an iterative process, with the Committee receiving the audit planning report from the Council's external auditors in May; reviewing the draft Statement of Accounts in July, and carrying out a final review in September. An extraordinary meeting of the Committee was required in October 2016 to sign off the accounts for the year ended 31<sup>st</sup> March 2016, due to delays in submission of a report from the external auditors.
- 2.6.3 In response to this, a learning point was raised about the importance of timetabling and scheduling of external audit work. A report was brought to the January 2017 meeting of the Audit & Accounts Committee, summarising the learning points from the production of the 2015-16 Statement of Accounts and changes to systems and processes to ensure that the 2016-17 Statement of Accounts would be ready for sign-off at the end of August 2017, to allow sufficient time for members to review the final accounts prior to the September Committee meeting. Actions included introducing monthly liaison meetings between CCC and BDO to monitor progress, introduction of an agreed escalation protocol, provision of a more detailed records required listing and a live action log.

- 2.6.4 The Audit & Accounts Regulations 2015 have enacted changes to the statutory deadlines for the production and publication of the Statement of Accounts. From the production of 2017/18 accounts onwards, draft accounts will need to be published by 31<sup>st</sup> May (previously 30<sup>th</sup> June) and final audited accounts by 31<sup>st</sup> July (previously 30<sup>th</sup> September). The Council has been working to accommodate these changes into working practices.
- 2.6.5 The Committee also reviewed the 2015-16 LGSS Statement of Accounts and the Annual Audit Letter produced by External Audit which highlights key findings from their work.

## **2.7 Appointment of the External Auditor**

- 2.7.1 The current arrangements for external audit of the Council come to an end upon the conclusion of the audit of the 2017-18 financial statements. At their November 2016 meeting, the Audit & Accounts Committee discussed the option of opting-in to the sector-led procurement exercise being undertaken by Public Sector Audit Appointments Limited (PSAA), the body which has replaced the Audit Commission. The decision to opt in was taken at the meeting of Full Council on 14<sup>th</sup> February 2017 as required by the Local Audit (Appointing Person) Regulations 2015.
- 2.7.2 Assurance has been obtained from PSAA that all LGSS authorities could be assigned the same external auditor through the PSAA led process, subject to due considerations of auditor independence.

## **2.8 Committee Training**

- 2.8.1 A training seminar was held for the Audit & Accounts Committee on the 27<sup>th</sup> June 2017, as part of the Member Induction Programme. This included sessions on the role of the Committee; Internal Audit; Risk Management; the Statement of Accounts; and Management Accounts.
- 2.8.2 The Committee's further training needs will be considered at the September 2017 meeting.

## **3. The Committee's relationship with Internal Audit**

- 3.1.1 A key part of the Committee's role is to both challenge and support the Internal Audit service. The Committee has supported a flexible approach from the Internal Audit team which ensures that planned coverage is continually



assessed to direct audit resource towards areas of emerging risk, rather than a static plan agreed some months before. The Committee has taken a proactive role in this new approach, both by suggesting pieces of work for Internal Audit, contributing ideas towards the detailed brief, and requesting updates from Internal Audit and Council services on implementation of actions.

- 3.1.2 The Committee has also taken an active role in fraud awareness and whistleblowing. At its March 2017 meeting, the Committee approved drafts of a new Anti-Fraud and Corruption Policy, Anti-Money Laundering Policy and Whistleblowing Policy, and these drafts have progressed onward to the relevant Committees for final approval.

## **4. Terms of Reference for the Committee**

- 4.1 Following a decision by the Audit & Accounts Committee to retire the Assurance Framework, the terms of reference of the Committee were reviewed and brought into line with best practice guidance. The revised terms of reference were approved by the May meeting of the Audit & Accounts Committee and then by the June meeting of the Constitution and Ethics Committee.

## **5. Future Focus for the Committee**

As set out above, the Committee will continue to follow up on progress in key focus areas from previous years, including Safer Recruitment, the Transformation Fund, and Workforce Strategy.

More broadly, the 2017/18 Business Plan highlights that over the next 5 years the Council will continue to face ongoing challenges of reduced budgets coupled with significant growth, affecting both demand for services and the level of resources the Council has available to fund their provision.

Delivering statutory services within this context will continue to be incredibly challenging – and the Committee will seek to ensure that those services continue to be delivered with integrity and in a way that is accountable, transparent, effective, efficient and inclusive.

This Committee carries out its responsibilities by directing and monitoring the efforts of Internal Audit. In future, given the financial situation, there will be ever-increasing emphasis on enabling the Council to provide a higher level of service

to our customers within a defined budget. In line with the approach being taken by Council services more generally, the Committee's role is increasingly shifting towards a focus on outcomes.

**INTERNAL AUDIT PROGRESS REPORT TO 31<sup>st</sup> JULY 2017**

To: **Audit & Accounts Committee**

Date: **19<sup>th</sup> September 2017**

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

**1. PURPOSE**

- 1.1 To report on the main areas of audit coverage for the period 1<sup>st</sup> June 2017 to 31<sup>st</sup> July 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.

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# **LGSS Internal Audit & Risk Management**

## **Cambridgeshire County Council**

### *Update report*

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

## Section 1

# 1. FINALISED ASSIGNMENTS

- 1.1 Since the previous Progress Report to SMT in July 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.	People & Communities	Schools Capital Programme	Satisfactory	Good	Minor
2.	Cross-Cutting (CCC-wide)	Procurement Governance	Good	Good	Minor
3.	Cross-Cutting (CCC-wide)	Contract Procedure Rules	Good	Good	Minor
4.	Cross-Cutting (CCC-wide)	Scheme of Delegation Compliance	Good	Good	Minor
5.	Cross-Cutting (CCC-wide)	Procurement Compliance	Good	N/A	Minor
6.	People & Communities	Wisbech Children's Centre Financial Management	Good	Good	Minor
7.	People & Communities	St Neot's Children's Centre Financial Management	Good	Good	Minor
8.	Economy, Transport & Environment	Archives Financial Management	Satisfactory	Satisfactory	Minor
9.	People & Communities	Project Assurance – Looked After Children Property Project	Satisfactory	Satisfactory	Minor
10.	Cross-Cutting (CCC-wide)	Project Assurance – Energy Efficiency Fund	Satisfactory	Satisfactory	Minor
11.	People & Communities	Direct Payments Investigation	Investigation report.		
12.	Economy, Transport & Environment	Bus Service Operator's Grant	Grant certification provided.		
13.	Economy, Transport & Environment	Pothole Action Fund Grant	Grant certification provided.		

14.	Economy, Transport & Environment	Cycle City Phase II Grant	Grant certification provided.
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- 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.	Corporate & Customer Services	Project Assurance – Citizen First, Digital First
2.	Cross-Cutting (CCC-wide)	Project Management Methodologies
3.	Cross-Cutting (CCC-wide)	Capital Programme Assurance
4.	People & Communities	Social Care Charging Investigation
5.	Economy, Transport & Environment	Interim Report to Management regarding Community Transport Investigation

- 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 July 2017, 8 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	Investigation concluded & report issued (see below).
Concessionary Travel	Misuse of travel passes	3	Ongoing investigation work.
Investigations	FACT Investigation Social Care Charging Review	2	Ongoing investigation work.
Schools financial	Concerns regarding financial irregularities in schools	2	Site visit arranged on one; the next to be arranged for the new term.
<b>Totals</b>		<b>8</b>	

## 2.2 DIRECT PAYMENTS INVESTIGATION:

Internal Audit completed an investigation into Direct Payments which identified some areas for improvement. This included needing clarification regarding the way that direct payments are monitored by the Council's Direct Payment Support Services, and ensuring that where an individual is in receipt of direct payments from a number of different services, that these are monitored effectively. A number of actions to address these areas have been identified and agreed, and a 'lessons learned' briefing on the case will be delivered to the SEND management team by Internal Audit in September.

Section 3

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

- 3.1 The outstanding management actions as at the end of July 2017 are summarised in Table 5, which includes a comparison with the percentage implementation from the previous report (bracketed figures).
- 3.2 Please note that an exceptionally high number of actions have become due to date this financial year. In total, 63 actions have required follow-up to the end of July; for comparison, 52 actions were followed-up in the entire 2016/17 year. This has placed a strain on the ability of Internal Audit to obtain full information for all actions in this period. In several 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.
- 3.3 Overall there has been a positive direction of travel since our previous report in July 2017, with 71% of actions now implemented (up from 62%).
- 3.3 A summary of the outstanding recommendations, and the current progress with implementing them, is provided in a table at Appendix B.

**Table 5: Outstanding Management Actions**

	Category 'Essential' recommendations		Category 'Important' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total
<b>Implemented</b>	3	5% (0%)	42	67% (62%)	45	71% (62%)
<b>Actions due within last 3 months, but not implemented</b>	1	2% (0%)	11	17% (30%)	12	19% (30%)



<b>Actions due over 3 months ago, but not implemented</b>	0	0% (2%)	6	10% (6%)	6	10% (9%)
<b>Totals</b>	4		59		63	

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

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

#### **A.1 Education Capital Programme**

A review was undertaken of the Council's Education Capital Programme, which found good assurance over the controls and satisfactory assurance over compliance relating to the programme. Schemes included in the programme complete milestone reports at each stage in their progress and these require sign-off before progression to the next step of the project. The review identified that at times there were delays in sign-off of these reports and in some instances Milestone 5 reports had not been signed off before works commenced on site. For some projects documentation appeared to be missing or incomplete and there were some discrepancies between scoring on capital investment appraisal documentation for projects and the scoring of those projects which was reported to General Purposes Committee.

A number of actions to address these issues were agreed with the service; in particular, it was agreed that a sign-off process would be introduced for the Letter of Intent (issued to the contractor to approve the start of site preparations, usually prior to the Milestone 5 report). It is anticipated that the introduction of the new Verto project management system will be a repository for all key documentation in future; although it was recommended by audit that a review of projects be undertaken to ensure all relevant documentation is held by the service, due to the service being required to transition between IT systems this will not take place until the transition is completed.

#### **A.2 Project Assurance – Looked After Children Property Project**

As part of a number of reviews focused on project management in 2017/18, an audit was conducted of the Looked After Children Property Project. This review identified a satisfactory level of assurance, meaning that the issues identified exposed the service to a medium level of risk. Most of the issues experienced by the project stemmed from the fact that the project was initially understood to be a simple procurement process rather than a full project, and subsequently a lack of clarity and co-ordination regarding governance arrangements and responsibilities resulted in delays to the project. Although work was undertaken to try to address these

problems in late 2016, a number of issues persisted particularly around governance arrangements, project management oversight and resources, and detailed planning. It was also noted that although a 'lessons learned' meeting had been held which identified a number of solutions to ensure that similar projects in the future would not experience the same issues, at the time of the audit report it had not been established how these actions would be taken forward.

As the project was nearly complete, audit recommendations primarily focused on the longer term. It was agreed that the Transformation Team will formally identify at Business Case stage whether or not a saving in the Business Plan is also a project, to ensure that in future projects are managed appropriately. Minutes from the 'lessons learned' meeting will be circulated to project officers and action owners and timescales for the actions would be established. The Transformation Team has also agreed to implement a more standardised approach or produce guidance on 'lessons learned' meetings, including ensuring that actions are assigned to owners and given timescales. This will be incorporated in the Council's project management software.

## **B. ECONOMY, TRANSPORT & ENVIRONMENT (ETE) DIRECTORATE**

### **B.1 Project Assurance – Energy Efficiency Fund**

As part of a number of reviews focused on project management in 2017/18, an audit was conducted of the Energy Efficiency Fund (EEF), a £1m fund (spread over four years) which was agreed as part of the 2016/17 capital budget with the intention of facilitating investment in energy-saving improvements which will contribute towards meeting carbon reduction targets and provide financial savings to the Council.

The review provided satisfactory assurance over the management of the Fund, meaning that some areas of control weakness were identified which presented a medium risk to the project. It is noted that responsibility for the EEF transferred to the ETE Directorate in April 2017 and this did contribute to some disruption and delays in confirming management and governance of the project.

It was agreed with the service that there was a need to develop monitoring systems for the project, particularly to provide regular review that the mix of schemes approved by the fund will meet the overarching aims of the scheme, and to monitor expenditure and payback periods to ensure the scheme meets its aims. A project plan will developed to record key information on all schemes identified and approved, and clear governance structure including detailed responsibilities will be implemented and approved. Some improvements to the Business Case template for schemes proposed for inclusion in the scheme were also agreed.

## **B.2 Unannounced Visits – Archives Financial Management**

Following a report from the Archives Service of minor cash losses from a till, a short financial management review was undertaken at the Cambridge Record Office. The review identified a satisfactory level of assurance over the control environment for financial management and compliance with this at the Cambridge office. Some control weaknesses were identified which meant that the service was exposed to a moderate level of risk; this included the fact that tills were not being counted daily, a lack of separation of duties, and records were not maintained in a till book. Some issues identified were as a result of the low numbers of staff in the service; Internal Audit has worked with the service to agree a number of actions to be implemented to improve control, and to identify how best to manage the arrangements given the low staffing numbers. Several of these actions, such as the introduction of daily till readings, have already been implemented, and it is anticipated that

## 5. OTHER AUDIT ACTIVITY

### 5.1 PRESSURES ON THE INTERNAL AUDIT PLAN

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

This review has quantified the pressures identified early in the year and as a result there is a need to outline the options to mitigate the consequences of these pressures. A significant level of pressure has been identified within the Audit Plan as approved by the Audit Committee:

- **Community Transport Investigation** - Internal Audit has been assisting in an investigation into community transport, conducting investigative work and providing information to the police and external investigative firm. PKF, an external firm, have been commissioned to produce a report on this work at a fixed daily rate; by ensuring that Internal Audit prioritises collecting the information it will reduce the overall cost of this review to the organisation.

The resources needed to provide the requested documentation were significantly more than originally estimated, reflecting both the complexity of information and the difficulties experienced in accessing it.

Internal Audit has produced an interim report to management (currently at draft stage) regarding the control weaknesses identified as part of their work collecting information, and actions to address these are in the process of being agreed to ensure that controls are improved as promptly as possible (having due regard to the PKF investigation).

- **Follow Ups** – As noted in Section 3 of this report, the Internal Audit team has had an exceptionally high number of actions to follow up in the first half of this financial year, representing more actions than were followed up by the team in the entire of 2016/17. A significant amount of ‘chasing’ responses is required and, where some actions have been found to be unimplemented providing unexpected advice and support to services who were struggling to implement actions. While every effort is being made to follow up actions as efficiently as possible, the pressure means that more time than budgeted is likely to be required for this work to the end of the year.

- **Safe Recruitment** – The audit team are currently working on a review of Safe Recruitment across the Council. This has included testing to identify how positive results on Disclosure & Barring Service (DBS, formerly CRB) checks are dealt with. Early concerns identified resulted in Internal Audit needing to increase the sample size for this testing; consequently a small additional allowance of time is required to complete this high-risk area of work.
- **Ethics** – The audit team are currently working on a review of Ethics which has included cross-checking a sample of data from Companies House to identify whether officers and members are disclosing interests in organisations which trade with the Council. This audit was required to reflect national risks highlighted by professional bodies and as part of the action plan required by PSIAS. The initial sample identified very low compliance, and consequently the testing has been expanded to cover all available data to identify whether this is a systemic issue. As a result a small additional allowance of time is required to complete the work.

## 5.2 OPTIONS TO ADDRESS PRESSURES ON THE AUDIT PLAN

In simple terms there are two options regarding the additional resources required to complete the necessary work set out above; firstly that the Audit Plan is varied, to reflect the diverted resources, or secondly that CCC provides additional funding to complete all planned work. Changes to the plan require Audit Committee 'approval', and in reality the recommended solution will be a combination of both options.

**(1) Suggested Changes to the Audit Plan** - In order to manage the pressures discussed above, the following audits can be either reduced in time allowance; removed from the Plan, or deferred to next year's Plan.

- **Other Risk Based Audits** – no other audits would be undertaken, fully utilising the remaining provision in this budget for work on emerging risks.
- **Procurement Governance** – A review of Procurement Governance in 2016/17 identified good assurance over this area. This review could therefore be removed from the Plan for this year, given current pressures. Reviews of procurement compliance; EU Procurement Regulations, and procurement exemptions are included within the Plan, providing a basis for this area of control to have been audited in 2017/18.
- **People & Communities Contract Audit** – A review of a contract in the P&C Directorate was included in the 2017/18 Plan. An overall review of the

Commissioning Board in P&C is also scheduled, which would provide assurance over a similar area, and therefore given current pressures this review could be removed from the Plan.

- **Transformation Programme** – There is significant coverage of the Transformation Programme through other reviews in the Internal Audit Plan this year covering project management, and it is therefore suggested that this budget could be reduced.
- **Section 106 & CIL** - This audit area has been subject to significant review in previous years. A review in 2014/15 gave satisfactory assurance, while a review in 2016/17 gave satisfactory assurance over the control environment and good assurance over compliance, indicating a positive direction of travel. A number of issues previously identified related to problems with the service's IT software which is in the process of being re-procured in-year, and Internal Audit are following up on progress with this action with the service. It is therefore recommended that this audit could be removed from the current year plan and an audit included early in the 2018/19 Plan instead.
- **Public Health Joint Commissioning Unit** - A review of the new Joint Commissioning Unit in Public Health has been scheduled to take place in January 2018. This review could be removed from the current Audit Plan and deferred to the 2018/19 Audit Plan instead, with an audit taking place in early April. This would also have the advantage of allowing the arrangements longer to embed before the audit.

**(2) Additional funding** – the major area of unplanned, high priority work is the support needed for the PKF Community Transport investigation. To date 125 days have been assigned to this, reflecting the depth of unexpected complexity to extract information / documents.

There is an ability to mitigate these extra days within the existing Plan, however it is likely that it will not be possible to cancel audits of comparable days without undermining the plan's coverage. A detailed analysis will be undertaken in September and a proposal for additional funding will be submitted to the Chief Executive and S151 Officer accordingly.

The changes to the plan outlined above, if agreed, are estimated to provide sufficient compensating resources to manage the pressures within the Audit Plan set out at 5.1. It is not likely that any further pressures on resources within the year could be accommodated without affecting the level of assurance that can be provided by the Audit Plan. These issues are highlighted to provide a basis to gather SMT and Audit Committee (at the 19<sup>th</sup> Sept meeting) views regarding the

approach set out above and the potential future need for additional funding if further pressures develop and the impact on the plan cannot be otherwise mitigated.



APPENDIX A

## CCC INTERNAL AUDIT PLAN 2017/18

Audit Title	Status	Quarter Opened	Quarter Closed
Other Risk-Based Audits 17-18 (Contingency)	Ongoing	N/A	N/A
<b>Cross-Cutting and Council Wide Audit</b>			
Agency Staff Compliance	Open	2	
EU Procurement Regulations - Compliance	Not started	2	
Review of Procurement - Compliance - Q1	Complete	1	2
Review of Procurement - Compliance - Q3	Not started	3	
Overtime & Enhancements in CFA	Open	1	
Members Travel & Subsistence	Not started	2	
Procurement Exemptions Compliance	Not started	3	
Unannounced Visits - Archives	Complete	1	2
Unannounced Visits – Wisbech Children’s Centre	Complete	1	2
Unannounced Visits – St Neots Children’s Centre	Complete	1	2
Projects Assurance 17-18 Central Code	Open	1	
Project Assurance - LAC Property Project	Complete	1	2
Project Assurance - CPSN	Open	1	
Project Assurance - Energy Efficiency Fund	Complete	1	2
Project Assurance - Citizen First, Digital First	Draft	1	
Project Management Methodologies	Draft	1	
Use of Consultants	Open	1	
Social Media Audit	Open	1	
Scheme of Delegation - Compliance	Complete	1	1
Capital Programme Assurance	Draft	1	
Capital Programme Board	Open	1	
Commercial Board	Open	1	
Key Performance Indicators	Not started	2	
Transformation Programme	Ongoing	All year	N/A
Fees and Charges Policy & Compliance	Not started	2	

Property Portfolio Development Project	Ongoing	All year	N/A
Ethics Policies & Compliance	Open	2	
Whistleblowing Policy & Compliance	Open	1	
<b>People &amp; Communities Directorate</b>			
Governance of Financial Assessments	Open	1	
Traded Services - Cost Recovery	Not started	2	
Deprivations of Liberty	Open	2	
Safe Recruitment	Open	1	
Multi Agency Safeguarding Hub (MASH)	Not started	3	
Joint Safeguarding Board Arrangements	Not started	3	
Deputyships	Not started	2	
Direct Payments - Compliance	Not started	2	
CFA Contract Audit	Not started	3	
Troubled Families Grant	Ongoing	All year	N/A
Commissioning Board	Not started	2	
Schools Payroll & Safe Recruitment	Open	2	
Disabled Facilities Grant	Complete	1	1
<b>Economy, Transport &amp; Environment Directorate</b>			
Other Grants To Be Identified (Contingency)	Ongoing	All year	N/A
Section 106 & CIL	Not started	2	
Highways Contract Management Arrangements	Not started	2	
Highways Contract Open Book Reviews	Ongoing	All year	N/A
Street Lighting PFI	Open	1	
Waste PFI Contract	Not started	2	
Local Transport Capital Block Funding	Open	1	
Local Growth Fund Grant (Growth Deal)	Complete	1	1
Bus Services Operators Grant	Complete	1	2
Pothole Action Fund	Complete	1	2
Cycle City Phase II Grant	Complete	2	2
Section 31 Grant	Complete	1	1
<b>Public Health and Customer Service &amp; Transformation Directorates</b>			
Public Health Joint Commissioning Unit	Not started	4	
Business Intelligence Continuity	Open	1	
Corporate Capacity Review Outcomes	Open	1	
<b>Key Financial Systems</b>			

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

Management Reporting	Ongoing	All year	N/A
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APPENDIX B

## Summary of Outstanding Recommendations

Audit	Risk level	Summary of Recommendation	Target Date	Status
<b>Debt Recovery</b>	M	<b>Payment Methods and Credit Control</b> Continuous encouragement is being given to service users to pay by direct debit and DROs will actively promote this method of payment. Emphasis is also being placed on staff involved in financial assessments by focusing the service user's attention to signing up to a direct debit at this early stage. The construction of a portal on CCC's website is currently work in progress and should be available in the near future.	01/07/17	The area where the biggest change can be made in getting service users to use direct debit is in social care. However there have been some delays due to the IT support required.  <b>Revised target date: end September 2017.</b>
<b>Domiciliary Care</b>	M	<b>Centralised System for Monitoring Missed Calls</b> Regular centralised monitoring of missed calls on AFM should be introduced, to identify any patterns. This should include cross-referencing to the Council's Soft Concerns Record.	08/05/17	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, was due to be completed by the 31st July. It has now been delayed to September, as a new Adult Safeguarding Manager has recently been recruited.  <b>Revised target date: end September 2017.</b>
	M	<b>Use of the Soft Concerns Record</b> 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	
<b>Replacement of AIS system (MOSAIC)</b>	M	<b>Governance Arrangements and Benefits</b> Complete the final versions of the Business Case, Project Initiation Document and Terms of Reference	31/03/17	This project has been completely reviewed and restarted since the initial audit took place. New project documentation has not yet been finalised.

Project)		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 with expected timescales.		<b>Awaiting revised target date.</b> Internal Audit is monitoring progress on this project through Board documentation.
	M	<b>Ongoing Contract Monitoring</b> It was agreed that the project would develop a plan for ongoing contract monitoring, to include who is responsible for it and how often it will take place (including how this will be managed once the project moves into business as usual) in accordance with the Council's Contract Procedure Rules.	31/05/17	This has been identified in the project review work as an area where a plan is required. The project is currently at too early a stage to set a timescale for this.  <b>Awaiting revised target date.</b> Internal Audit is monitoring progress on this project through Board documentation.
	M	<b>Service Level Agreement with IT</b> It was agreed that arrangements would be finalised for the support to be received from LGSS IT once Mosaic is live. As this will be a business-critical system, an SLA needs to be in place with LGSS IT which details the support to be provided, timescales and arrangements for fixing system issues, and to define the responsibilities of the supplier and LGSS IT.	31/05/17	This has been identified in the project review work as an area where a plan is required. The project is currently at too early a stage to set a timescale for this.  <b>Awaiting revised target date.</b> Internal Audit is monitoring progress on this project through Board documentation.
Client Contributions	M	<b>Budgeting and Forecasting</b> It is intended that all teams will process client contributions through the AFM system by the end of June 2017 and this will also apply to Mosaic which should be fully implemented by the end of October 2017.	30/06/17	Adult Mental Health was the last service area to move to AFM. Some new cost centres have just been opened to enable it to convert to AFM.  <b>Revised target date: end September 2017.</b>
	M	<b>Charging of Client Contributions (1)</b> 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	30/04/17	A quarterly process will be undertaken to reconcile commitments with what has actually been billed. The process for quarter 1 has been pushed back due to other pressures but is planned for distribution in September.  <b>Revised target date: end September 2017.</b>

		further action should take place.		
	M	<b>Charging of Client Contributions (2)</b> Cross-checking will be undertaken between the AFM and ABACUS systems, to confirm that all full-cost service users are completely and correctly recorded.	30/04/17	The finance team have spoken to the FAB team to look into this, and a meeting will be held to do this cross-checking.  <b>Revised target date: end September 2017.</b>
	M	<b>Collection of Client Contributions (1)</b> A detailed review will be undertaken of the feasibility of giving service users who pay by direct debit an annual statement rather than four-weekly invoices. Such a change would require a strategic decision made by GPC.	31/07/17	Work on this has not yet started due to the requirements and time allocated to ERP Gold. This will start to be looked at again in January.  <b>Revised target date: end January 2018.</b>
	M	<b>Collection of Client Contributions (2)</b> Monitoring of the take-up of the direct debit payment method will be undertaken on a quarterly basis and reported as part of the Finance dashboard.	30/04/17	This has been delayed due to the resource requirements for ERP Gold and year end.  <b>Revised target date: end September 2017</b>
<b>Payment Methods</b>	M	<b>Services should apply to be transformed</b> Once services are able to determine the total cost of transactions by payment method, there should be a clear prioritisation for transforming services, based on the anticipated savings from transformation.	30/11/16	The roadmap for the Civica Icon project will include prioritisation for transforming services based on anticipated savings and the new data that can be obtained from Civica. Internal Audit has followed this up and has not received evidence to confirm that it has been completed.  <b>Awaiting documentation.</b>

	M	<b>Lack of Budget Holder oversight of costs</b> 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.  <b>Awaiting documentation.</b>
<b>Information Governance Policies</b>	M	<b>Information Security Policies</b> 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 frame.	31/05/17	A list of policies has been identified, and a meeting has been scheduled to put together an action plan.  This has been followed up by Internal Audit following the revised target date of July 2017, but a final agreed action plan has not yet been created.  <b>Awaiting revised target date.</b>
<b>Ely Archives</b>	M	<b>Allowance for tender price inflation</b> As part of the development of the Council's Commercial Board, a 'commercial academy' training programme is being developed for officers who are responsible for contracts; commercial opportunities; procurement etc. This will be incorporated within the training provided.	30/06/17	A proposal is being developed with Workforce Development for a Commercial Acumen Development Programme. This is being taken to Commercial Board in September.  <b>Revised target date: end September 2017.</b>



<b>Care Homes Embedded Assurance</b>		<b>Benefits Realisation</b> Measurable benefits, including critical success factors for each phase of the project should be documented and agreed before the competitive dialogue commences. Each benefit should have an assigned owner who is responsible for planning and managing their achievement.	3 0/06/17	Benefits cannot be defined specifically at this stage, but outcomes will be set out when going into the competitive dialogue process, which is expected to start in November.  <b>Revised target date: end November 2017.</b>
	M	<b>Cost Management</b> The budget for the project should be agreed as soon as possible. Once this is complete financial management and monitoring responsibilities should be confirmed.	30/06/17	Budgets for each individual project will not be set until after the competitive dialogue process, as there are a lot of variables around the market, need and land availability. A budget for setting up the separate projects will be agreed by September.  <b>Revised target date: end September 2017.</b>
<b>Transformation Programme Benefits Realisation</b>	H	<b>Governance Roles</b> Work is currently being done around Business Planning and Transformation, including clarifying the roles of CLT and SMT with a view to giving CLT a greater scrutiny role of the Transformation Programme. This work should make it clear which body has responsibility for approval, scrutiny and monitoring of different parts of the transformation programme.  Governance arrangements will be discussed with Internal Audit to ensure they mitigate the risks identified, and will be communicated to staff once they are finalised.	31/07/17	CLT has been leading on the process of developing transformation proposals. New governance arrangements have not yet been formalised.  <b>Awaiting revised target date.</b>



**AUDIT AND ACCOUNTS COMMITTEE TRAINING PLAN**

**To:** Audit and Accounts Committee  
**Date:** 17<sup>th</sup> September 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. This report is essentially the same report originally included on the July Committee agenda which due to the overrun on earlier items resulted in the item being deferred to the current meeting.  
**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.

<b>Officer contact:</b>	
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## **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 27<sup>th</sup> 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 5<sup>th</sup> October.

2.3 A private briefing session with the Chief Internal Auditor had originally been scheduled for the 21<sup>st</sup> November although as the agenda was expected to be very large at the July Committee meeting that this should be rescheduled to later in the year and that if necessary the Committee should have an earlier start time.

### **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.

<b>Source Documents</b>	<b>Location</b>
None	



**AUDIT AND ACCOUNTS COMMITTEE FORWARD AGENDA PLAN**

<b>MEETING DATE REPORT DEADLINES AND REPORT TITLES</b>	<b>Frequency of report</b>	<b>Corporate/Service Director /external officer responsible</b>	<b>Report author</b>
<b>COMMITTEE DATE 2.00P.M. TUESDAY 21<sup>ST</sup> NOVEMBER 2017</b> <b>Deadline for reports to be with Democratic Services: Mid-day Tuesday 8<sup>TH</sup> NOVEMBER 2017</b>			
Minutes and Minutes Log Update	Each meeting	Democratic Services	Rob Sanderson
Safe Recruitment in Schools Update - Safeguarding Review	Regular update	Children and Young People	Keith Grimwade / Chris Meddle / Sara Rogers / Mairead Kelly
Update report on Music Service			
Registration of land Purchased for Highways Purposes progress Report including details of any revised timetable	Request having received a further update report to the July Committee meeting	Asset Manager Information Highway Asset Management	Daniel Ashman
Transformation Team Update on Benefits Realisation – savings	Request From	Head of Transformation	Amanda Askham

against Projects undertaken – can be same report as any going forward to GPC	July meeting		
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.  Confirmation if this is too early and whether if it can come to this meeting as a major report, other reports scheduled for this meeting should either go to a new meeting to be arranged in October or to reschedule some for January meeting.	One off	LGSS Chief Internal Auditor	Duncan Wilkinson / Mairead Kelly
Cambridgeshire Council Workforce Strategy – Update on progress and whether on course to go to Council in December	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
External Audit - Annual Audit Letter 2016/17	Annual	External Audit BDO	BDO Lisa Clampin
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Reviews including whistleblowing/ Section 106 / Community	Each meeting except June as this is too close to	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Head of Internal Audit



Infrastructure Levy)	the July meeting		
<i>Relevant officers to attend the Committee to be invited by Duncan Wilkinson where management actions have gone beyond the next agreed target date</i>			

<b>COMMITTEE DATE: 2.00 p.m. Tuesday 23<sup>rd</sup> JANUARY 2018</b> <b>Deadline for reports to be with Democratic Services: Mid-day Tuesday 9<sup>th</sup> January 2018</b>			
<b>Minute Log</b>	Each meeting	Democratic Services	Rob Sanderson
Cambridgeshire Council Workforce Strategy – Update  <i>Following the report proposing the Council Workforce Strategy coming to this Committee in May in draft form, the Deputy CE took the decision to pull it from the 6<sup>th</sup> June General Purposes Committee and therefore the timetable has changed and it is not expected to go to full Council until December.2017 .</i>	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
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Head of Internal

Update and updates in the recommendations including an update on the National Fraud Initiative data matching exercise requested at the May 2017 meeting) )  <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>			Audit
<b>COMMITTEE DATE: 2.00 P.M. Tuesday 27<sup>TH</sup> March 2018</b> <b>Deadline for reports to be with Democratic Services : Mid-day Tuesday 13<sup>TH</sup> March 2018</b>			
Cambridgeshire County Council External Audit Plan 2017-18 including Pensions Work Plan to include cover sheet with recommendations on what Auditors wish the Audit and Accounts Committee to agree	Annual Report to March meeting	BDO LLP	Lisa Clampin, David Eagles / Barry Pryke
Children's Social Care Case-loads Quarterly Update	Quarterly basis	Service Director Enhanced and Preventative Services (Children)	<b>Theresa Leavy or successor</b>
Internal Audit Plan 2018/19	Annual to the March meeting	LGSS Head of Internal Audit	Duncan Wilkinson LGSS Head of Internal Audit
Risk Updates Report		Director, Customer Services and Transformation	Sue Grace / Tom Barden / Sue Norman
Anti-Fraud Leaflet and Poster Annual Review	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson Chief Internal Auditor / Mairead Kelly in consultation with the

			Chairman
Annual Review of Whistleblowing Policy	annual	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor / Mairead Kelly
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Update)  <i>Relevant officers to attend the Committee to be invited by D Wilkinson where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
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	T Kelly

<b>Committee Date 2.00 P.M. Tuesday 29th MAY 2018</b>			
<b>Deadline for reports to be with Democratic Services : Mid-day Tuesday 15<sup>th</sup> May 2018</b>			
Appointment of Chairman / woman and Vice Chairman / woman	Once a year	Democratic Services to add as first item on agenda	Rob Sanderson
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
Cambridgeshire Council Workforce Strategy – Review of Action Plan – Quarterly Update	Quarterly	Head of HR	Martin Cox / Lynsey Fulcher
2018-19 Fee Letter 2018/19 Pension Fund Fee Letter	Annual	External Audit	
Pension Fund External Audit Plan	Annual	External Audit	
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
Review of Terms of Reference	Once a year	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Integrated Resources and Performance Report	Each Cycle	Chief Finance Officer	T Kelly / Rebecca Bartram
<b>COMMITTEE DATE 2.00 P.M. THURSDAY 26<sup>th</sup> JULY 2018</b> <b>Deadline for reports to be with Democratic Services: Mid-day Thursday 12th July 2018</b>			
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
Accounts reports			
• ISA 260 Report and Letter of Representation and		External Audit BDO LLP	Lisa Clampin, and Barry Pryke
• ISA 260 Report – Pension Fund		External Audit BDO LLP	David Eagles

Final Statement of Accounts: 2017-18	Annual	Chief Finance Officer / Strategic Finance Manager / Group Accountant	Chris Malyon / Iain Jenkins
Code of Corporate Governance - updated document	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Progress)  <i>Relevant officers to attend the Committee to be invited by Duncan Wilkinson where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Audit and Accounts Committee Training Plan.	Once a year	LGSS Chief Internal Auditor	Duncan Wilkinson LGSS Chief Internal Auditor
Safe Recruitment Update	Quarterly basis	Service Director Learning	
Children's Social Care Case-loads Quarterly Update	Quarterly basis	Service Director Enhanced and Preventative Services (Children)	??
Internal Audit Progress Report  <i>Relevant officers to attend the Committee to be invited by Duncan Wilkinson where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor	D Wilkinson
Integrated Resources and Performance Report including Corporate Risk Updates		Chief Finance Officer	Tom Kelly

<b>COMMITTEE DATE 2.00 P.M. THURSDAY 20<sup>th</sup> SEPTEMBER 2018</b>			
<b>Deadline for reports to be with Democratic Services: Mid-day Thursday 6<sup>TH</sup> September</b>			
Minute Log Update	Each meeting	Democratic Services	Rob Sanderson
Annual Report of the Audit and Accounts Committee (The timetable is for the Chairman / woman to present this report at the same time as other Service Committee Annual Reports to the Full Council meeting in October)	Annual	LGSS Chief Internal Auditor	Duncan Wilkinson Chief Internal Auditor / Mairead Kelly in consultation with the Chairman / woman
Internal Audit Progress Report	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson / Mairead Kelly
Resources and Performance Update Report including Risk Updates	Each Cycle	Chief Finance Officer / Head of Business Intelligence	Tom Kelly / Rebecca Bartram / Tom Barden
Update on Unspent Section 106 Monies	Twice a year (agreed via e-mail)	Chief Finance Officer	S Heywood
Cambridgeshire Council Workforce Strategy – Review of Action Plan – Quarterly Update	Quarterly	Head of HR	Martin Cox / Lynsey Fulcher

#### Notes

Other Committee dates

22<sup>nd</sup> November 2018

24<sup>th</sup> January 2019

28<sup>th</sup> March 2019

28<sup>th</sup> May 2019

**Update 11<sup>th</sup> September 2017**