

# AUDIT AND ACCOUNTS COMMITTEE



**Date: Tuesday, 21 November 2017**

**Democratic and Members' Services**

Quentin Baker

LGSS Director: Law and Governance

**14:00hr**

Shire Hall

Castle Hill

Cambridge

CB3 0AP

**Room 128**

**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/cc-conduct-code>
- 2a) **Audit and Accounts Committee Minutes 19th September 2017** 5 - 18
- 2b) **Audit and Accounts Committee Minutes Log 19th September 2017** 19 - 30
3. **Registration of Land purchased for Highways Purposes Revised** 31 - 34
4. **Safer Recruitment in Schools Update** 35 - 44
5. **Children's Social Care Case Loads Quarterly Update Report** 45 - 50
6. **Cambridgeshire Music - Recruitment Update** 51 - 54

<b>7.</b>	<b>Annual External Audit Letter</b>	<b>55 - 70</b>
<b>8.</b>	<b>Final ISA 260 Audit Completion Report</b>	<b>71 - 118</b>
<b>9.</b>	<b>Final ISA 260 Audit Completion Report - Pension Fund Audit</b>	<b>119 - 144</b>
<b>10.</b>	<b>Preparing for the 2017-18 Closedown Process</b>	<b>145 - 150</b>
<b>11.</b>	<b>Transformation Fund Monitoring Report Quarter 2 2017-18</b>	<b>151 - 160</b>
<b>12.</b>	<b>Internal Audit Progress Report to 31st October 2017</b>	<b>161 - 184</b>
<b>13.</b>	<b>Integrated Resources and Performance Report for the period ending 30th September 2017</b>	<b>185 - 226</b>
<b>14.</b>	<b>Forward Agenda Plan</b>	<b>227 - 234</b>
<b>15.</b>	<b>Date of Next Meeting - 2.00 p.m. 23rd January 2018</b>	

The Audit and Accounts Committee comprises the following members:

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

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

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

Clerk Name: Rob Sanderson

Clerk Telephone: 01223 699181

Clerk Email: [rob.sanderson@cambridgeshire.gov.uk](mailto:rob.sanderson@cambridgeshire.gov.uk)

The County Council is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens. These arrangements operate in accordance with a protocol agreed by the Chairman of the Council and political Group Leaders which can be accessed via the following link or made available on request: <http://tinyurl.com/ccc-film-record>.

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

The Council does not guarantee the provision of car parking on the Shire Hall site and you will need to use nearby public car parks <http://tinyurl.com/ccc-carpark> or public transport



**AUDIT AND ACCOUNTS COMMITTEE: MINUTES**

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

**Time:** 2.00 – 4.45 p.m.

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

**Present:** Councillors: I Bates (substituting for Cllr Wells) M McGuire, S Crawford, P Hudson, M Shellens, (Chairman) T Rogers (Vice Chairman) and J Williams

**Apologies:** Councillor D Wells

**Action**

**31. DECLARATIONS OF INTEREST**

Councillor Bates declared an interest in terms of being on the Executive Board of the Greater Cambridge Partnership during consideration of the report at Minute 35 as it made reference to the City Deal.

**CHANGE IN THE ORDER OF THE AGENDA**

Due to a number of the officers only being required for one report or part of a report, the Chairman, with the Committee's agreement, made changes to the order of the agenda.

**32. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31<sup>ST</sup> JULY 2017**

It was agreed to take this as the first report. The report presented for information the financial and business information to assess progress in delivering the Council's Business Plan. The same report had that morning been presented to General Purposes Committee, the responsible committee for agreeing the recommendations.

It was orally reported that there had been amendment to recommendation b) i) at that morning's General Purposes Committee to clarify that the allocation of £3.5m Challenge Fund grant received from the Department for Transport would be allocated to the Economy, Transport and Environment Budget for its intended purpose, namely to repair weather damaged roads.

It was noted:

- That the risk of the Business Plan not being delivered was now rated red due to the forecast year-end outturn position

having worsened with it showing an estimated shortfall of +£4.1m an increase of £1m on the forecast overspend reported in May. This was mainly as a result of People and Communities and Corporate Services Financing increases, with the detail set out in section 3 of the report. Although the position continued to be challenging, currently savings of £29.4m were still on track against a target for 2017-18 of £33.4m. It was highlighted that the Council continued to face significant demand-led pressures and risks particularly related to children's services, where numbers of Looked After Children (LAC) were at very high levels and continued to grow, in line with national trends. **Action: The Chairman requested that the Member Seminar in November on LAC required to provide some analysis of the reasons for this Countrywide phenomenon.**

**RVS to notify Theresa Leavy.**

- The Capital Programme was forecasting a balanced budget at year end.

The Chairman commented on various sections of the report including:

- Suggesting with reference to the new Housing Investment Company Initiative, referred to on page 56, that in more affluent years, there might be the need to suspend spend to save.
- Drawing attention again to the substantial increase over a year in debt owed to the Council for both 4-6 months and over six months as shown in the table under paragraph 8.1 on page 64. In reply to his question on what measures were being taken to reduce the figures, he was referred to the report 'Level of Outstanding Debt' which had been received at that morning's General Purposes Committee (GPC) setting out a range of actions which were to be taken. In addition, as requested at the July Committee, the referred to report had also already been included in an e-mail to the Committee on 12<sup>th</sup> September from Democratic Services (*under the title 'Actions From July Audit and Accounts Committee in respect of the Risk Register Update for AAC re risks'*) **Action: It was agreed that the report should be re-circulated with the agreed actions and the discussion recorded at GPC.**

**RVS to circulate once GPC minutes finalised**

It was further highlighted in the discussion that GPC Committee would be receiving a further report at their March 2018 meeting to monitor the progress on the revised measures to reduce outstanding debt. One Member suggested that it would have been beneficial to have seen the report in draft form before it had gone forward to GPC.

**Action: It was agreed that this Committee should also receive for information the next Outstanding Debt update report.**

**RVS to schedule on Forward Plan.**

- With reference to the separate A3 Tracker Document which he was pleased to see had now been provided in a slightly more user-friendly format, he requested that where savings were being reconfigured in cases where they were not anticipated to achieve the original target figure, or if additional savings were required to be made, this information should be included in future versions of the document. **Action: It was confirmed that reference to any changes to savings targets would be included in future versions.**
- Drawing attention to the Transformation Fund Initiative the Chairman asked what benefits were being achieved. Reference was made to a separate report presented to GPC that morning which indicated that while savings would take time to be achieved against the expenditure allocated, £33m of savings had been identified of which £29m had been secured. *(Note: there is to be an update report on the Transformation Fund at the Committee's November meeting).*
- On page 76 'Legal proceedings' and the text reading that the budget was forecasting a £450k overspend, the Chairman drew the Committee's attention to a statistic he had received which suggested that in respect of Special Education Needs Children and appeals by parents on assessments which went to court, 86% were found in favour of the parents. He questioned whether this was a cost-effective use of resources and indicated that he had already requested more detail from Meredith Teasdale the Service Director Strategy and Commissioning in what had been the Children, Families and Adults Directorate.

**T Kelly**

It was resolved;

To note the report.

### **33. ACCOUNTS REPORTS TAKEN UNDER THE CHAIRMAN'S DISCRETIONARY POWERS**

The Chairman under his discretionary Chairman's powers given under the Local Government Act 1972 agreed to allow consideration of item 4 - the BDO ISA 260 Audit Completion report and Item 6 - the main accounts report - which had been published less than five clear working days before the meeting. The reasons for lateness for both reports being that aspects of the Accounts

were still the subject of ongoing discussions between officers and the external auditors and were therefore not available for the main agenda despatch. The reason for urgency was the need to seek Committee approval to the main content of the Accounts to enable the Chairman, Vice Chairman and the Section 151 Officer to be given a delegation, subject to any minor changes, to sign off a further amended version of the Accounts before the end of September deadline.

**34. CAMBRIDGESHIRE COUNTY COUNCIL PENSION FUND - ISA 260 AUDIT COMPLETION REPORT TO THE AUDIT AND ACCOUNTS COMMITTEE**

It was agreed that this report item 5 should be taken next and was to be taken with the section of the main Accounts dealing with the Pension Fund - pages 112-155).

The report indicated that the audit procedures against the planned scope were substantially complete, subject to the resolution of the matters set out in the outstanding matters section on page 5 of the External Auditor's (BDO) report.

The audit had identified no material misstatements and no significant deficiencies in internal controls. Subject to the resolution of the outstanding matters on the financial statements, BDO anticipated issuing an unmodified opinion on the financial statements for the year ended 31 March 2017. The review of the separate Pension Fund Annual Report and Statement of Accounts report was also similarly complete and BDO anticipated issuing an unmodified consistency opinion for the year ended 31 March 2017.

While this report stated that no material misstatements had been identified, the Chairman, in making reference to the other BDO Report (Late report Item 4 titled '*Cambridgeshire Audit Completion Report – Audit for the year ended 31 March 2017*', drew attention to page 2 of that report under the heading 'Audit Risks'. This read: "*Subsequent to our Planning report to you, dated 3<sup>rd</sup> March 2017, and following receipt of the draft financial statements, we revisited our risk assessment. This resulted in the risk of material misstatement associated with the pension liability assumptions being increased from normal to significant*". He suggested that to the general reader the two statements on the Pension Fund contradicted each other.

In response, it was explained that they were referencing different aspects. The Item 5 report focussing on the Pension Fund, was purely an audit of the assets and investments, contributions and figures provided, and did not look at the estimated future liabilities to pensioners. This was in line with The Chartered Institute of Public Finance and Accounts (CIPFA) code of practice guidelines.

The main accounts included the assessment of the pension liabilities of the County Council estimated by the Actuary as required by the CIPFA code of practice which were based upon a series of assumptions regarding long term liabilities. Reference was made to the explanation note 25 in the main accounts. In response the Chairman suggested that the distinction being made was not clear to the general reader and suggested that officers should consider adding a cross reference note to the entry in the main accounts with an explanation for the different valuations. The BDO officer highlighted that this could cause a problem with the stand-alone Pension Fund Annual Report and Statement of Accounts which needed to be consistent with the Accounts included with the County's financial statements which would not be able to have such an internal cross reference.

In response to a question of when the audit would be fully completed on the Pension Fund accounts the expectation was that the outstanding issues referred to in the report would be finalised later in the week with the BDO officer confirming that there was no suggestion that there would be any required changes to the text narrative or to the figures in the Pension Fund Accounts. If any issues did arise in this completion phase they could be addressed through delegated authority to the Chairman.

#### **Issues raised on the Pension Fund Accounts element of the Main Accounts**

- the Chairman, drawing attention to the investment income figures on page 129 of £30 million from a £2.8 billion Fund, highlighted that this represented less than a 2% return which increased which he considered, was a very poor return. An explanation was provided in respect of the market value not being matched by increases in dividend pay outs and the use of accumulation funds. **Action: The Chairman requested a more detailed explanation / breakdown of the figures and the different funds outside of the meeting**
- **page 151 e) 50:50 option** - In response for an explanation of what this meant, this provided flexibility regarding the payment of employee contributions. Where, if employees considered they could not afford the full contribution, they could opt to only pay 50% and in return, would only receive 50% of the eligible benefit. **Action - it was suggested after the full stop this should be changed to a comma and more explanatory text provided.**

**Richard  
Perry**

**Richard  
Perry / Jeff  
Abbott**

**It was resolved to:**

Accept the Pension Fund Accounts section of the main accounts.

**35. AUDIT COMPLETION REPORT AUDIT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017**

The late, published report from BDO, the County Council's external auditors, explained that they had substantially completed their audit procedures with the planned scope and objectives achieved. At the date of report publication no material misstatements had been identified, but this was still subject to the resolution of the outstanding matters listed in the report under 1 on page 6, and final agreement being reached regarding the accounting treatment in relation to the:

- City Deal Funding arrangement (*BDO's initial view on the information provided to date was that the whole of the £100m should have been shown in the accounts in the first year of the award in 2015-16, rather than the £20m tranche received in that year. The Audit team had requested further justification from the Finance team for their proposed accounting treatment in the current year, including clarification of who controlled the funding*) **Councillor Bates suggested that BDO should be provided with the latest City Deal (now the Greater Cambridge Partnership) Constitution / Terms of reference which would help clarify their concerns.**
- the recognition of Heritage Assets on the Council's balance sheet which had now been largely resolved.

Issues highlighted in the report introduction included:

- Three immaterial misstatements having been identified as highlighted in the adjusted misstatements text heading on page 2 of the report.
- Final materiality had been updated to £16.5m.
- Unadjusted audit differences – subject to the outstanding matters section, none were identified to date from the current audit. Two reported in 2015-16 had been brought forward as detailed on page 3 with other details as set out in the text. Some audit evidence requested from the Council was still outstanding which increased the risk of unadjusted misstatements being identified after the date of the Committee.
- No significant deficiencies had been identified relating to the internal control environment.
- On sustainable finances, delivery of the medium term financial position remained a significant challenge.

- Subject to the successful resolution of outstanding matters, BDO anticipated issuing an unmodified opinion on the financial statements for the year ended 31<sup>st</sup> March 2017.
- No exceptions were reported in relation to the consistency of the Annual Governance Statement.
- BDO anticipated issuing an unmodified opinion on the use of resources for the year ended 31<sup>st</sup> March 2017.

It was highlighted in the report that one objection from a local elector had been received relating to matters concerning payments made to, and the governance exercised in respect of, contracts and procurement processes. At the time of the report's publication these were still being looked into.

As it was clear that the Accounts could not be signed off at the current meeting, the Chairman sought clarification on whether they would be in a position to be finalised for sign off on the 29<sup>th</sup> September, the date for which a special reserve meeting had been arranged. He also sought an update on the position on the public objection and whether what had been raised by the objector would require any material changes to the Accounts.

Lisa Clampin, the BDO Engagement Lead, confirmed that the objection received was eligible to be investigated by External Audit. As a number of different questions had been raised, enquiries were ongoing and, while she had not reached a final conclusion, the issues raised were not judged to be material to the financial statements and would not therefore prevent the audit opinion on the financial statements from being given by 29<sup>th</sup> September. In response to a question, confirmation was provided that the certificate of completion of the audit could not be given until the objection was concluded. It was clarified that it was relatively normal where there were still some non-material issues outstanding for the external auditor's sign-off certificate to be completed sometime after the sign-off of the main Council Accounts). The objector and the Section 151 officer would receive a response once the independent investigation had been completed.

**The Chairman suggested that there should be a report back to the November meeting from BDO and Finance on the lessons to be learnt from the current exercise**, including the details of the response to the objection. He expressed serious concerns regarding being able to meet the new earlier statutory timetable for 2017-18 which required Accounts sign off by the end of July.

**RVS to add to forward plan**

Regarding the position on the list of outstanding matters on page 6 of the report, External Audit highlighted that they still awaiting some information from their sample testing and that if this was not received by 22<sup>nd</sup> September, this would affect the ability of the audit to be concluded and for the auditors' report to be received by the

29<sup>th</sup> September deadline. Finance officers and External Audit confirmed that both sides were working collaboratively to resolve the outstanding issues so that sign off could be achieved on 29<sup>th</sup> September.

The Chairman pointed out an error in an Appendix table which required to be corrected, as well as drawing attention to a discrepancy in the draft representation letter (between the first line and the next paragraph relating to the date of the Accounts with the first line reading "Financial statements of Cambridgeshire County Council for the year ended 31 March 2016). **Action: Request that drafting errors be corrected for the final version.**

**B Pryke BDO**

It was resolved :

To note the report.

### **36. STATEMENT OF ACCOUNTS 2016-17**

This late report presented the detailed revised draft 'Statement of Accounts 2016-17' for the Committee's consideration and approval.

The report highlighted a significant change in the presentation of the Comprehensive Income and Expenditure Statement (CIES). This allowed officers to use the Council's existing internal reporting structure within the CIES, therefore maintaining consistency with internal financial monitoring reports, as opposed to using the service headings previously prescribed by CIPFA. A further change in 2016-17 was the inclusion of the Expenditure and Funding Analysis (EFA) within the Core Financial Statements.

Appendix 1 to the report provided a summary of financial variances between the CIES produced for 2015-16 and 2016-17. The causes of key variances were detailed in paragraphs 2.2.1 to 2.2.7 of the report.

Appendix 2 provided a summary of financial variations from 31 March 2016 to 31 March 2017 with the causes of key variances detailed in paragraphs 2.3.2 to 2.3.11 of the report.

The table in Appendix 3 summarised all the significant amendments to the draft Statement of Accounts submitted at the Audit & Accounts Committee meeting on 25<sup>th</sup> July 2017 which had been incorporated into the final document. Individual amendments were listed in paragraphs 3.2 to 3.5 which had followed from further work undertaken by the Finance Team and findings from the review by the external auditors.

Reference was made to the ongoing work in respect of the City Deal monies and that further amendments might be required. A decision on the accounting treatment for the City Deal finances was anticipated to be possible by 22<sup>nd</sup> September.

Issues raised in considering the detail of the Accounts included:

Page 23 – an explanation was provided that the income variations in some areas over the year were due to changes in the organisation

**Page 34 - Heritage assets** – In response to a query on what the current position was on the text reading “....*there remains £3.4m of Heritage Assets that have not actually been reviewed to determine their individual lengths* ....”, it was explained that this related to the value of heritage items not subject to specific review by the Council. The required information had been passed to BDO for them to consider as part of their audit procedures.

**Page 36 - 11- Other Operating Expenditure** – In reply to a query on the line reading ‘Losses on the disposal of the current assets’ the reason for the increase from £59,194k in 2015-16 to £88,287k was due to the higher number of schools transferring to academies. Later in the consideration of the report there was a discussion regarding the status of caretakers’ houses when a school was transferred to an academy. In reply it was explained that when it was within the school site it was transferred along with the school, but that if it was on the edge of a boundary, it was retained by the Council. The aim was to avoid leasing a council property to a non-council employee. Regarding a query on who made the decision to sell an ex-caretakers property no longer required, this would be a decision for Commercial and Investment Committee. **The Chairman expressed an interest in seeing the recent report on this Issue.**

T Kelly

**Page 37 - 12 - Finance and Investment Income and Expenditure – in relation to investment properties and changes in their fair value** - in reply to a query on why this had changed from £-57k in 2015-16 to £-5,579k in 2016-17 it was explained this was due to the significant increase in the land value of two Council owned properties.

**Page 67 – Capital grants receipts in advance – on a query regarding why the balances on the line titled ‘Section 106 contributions and Community Infrastructure levy’ had halved** between the two years it was explained that this was due to re-classification, but this would be checked. **Action: the Chairman to be emailed the explanation.**

Eleanor Tod

**Page 80 – Local Government Pension Scheme** – regarding the change in figures on the line titled Actuarial gains (-) / losses arising on changes in financial assumptions from £-125,748K in 2015-16 to £220,808 this was highlighted as showing how small changes in assumptions on returns resulted in large changes to the figures.

**Page 93** – The Chairman queried whether all the text was required in the first paragraph.

In a final discussion on what the position was on agreeing the Accounts at the current meeting, the Deputy Section 151 Officer highlighted that the only identified material change to the Accounts which was still unresolved was around the treatment of the City Deal monies. His advice was that the Committee was in a position to agree the Accounts and approving a delegation to the Chairman, Vice Chairman and the Section 151 officer in respect of agreeing at a later date before the sign-off how the City Deal monies would be shown in the final version of the accounts. In respect of BDO's unfinished review and the possibility of some uncorrected misstatements being discovered as long as they were not considered material, their treatment could also be agreed via a delegation. The Committee unanimously agreed to this approach.

It was resolved:

- a) to approve the 2016/17 Statement of Accounts, subject to delegating approval to the revision of the accounting treatment of City Deal income to the Section 151 Officer in consultation with the Chairman and Vice-Chairman.
- b) To delegate authority to the Section 151 Officer in consultation with the Chairman and Vice Chairman to approve any further uncorrected misstatements that may be identified up to the conclusion of the Audit and determine whether or not they should be corrected.

**37. MINUTES OF THE MEETING HELD ON 25<sup>th</sup> JULY 2017**

The minutes of the meeting held on 25<sup>th</sup> July 2017 were confirmed as a correct record and were signed by the Chairman.

**38. AUDIT AND ACCOUNTS MINUTE ACTION LOG FOR SEPTEMBER 2017 COMMITTEE MEETING**

**The Minute Action Log**

The following issues were raised in relation to issues in the Minutes and the Action Log:

- Regarding the investigation into issues with 'Fenland Association for Community Transport' (FACT) it was confirmed by Internal Audit that this would not be finalised in time for a report to be considered at the November meeting. As a result, it was agreed it should move to the January meeting. In answer to a follow up question It was confirmed that the investigation was separate from the running of the contract and that the service provided was not being disrupted.
- In respect of the Integrated Resources and Performance Report actions from the July meeting Tom Kelly agreed to resend his email from 13<sup>th</sup> November with the response to the actions detailed on page 10 of the action log relating to carry forward details on home care savings targets and explanation of the line of 'Develop Traded Services' as listed on page 10 of the Action Log.

**It was resolved:**

To note the Minutes Action log update.

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

This provided the proposed annual report to be submitted to the October Council meeting for consideration and comments.

The Chairman highlighted the large number of recommendations made by Internal Audit arising from their audit reviews which required significant follow-up. He was concerned that a large amount of this time was not budgeted for, as there were not sufficient staffing resources. More detail on this issue was set out in the next report. His concern was the need to ensure there were sufficient resources to be able look at key areas that were undergoing transformation and required early review.

There was a discussion regarding the role of the Audit and Accounts Committee in terms of the Integrated Resources and Performance report and whether the report should be received before General Purposes Committee (GPC) and make recommendations on. It was clarified that the role of the Committee was not to advise GPC on the contents or suggest changes but to provide independent assurance of the adequacy of the risk management framework and associated control environment and to oversee the financial reporting process. In debate it was generally

agreed that this role was more appropriately undertaken by receiving the report after GPC as the latter was the overarching committee in terms of monitoring overall expenditure against the Council Business Plan and agreeing changes as appropriate.

The Chairman indicated that he would provide additional stylistic input outside of the meeting.

It was resolved to note the report.

### **38. INTERNAL AUDIT PROGRESS REPORT TO 31<sup>ST</sup> JULY 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> June 2017 to 31<sup>st</sup> July 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.
- Details of a Direct Payments investigation.

Outstanding management actions at the end of July 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 pressures on the Internal Audit Plan and options to address the pressures. The proposed changes to the Plan as detailed in paragraph 5.2 were expected to provide sufficient compensating resources to manage the pressures within the Audit Plan while also highlighting that it was not likely that any further pressures within the Audit Plan could be accommodated without affecting the level of assurance that could be provided by the Audit Plan.

Issues raised included:

- As 10 out of the 13 assignments listed on page 101 had a minor organisational impact, the Chairman challenged why they were undertaken in the first place. This was on the

basis of the report highlighting the current issues the Service had in being able to resource follow up work. He suggested that priorities for future assignments should look at the potential impact the review could make. In response the Internal Audit officer provided assurance that the areas being looked at were appropriate.

- With reference to the text on page 107 on the 'A2 Project assurance – Looked After Children Property Project' and the last line reading "...at the time of the audit report it had not been established how these actions would be taken forward" it was clarified regarding the current position that an audit plan was to be formalised with timescales for the actions.

On page 110 under the heading 'Ethics' which was under the section on 'Pressures on the Internal Audit Plan' there was a request for explanation regarding the text reading: "The initial sample identified very low compliance". It was explained that in respect of the work undertaken to identify if officers and Members were disclosing interests they had in organisations which traded with the Council, this had revealed that some had not been declared from the small sample undertaken. In terms of Member compliance from later questioning it was clarified the sample had only picked up non-compliance from one Member. As a result, a further round of checks was being undertaken.

The Chairman suggested that a note should be sent around to members to consider if they needed to refresh their declaration of interests. In further debate on the issue, some Members felt a wider sample on Members compliance was disproportionate to the current findings. Councillor Shellens proposed the following action which was seconded by Councillor Rogers and on being put to the vote was agreed.

**"To send an e-mail to all Members on the Council to indicate an Internal Audit review was being undertaken on declarations of interest to check for non-compliance having found a recent example and that they should be reminded of the need to check their declarations of interests forms to ensure they were up to date".**

**Democratic  
Services**

**It was highlighted that B2 on page 108 had missing text. There was a request for Internal Audit to provide details of the lost text.**

**M Kelly**

Regarding Appendix B 'Summary of Outstanding Actions' and those with a target date of the end of September, these would be updated for the next report (as the report had been written and presented before the end of September).

It was resolved:

to note the contents of the update report and agree the proposals to amend the Audit Plan as detailed in Section 5.2(1) of the report.

**39. AUDIT AND ACCOUNTS COMMITTEE TRAINING PLAN**

The Committee received a report, deferred from the last meeting, setting out the training that had been provided to Committee members and relevant training scheduled in the future (Risk Management - 5<sup>th</sup> October). The report sought any requests for additional training.

While no specific additional requests were put forward, the Chairman requested that officers **should at session before one of the future meetings take the Committee through the detail of a non-contentious project. This was agreed as a future action.**

**M Kelly**

The report was noted

**40. AUDIT AND ACCOUNTS FORWARD AGENDA PLAN**

In discussion the following changes were agreed

- Removing FACT from November to the January meeting.
- An additional report to the November meeting on how officers and BDO intended to improve the accounts audit process to achieve assign off by the end of July 2018

In respect of the Workforce Strategy the Chairman wished to convey to the relevant officers his continued extreme concern at the lack of progress and that a progress report would be required for the November meeting.

The Forward Plan with the above changes was noted.

**41. DATE OF NEXT MEETING – 2.00 P.M. 21<sup>st</sup> NOVEMBER 2017**

Chairman  
21<sup>st</sup> November 2017

**AUDIT AND ACCOUNTS COMMITTEE MINUTES ACTION LOG FOR NOVEMBER 2017 COMMITTEE MEETING**

<b><u>NO</u></b>	<b><u>TITLE OF REPORT / MINUTE AND ACTION REQUESTED</u></b>	<b><u>LEAD</u></b>	<b><u>PROGRESS / RESPONSE</u></b>
<b>ACTIONS ARISING FROM THE MINUTES OF THE 7<sup>th</sup> JUNE MEETING 2016 COMMITTEE MEETING</b>			
1.	<b>MINUTE 214 - ISA 260 UPDATE REPORT - REGISTRATION OF LAND PURCHASED FOR HIGHWAYS PURPOSES</b>		
	There was a request for a six month progress update on the 18 month project to register all 6,000 parcels of land purchased for highways schemes with the Land Registry.	<b>Mike Atkins / Camilla Haggett (re-Rhodes)</b>	<p>A report was presented to the 24<sup>th</sup> January 2017 Committee meeting with an update to the July Committee.</p> <p>A further report was requested for the November meeting and is included on the current agenda at Item 3.</p> <p><b>Action ongoing</b></p>
<b>ACTIONS ARISING FROM THE MINUTES OF THE JULY 2016 COMMITTEE MEETING</b>			
2.	<b>MINUTE 226. MINUTES</b>		
	<b>Minute 213 'Systems in place to ensure that Section 106 Funds do not go unspent'</b> - The Committee at its September 2016 meeting (Minute 251-8) agreed the		<p>An email was sent to the Chairman on 3<sup>rd</sup> March highlighting that all the previously identified expired S106 receipts had been applied against eligible expenditure except £59K from Sidgwick Avenue. Discussions on this were still on-going with the University as to how to use this. At that time no further S106 receipts had expired without having been being used.</p>

	following approach to be followed on identified unspent Section 106 monies:		
	<ul style="list-style-type: none"> <li>Funds being applied against applicable expenditures,</li> <li>undergoing discussions with a respective developer as to alternative possible uses for the funds, and if agreement was not possible, the funds being repaid.</li> <li>that where there were any exceptions / negotiations requiring monies to be returned, the Committee should be provided with details, either via an email or a report. <b>As an update, the November 2016 Committee meeting agreed that the updates should be provided on a six monthly basis.</b></li> </ul>	<b>S Heywood / Tom Kelly</b>	<p><b>The further six monthly update was provided to the Chairman in September identifying that no monies had been required to be returned to developers.</b></p>
<b>ACTIONS ARISING FROM THE MINUTES OF THE 20<sup>th</sup> SEPTEMBER 2016 COMMITTEE MEETING</b>			
<b>3.</b>	<b>MINUTE 249. INTEGRATED RESOURCES AND PERFORMANCE REPORT</b>  <b>Transformation Fund - a report in due course requested to illustrate the effectiveness / benefits of the spend undertaken.</b>	<b>T Kelly/ A Askham</b>	<p>It was agreed at the November 2016 meeting that the update report back should come forward to the July 2017 meeting. It was agreed at the July meeting that the Committee should receive the same report as was due to go forward to the General Purposes Committee and would come forward to the November meeting.</p> <p><b>The report is included on the agenda as item 11.</b></p>

<b>ACTIONS ARISING FROM THE MINUTES OF THE 29<sup>th</sup> NOVEMBER 2016 COMMITTEE MEETING</b>			
<b>4.</b>	<b>MINUTE 261 – CAMBRIDGESHIRE COUNCIL WORKFORCE STRATEGY UPDATE</b>		
	There was a request that once implemented, there should be a regular quarterly report on the Action Plan progress.	<b>Martin Cox / Lynsey Fulcher</b>	<p>An update report with the Draft Strategy was included on the May Committee agenda. As a result of the comments from the Committee the report did not go forward to General Purposes Committee in June or to full Council in July as SMT deemed more work was required.</p> <p>The new timetable indicates that a report will be presented to the January GPC Committee and February 2018 Council meetings. The main report lead Lynsey Fulcher is due to arrange suitable dates to discuss a draft with the Chairman.</p> <p><b>Action ongoing</b></p>
<b>5.</b>	<b>MINUTE 264. INTEGRATED RESOURCES AND PERFORMANCE REPORT TO END OF AUGUST 2016</b>  <b>Children Families and Adults – Basic Need Secondary</b> – reading “A revised budget for the project will be known in September, which will include funding from the loss adjuster” - the Chairman requested an update.	<b>S Heywood / T Kelly</b>	<p>An update response was sent to the Chairman on 5<sup>th</sup> January 2017 explaining that the insurance claim discussions were still ongoing, with agreement on the range of the settlement, and these were figures provided in the e-mail. However the final figure would be dependent on the level of fees the insurance company would fund. Once known the final figure settlement would be provided to the Chairman outside of the meeting.</p> <p>A further update was provided on 7<sup>th</sup> March 2017 indicated that the final figure was not likely to be known until “well into the next financial year” <b>Action ongoing.</b></p>

6.	<b>MINUTE 267 - TRADING UNITS UPDATE - MAIN BARRIER FOR THE MUSIC SERVICE BEING CURRENT RECRUITMENT PRACTICES</b>		
	Matthew Gunn to discuss possible solutions with Chris Malyon and HR (Martin Cox) with support from the Head of Internal Audit if required and that progress should continue to be monitored.  The May 2017 Committee meeting asked for a further update.	<b>M Gunn / C Malyon / M Cox / D Wilkin-son</b>	An update at the July meeting indicated that the Commercial Board had considered a paper from Matthew Gunn at their July meeting and agreed it raised some pertinent points. Further work was to be undertaken and report is now scheduled to come back to this Committee's November meeting.  <b>A report is included on the agenda.</b>
7.	<b>MINUTE 268- SAFE RECRUITMENT UPDATE</b>		
	That in the event of a further Internal Audit Review finding a serious failure of safeguarding recruitment practice, the local headteacher from the school(s) identified should be asked to attend the next available Committee and the Head of governors requested to do likewise. <i>(Note: The word in the Minutes was "required" but the County Council cannot compel an Academy head teacher to attend)</i>	<b>D Wilkin-son / K Grim-wade</b>	As requested at the May meeting a further update summary was included at the July meeting.  A further Report has been requested to come forward to the November 2017 Committee meeting.  <b>A report is included on the agenda.</b>
<b>ACTIONS ARISING FROM THE MINUTES OF THE 30<sup>th</sup> MAY 2017 COMMITTEE MEETING</b>			
8.	<b>C) Page 28 Item 10 Minute 287 Audit and Accounts Minute Action Log a) - Risk 9 on Corporate Risk Register - Further response on definition of what would represent sufficient Infrastructure</b>		

	<p><b>Funding</b> - On the response provided and the wording at the end of the response reading “.... This risk reflects the fact that there is a significant chance that over time, the available funding will not be sufficient to meet all stated needs”</p> <p><b>A further response was requested outside of the meeting to the Chairman regarding if there was insufficient funding what other funding options could there be.</b></p>	<p><b>Tom Kelly /Tom Barden</b></p>	<p>This was still an outstanding action at the July Committee meeting.</p> <p><b>This was to have been addressed by Bob Menzies at the confidential briefing being held before the September Committee meeting on the guided busway but in the end there was insufficient time.</b></p>
9.	<p><b>MINUTE 6 - UPDATE ON THE IMPLEMENTATION OF REVISED PROGRAMME AND PROJECT MANAGEMENT PROCESSES</b></p> <p>Request for a further update on the progress with Verto to come forward to the November Committee meeting.</p>	<p><b>Julia Turner / Amanda Askham</b></p>	<p>An update is provided within the Internal Audit Progress Report at item 12 on the agenda. (See section 4A)</p> <p><b>Action completed.</b></p>
<b>ACTIONS ARISING FROM THE MINUTES OF THE 25<sup>th</sup> JULY 2017 COMMITTEE MEETING</b>			
10.	<p><b>MINUTE 20. SCHOOLS SAFEGUARDING AND SAFER RECRUITMENT UPDATE</b></p>		
	<p><b>a) 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.</b></p>	<p><b>Chris Meddle</b></p>	<p>The update on these actions to be included as part of the update to be included in the next update report due in November.</p> <p><b>The latest Schools Safeguarding Report is included at item 4 on the agenda.</b></p>

	b) There was a request that the November update should highlight details of the 40% of schools who had not attended leadership training.		
11.	<b>MINUTE 21. REGISTRATION OF LAND PURCHASED FOR HIGHWAYS PURPOSES</b>		
	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.	D Ashman	<p>This follow up would be included as part of the report back in November.</p> <p><b>The update Report is included as Item 3 on the agenda.</b></p>
12.	<b>MINUTE 22. CHILDREN'S SOCIAL CARE CASE-LOADS QUARTERLY UPDATE</b>		
	a) 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.	Theresa Leavy / Sarah-Jane Smedmor.	<p>The next full monitoring report will be presented to the November Committee meeting.</p> <p><b>A report is included on the agenda. (Item 5)</b></p>

13.	<b>MINUTE 24. INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31ST MAY 2017</b>		
	a) Looked after Children (LAC) Seminar - there was a request for a seminar on LAC	T. Leavy to contact D Cave	As agreed later in the meeting this would be a full member seminar (Note it has been programmed as a slot on the 17 <sup>th</sup> November member seminar)
	to include; <ul style="list-style-type: none"> <li>• Age profiles</li> <li>• length of looked after stay</li> <li>• composition of placement</li> <li>• Nos. of received in a specified time frame</li> <li>• Nos of unaccompanied asylum seekers</li> </ul>	T Barden to provide T Leavy with statistics	Action update: Business Intelligence will support Children's Services with appropriate statistics and analysis for the Member's Seminar to be held on 17 <sup>th</sup> November.
	b) Tracker appendix to be provided as A3 document in future.	Tom Kelly / RVS	An A3 colour copy was included for Committee Members as part of their hard copy agenda pack for the September meeting.
14.	<b>RISK MANAGEMENT</b>		
	Page 157 - Risk 07 - The Infrastructure and Services – action plan explanation of how additional funding would be obtained if insufficient	T Barden	This action was still ongoing. Bob Menzies was to arrange to have a discussion with Councillor Shellens outside of the meeting.  <b>Action ongoing</b>
	Page 51 – Assets held for Sale table – Note requested as an e-mail outside of the meeting on what assets had been sold.	Jeff Abbott	An explanation response is due to be provided by email once work once the work on the accounts is completed.  This was provided. <b>Action completed</b>

<b>ACTIONS ARISING FROM THE MINUTES OF THE 19th SEPTEMBER 2017 COMMITTEE MEETING</b>			
15.	<b>MINUTE 32 INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 31<sup>ST</sup> JULY 2017</b>		
	<p>a) It was highlighted that the Council continued to face significant demand-led pressures and risks particularly related to children's services, where numbers of Looked After Children (LAC) were at very high levels and continued to grow, in line with national trends. <b>Action: The Chairman requested that the Member Seminar in November on LAC required to provide some analysis of the reasons for this Countrywide phenomenon.</b></p>	<p>RVS to notify Theresa Levy</p>	<p>As Theresa Leavy had left the Authority, Sarah-Jane Smedmor was notified of the request in advance of the seminar.</p> <p><b>Action completed.</b></p>
	<p>b) 'Level of Outstanding Debt' the report which had been received at that morning's General Purposes Committee (GPC) had included in an e-mail to the Committee on 12<sup>th</sup> September from Democratic Services (<i>under the title 'Actions From July Audit and Accounts Committee in respect of the Risk Register Update for AAC re risks'</i>)</p> <p><b>1) Action: It was agreed that the report should be re-circulated with the agreed actions and the discussion recorded at GPC.</b></p>	<p>RVS</p>	<p>Sent to the Committee in an e-mail from Democratic Services dated 14<sup>th</sup> October 2017.</p> <p><b>Action completed.</b></p>

	<b>2) Action</b> It was agreed that this Committee should also receive for information the next six month Outstanding Debt Update Report to be presented to General Purposes Committee		Added to Committee agenda plan.
	c) Separate A3 Tracker Document <b>Action:</b> It was confirmed that reference to any changes to savings targets would be included in future versions.	T Kelly	The updated tracker document is included as a separate appendix at item 13 on the Agenda.
16.	<b>MINUTE 34. CAMBRIDGESHIRE COUNTY COUNCIL PENSION FUND - ISA 260 AUDIT COMPLETION REPORT TO THE AUDIT AND ACCOUNTS COMMITTEE</b>		
	<b>Pension Fund Accounts element of main accounts</b>		
	a) investment income figures on page 129 <b>Action:</b> The Chairman requested a more detailed explanation / breakdown of the figures and the different funds outside of the meeting.	Richard Perry	This was provided in an e-mail to the Chairman dated 22 <sup>nd</sup> September titled 'Income by Asset Class'  <b>Action completed.</b>
	b) page 151 e) 50:50 option - <b>Action</b> - more explanatory text requested.	Richard Perry / Jeff Abbott	This was provided in the final version of the Accounts.  <b>Action completed.</b>

17.	<b>MINUTE 35 - AUDIT COMPLETION REPORT AUDIT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2017</b>		
	<b>a) The Chairman suggested that there should be a report back to the November meeting from BDO and Finance on the lessons to be learnt from the current exercise</b>		A report is included as Item 10 on the current agenda.  <b>Action completed.</b>
	<b>b) All drafting errors identified to be corrected in the final version of the report.</b>	<b>B Pryke BDO</b>	A final version is included as item 8 on the agenda.  <b>Action completed.</b>
18.	<b>MINUTE 36 STATEMENT OF ACCOUNTS 2016-17</b>		
	<b>a) Regarding a query on who made the decision for Commercial and Investment Committee. The Chairman expressed an interest in seeing the recent report on the sale of an ex-caretakers property no longer required.</b>	<b>T Kelly</b>	An email response was sent to the whole Committee on 31 <sup>st</sup> October which provided links to the two most recent Disposal policy reports.  <b>Action completed.</b>
	<b>a) Page 67 – Capital grants receipts in advance – on a query regarding why the balances on the line titled ‘Section 106 contributions and Community Infrastructure levy’ had halved between the two years it was explained that this was due to</b>	<b>Eleanor Tod</b>	The following explanation was provided in an e-mail on 31 <sup>st</sup> October:  In 2016-17, CCC received -£15m S106/CIL money, however we spent £24m of S106/CIL money (this is £9m more than we received because it included funds already received in a previous year). These movements, combined with reclassification of -£2m of S106

	re-classification, but this would be checked. <b>Action: the Chairman to be emailed the explanation.</b>		from Capital Contributions Unapplied to Capital Contributions Received in Advance, explain the £7m decrease in S106/CIL funding held in current reserves between 2015/16 and 2016/17.  <b>Action completed.</b>
	<b>b)</b> There was a general query regarding <b>what the position would be to replace the provision if an academy school went bankrupt, it was agreed that a response would be sought from Education on the process that would be followed.</b> <b>Action</b>	<b>T Kelly</b>	An email explanation was sent to the Chairman and Vice Chairman on 25 <sup>th</sup> October explaining that Education officers would expect the regional schools commissioner: ( <a href="https://www.gov.uk/government/organisations/schools-commissioners-group/about">https://www.gov.uk/government/organisations/schools-commissioners-group/about</a> ) to explore all possibilities to secure a new sponsor but if this was unsuccessful then, it would fall to the County Council to ensure that the pupils in the school(s) were found alternative school places. Officers would expect to work closely with the Regional Schools Commissioner to plan the response to this sort of eventuality and would expect to have some lead in time/warning – as closures would not happen over-night.  It was also highlighted that the Education and Skills Funding Agency undertakes financial monitoring and recovery activities on behalf of the Secretary of State in relation to academies in order to prevent and detect early warning of financial issues.  <b>Action completed.</b>
<b>19.</b>	<b>MINUTE 38 – INTERNAL AUDIT PROGRESS REPORT TO 31<sup>ST</sup> JULY 2017</b>		
	Page 110 Ethics - Members disclosing interests they had in organisations which traded with the Council – Initial investigations by Internal Audit had suggested that initially non-compliance had been identified in respect of One member		

	but as it was at an early stage that further checks were to be carried out.		
	<b>a) Action To send an e-mail to all Members on the Council to indicate an Internal Audit review was being undertaken on declarations of interest to check for non-compliance having found a recent example and that they should be reminded of the need to check their declarations of interests forms to ensure they were up to date”.</b>	<b>Demo- cratic Services</b>	E-mail sent out on 13 <sup>th</sup> October to all Members. In response, the Leader of the Council queried whether the issue was materially significant or had the potential to embarrass or undermine the operation of the Council. Internal Audit clarified that having carried out further work in terms of the matches to Councillors declarations of interest, they had no concerns relating to current Councillors.  <b>Action completed.</b>
	<b>b) It was highlighted that B2 on page 108 had missing text. There was a request for Internal Audit to provide details of the lost text.</b>	<b>M Kelly</b>	This was a drafting issue. Having re-read the text, Internal Audit can confirm the text published covered the key points and nothing of import had been missed out.  <b>Action completed</b>
<b>20.</b>	<b>MINUTE 39. AUDIT AND ACCOUNTS COMMITTEE TRAINING PLAN</b>		
	While no specific additional requests were put forward, the Chairman requested that officers <b>should at session before one of the future meetings take the Committee through the detail of a non-contentious project. This was agreed as a future action.</b>	<b>M Kelly</b>	<b>Internal Audit have indicated that they can provide a session before either the January or the March meeting.</b>  <b>RECOMMENDATION:</b>  <b>The Committee is invited to choose which one they would wish to schedule.</b>

**REGISTRATION OF LAND PURCHASED FOR HIGHWAY PURPOSES**

*To:* **Audit and Accounts Committee**  
*Date:* 17<sup>th</sup> November 2017  
*From:* Daniel Ashman, Asset Information Searches Manager  
*Electoral Division(s):* **All**  
*Purpose:*

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

***Key Issues:***

The first of the scanned deeds have been electronically lodged and formally registered by HMLR. HMLR has offered stepped targets for the registration of highway land, with priority sites to be completed by 2020.

Asset Information have been liaising with Strategy and Estates regarding valuations for land parcels which are not required for highway purposes. The identification of specific parcels which may have development potential has commenced.

Publicity regarding the pioneering electronic lodgement process has begun, with a view to generating potential income from consultancy/advisory services to other public bodies.

Asset Information have partnered with Asset Planning to adopt an 'asset management' approach toward the highway land, which will allow land parcels under the Highway Service's responsibility to be more effectively and efficiently managed.

***Recommendation:***

That the Committee notes the progress to date and the revised completion targets for the registration of highway land.

<b><i>Officer contact:</i></b>	
Name:	Daniel Ashman
Post:	Asset Information Searches Manager
Email:	<a href="mailto:Daniel.ashman@cambridgeshire.gov.uk">Daniel.ashman@cambridgeshire.gov.uk</a>
Tel:	01223 699065

## **1. BACKGROUND**

- 1.1 A report was presented to Audits & Accounts Committee on 24 January 2017, setting out the background to this project. In summary, the County Council ('CCC') is seeking to register with HM Land Registry (HMLR) circa 6,000 parcels of land purchased for highway purposes from the 1930s to 1990. The total area of the plots is just over 1,700 hectares. This land represents assets of considerable value as resources for future transport schemes and as assets of financial value.
- 1.2 A milestone report was presented on 25 July 2017, outlining steps taken to commence the scanning and certification of deed files and to agree the process of lodging land parcels for registration with HMLR. The report also explained the reasons for delay to the project, the changing priorities faced by HMLR which will impact the completion of the registration, and the analysis undertaken by Asset Information to help identify highway land parcels that are not currently being used for highways purposes.
- 1.3 Committee requested a further milestone report for November 2017 to include an update on steps to advertise the pioneering lodgement process to other public bodies, the progress made with the lodgement, and the attempts to obtain a registration completion date from HMLR. This is the purpose of this report.

## **2. MAIN ISSUES**

### **2.1 Lodgement Process & Costs**

The first batch of scanned and certified deeds was lodged with HMLR during August 2017, and these were successfully registered in October. Following the completion of a pre-existing project, HMLR has been able to make additional staff resource available to support the registration of CCC's highway land, and so they have requested the submission of a further batch of deeds. These were lodged in late October.

- 2.2 HMLR was also supplied with a list of restrictive covenants and land charges relating to all CCC-owned land with the first batch lodgement, as well as overall certification that the documents supplied were true copies of the originals.
- 2.3 HMLR has also requested that CCC lodges adjoining land parcels for registration together in a single submission. This will enable the smoother registration of larger areas owned by CCC and will contribute to time savings in the registration process. However this request has created additional work for Asset Information as it necessitates the identification of such land. The team is currently exploring possibilities for identifying these parcels spatially, using our Geographic Information System (GIS) software, rather than having to do the work manually.
- 2.4 At its July meeting, Committee enquired about the possibility of securing a discount from the cost of registration, as a result of pioneering a new fully electronic process. Although HMLR are unable to offer a discount for the innovative nature of the electronic lodgement, it is stated in the

Service Level Agreement (SLA) between CCC and HMLR that CCC will receive the maximum available discount of 25% for voluntarily initiating the registration. For approximately 6,000 registrations this amounts to a saving of approximately £8,000.

## 2.5 Project Completion

HMLR had previously been unable to commit to a completion date for the registration of CCC's highway land parcels. Furthermore, the change in HMLR's priorities directed by the government's white paper, *Fixing our broken housing market* (February 2017), meant that priority sites with potential for development would become the focus of projects to register publicly owned land, not just those voluntarily offered for registration.

2.6 As a result, HMLR has only been able to offer the following commitments regarding completing the registration. These target dates are now included in the SLA.

- Publicly held land in areas of greatest housing need to be registered by **2020**.
- All remaining publicly owned land to be registered by **2025**.

2.7 The SLA also specifies that CCC may "request the expedition of urgent registrations as and when required". This allows CCC to request prioritised registration for key sites it wishes to protect from adverse possession, or those where it seeks to potentially maximise value through sale, lease or development.

## 2.8 Site Prioritisation & Asset Planning

Asset Information has commenced the identification of priority sites which meet the criteria in paragraph 2.6 and will request early registration by HMLR when a dataset of these sites has been compiled.

2.9 A trial site has been identified and Asset Information are currently exploring with the Strategy and Estates team (S&E) whether the land is appropriate for development and its potential value. However, before each parcel can be considered by S&E, it must first be clarified by the Highways service that there are no engineering reasons for retaining it as highway, and that it is not required for future road schemes. This process is therefore time and resource intensive, as is the procedure followed by S&E to provide provisional land valuations.

2.10 Asset Information has also been liaising with colleagues in Highways Asset Planning to assess how CCC can better manage any of the land parcels that may be required for highways purposes. It is proposed to link these land parcels to the Local Street Gazetteer. This will enable the highway land dataset to be inserted to the Authority's Asset Register software, which in turn allows highways operational staff to arrange site maintenance and inspections in tandem with other physical assets, such as carriageway surfaces, gullies and road signs. This will add to the efficiency and effectiveness of CCC's highway management by creating

a more comprehensive view of the assets on each road.

#### 2.11 Potential for consultancy income

The successful registration of the first batch of deeds demonstrates that the procedure to complete the project electronically is viable. This assurance enables CCC to begin publicising the project, to attempt to generate consultancy income.

- 2.12 A case study is being worked on with GeoPlace, the central co-ordinator of the National Street Gazetteer, who will then circulate publicity about CCC's registration project to highway asset managers at many local authorities. The Local Government Association and the Local Land Charges Institute have also been contacted to explore the possibility of spreading knowledge about the project nationally, and the team has also directly contacted other authorities more locally to gauge interest. At this time interest has been limited and it is difficult to tell if it will be possible to generate a consultancy income. However, it is anticipated that interest may grow when awareness of the government's land registration agenda spreads.

Source Documents	Location
Fixing our broken housing market, Department for Communities & Local Government, 7 <sup>th</sup> February 2017	<a href="https://www.gov.uk/government/publications/fixing-our-broken-housing-market">https://www.gov.uk/government/publications/fixing-our-broken-housing-market</a>

**SAFER RECRUITMENT IN SCHOOLS UPDATE**

*To:* **Audit and Accounts Committee**

*Date:* 21.11.17

*From:*

*Electoral Division(s):* **All**

*Purpose:* Safer Recruitment Update

*Key Issues:* To update the Committee on the Schools Intervention Service monitoring of the Leadership of Safeguarding including safer recruitment in maintained schools

<b><i>Officer contact:</i></b>	
Name:	Chris Meddle
Post:	Senior Education Adviser
Email:	Chris.meddle@cambridgeshire.gov.uk
Tel:	01223 703564

**1. BACKGROUND**

- 1.1 Safer recruitment is a statutory safeguarding requirement for schools.

**2. MAIN ISSUES**

- 2.1 **The Committee requires assurances that Cambridgeshire maintained schools are compliant with statutory safer recruitment procedures and the wider leadership of safeguarding.**
- 2.2 **The Learning Directorate carries out regular safeguarding reviews in schools, which include a focus on safer recruitment.**
- 2.3 **To facilitate this the Learning Directorate Safeguarding and Safer Recruitment Report regularly to the Audit and Accounts Committee.**

**3. EDUCATION ADVISER SAFEGUARDING REVIEWS**

- 3.1 Sixteen new maintained school Headteachers have received a safeguarding visit so far this term with four to be completed in November. The main focus is to ensure that:
- employment and child protection files have been reviewed,

- that safer recruitment procedures are effective,
  - that the Single Central Record is compliant and
  - that the leadership of safeguarding is good.
- 3.2 33 schools have received a safeguarding review this term. 17 of these have been full safeguarding reviews and the rest have received a health check having had previous reviews.
- 3.3 According to our records only 16 remaining maintained schools who have not been recently inspected require a safeguarding review this term.
- 3.4 No major safeguarding issues have emerged from these reviews, but in a small number of cases there have been revisits to ensure that recommendations have been followed up. This is an improved position on a year ago and a significantly improved position on two years ago.
- 3.5 In addition to Safeguarding reviews, the service has carried out six Child Protection Safeguarding audits to ensure that this aspect of safeguarding is effective. Headteachers have found the recommendations helpful in improving their practice.
- 3.6 The School Intervention Service has devised an updated review tool to ensure that safeguarding in schools including safer recruitment is effective in schools. The review covers the OFSTED inspection framework and focuses significantly on safer recruitment as well as the wider culture of safeguarding. The review continues to scrutinise the school Single Central Record to ensure that it meets statutory requirements as well promoting good safeguarding practice within the school. The review also looks carefully at a range of employment files to ensure that they contain the statutory information required by keeping Children Safe in Education (2016) and that the files match the Single central record. This practice has been recently reviewed by a colleague in the LGSS audit team.
- 3.7 The School Improvement Service Area Senior Advisers plan the order for schools to be reviewed based on the OFSTED inspection cycle. It remains the aim of the team to review maintained schools before they are inspected. Some schools are reviewed as a result of emerging concerns and some schools have received health checks before inspection.
- 3.8 Academies can purchase a safeguarding review. One primary academy has been reviewed this term, a safeguarding review has been completed at an independent school at the request of the Local Safeguarding Children's Board Serious Case Review Panel and a review has taken place at the local Further Education Regional College.

#### **4. OFFICE FOR STANDARDS IN EDUCATION, CHILDREN'S SERVICES AND SKILLS (OFSTED) OUTCOMES**

- 4.1 Ofsted review the culture of safeguarding and judges how effectively the school keeps the children safe. Areas inspected include safer recruitment, the vetting and checking of volunteers, child protection, personal safety, online safety, prevent and site security.
- 4.2 One maintained school has received an ineffective judgements for safeguarding since the last report. This school was previously advised on the changes it needed to implement and did not follow that advice. An Education Adviser and the Schools Intervention Service have since ensured that the necessary changes were implemented and a recent monitoring visit has described safeguarding as effective.
- 4.3 Only a few OFSTED reports have been published this term and we are expecting more to be published by the end of November. Comments on school practice and Local Authority support have been very positive, for example:
- The Headteacher ensures that the culture of safeguarding is effective. The leader for e-safety is provided with time to take appropriate action and respond to any concerns that may arise about children keeping safe online. Effective work with parents and children is ensuring that the message of safety is communicated well, particularly around the use of mobile phones and cyber-bullying.
  - Pupils told inspectors that they feel safe at school. Adults teach pupils about keeping themselves and their peers safe through assemblies and in lessons. All pupils spoken to during the inspection spoke confidently about how they keep themselves safe when using the internet.
  - The local authority has been instrumental in providing the necessary expertise and guidance to improve all safeguarding records. It has checked that leaders and governors are creating a safe climate within the school. Training has been provided where necessary and reports show that the school has taken the necessary action to ensure that safeguarding is effective.

#### **5. OFSTED COMPLAINTS**

- 5.1 The Local Authority reviews safeguarding complaints about maintained schools, academies and independent schools received by Ofsted and passed on to the LA. These are followed up and the Director responds to Ofsted.
- 5.2 None of the safeguarding complaints received during this term have referred to safer recruitment.

## **6. THE LEADERSHIP OF SAFEGUARDING**

- 6.1 The Schools Intervention Service have set up a comprehensive training programme for all schools on the Leadership of safeguarding (Appendix 1). This is provided on a traded basis. A poster has been produced for schools outlining the daily weekly, monthly, termly and annual monitoring expectations of school leaders including governors.
- 6.2 The training programme includes the following modules:
- The Leadership of safeguarding
  - The wider safeguarding culture
  - Safer recruitment
  - Complaints and allegations
  - Child protection and the monitoring of vulnerable groups
  - Safeguarding policies and website compliance
  - Health and safety
- 6.3 The training is being supported through the Education Adviser page of the Cambridgeshire Knowledge Hub where a library of resources has been made available for schools.

## **7. SAFER RECRUITMENT TRAINING**

- 7.1 Schools can continue to access nationally accredited safer recruitment training provided by Cambridgeshire Governor Services. Two sessions have been planned for this term and the course this month is fully booked. One in house session has been requested by one Cambridgeshire Multi-Academy Trust. Another was completed in the summer holidays at an Independent school.

## **8. CHILD PROTECTION TRAINING**

- 8.1 A strength of Cambridgeshire is that the Education Child Protection Service continues to train every Designated Person in Cambridgeshire schools.

Background Papers: none









# Leadership and Management of Safeguarding workshops

	Audience	Title and Content	Dates and Venues	No. of workshops
<b>Workshop 1</b>	Headteachers, Senior Leaders Safeguarding Governors	<b>Leadership and Management of Safeguarding – the Annual Overview</b>	Wednesday 27 September 2017 09:30 – 11:30 CPDC Thursday 28 September 2017 09:30 – 11:30 Boathouse Friday 29 September 2017 09:30 – 11:30 CGCC	3
<b>Workshop 2</b>	Headteachers, Senior Leaders Safeguarding Governors	<b>Wider safeguarding culture including:</b> Curriculum • British Values • Pupil Voice • Staff Voice • Website and Signposting • Visitor Management • Behaviour Management • Medical • Display	Friday 06 October 2017 09:30 – 11:30 SFBC Thursday 12 October 2017 09:30 – 11:30 CGCC	2
<b>Workshop 3</b>	Headteachers, Senior Leaders Safeguarding Governors School Business/Finance Officers	<b>Safer Recruitment including:</b> Single Central Record health check • Recruitment Checklist • Employment Files • Training	Wednesday 15 November 2017 09:30 – 11:30 CGCC Friday 24 November 2017 09:30 – 11:30 SFBC	2
<b>Workshop 4</b>	Headteachers, Senior Leaders Safeguarding Governors School Business/Finance Officers	<b>Complaints and Allegations including:</b> Effective Communication • Policy and Procedure • Training	Wednesday 17 January 2018 09:30 – 11:30 SFBC Monday 22 January 2018 09:30 – 11:30 CGCC	2
<b>Workshop 5</b>	Headteachers, Senior Leaders Safeguarding Governors Child Protection Personnel	<b>Child Protection and Monitoring of Vulnerable Groups including:</b> CP Files and Referral Processes – a light touch • Lessons from Serious Case Reviews • Pupil Premium Grant • Attendance • PRIDE and PREVENT reminders • Training logs	Wednesday 14 March 2018 09:30 – 11:30 SFBC Thursday 15 March 2018 09:30 – 11:30 CGCC	2
<b>Workshop 6</b>	Headteachers, Senior Leaders Safeguarding Governors School Business/Finance Officers	<b>Safeguarding Policies and Website Compliance including:</b> Essential Documents on File • Knowledge Hub	Tuesday 01 May 2018 09:30 – 11:30 SFBC Wednesday 02 May 2018 09:30 – 11:30 CGCC	2
<b>Workshop 7</b>	Headteachers, Senior Leaders Safeguarding Governors	<b>Health and Safety including:</b> Inner Site • Outer Site • Lunchtime Safeguarding Reviews • Supervision Plans • Risk Assessments	Wednesday 23 May 2018 09:30 – 11:30 CGCC Thursday 24 May 2018 09:30 – 11:30 SFBC	2



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

**To:** **Audit and Accounts Committee**  
**Date:** **21<sup>st</sup> November 2017**  
**From:** Lou Williams  
**Electoral Division(s):** **All**  
**Purpose:** **Arrangements for Safeguarding Vulnerable Children and Adults** – to report on Children's social care case-loads.

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

**Key Issues:**

Following the children's change programme units and teams have now located into the new districts which caused some short term movement of cases, meaning for some units they are over the anticipated caseload. Over the last quarter most of the districts have remained at a consistent high case load level. However the graph below does highlight some disparity when comparing total caseloads against each of the districts. You will see from the graph below that Fenland, Ely and Hunts have around 40- 60 fewer cases compared to Cambridge City and South Cambridgeshire.

**Recommendation:**

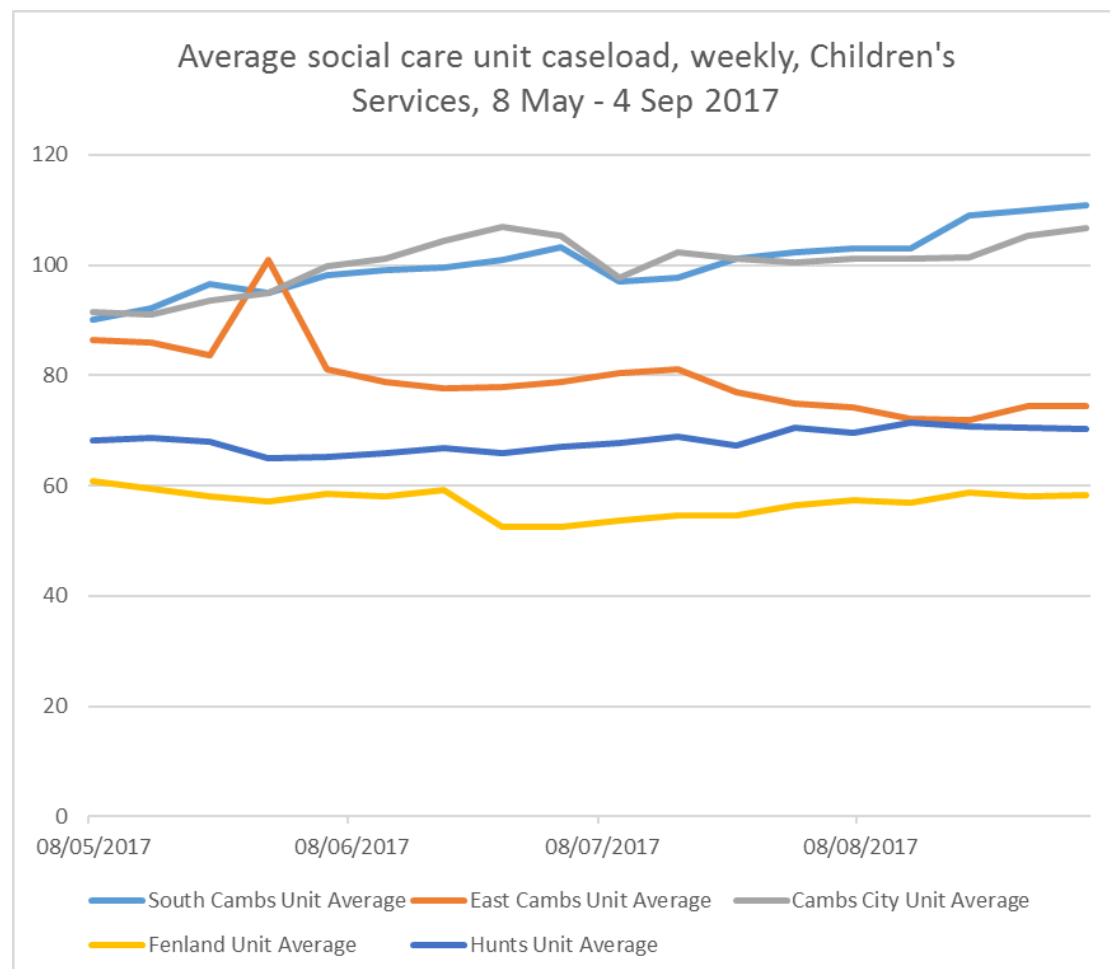
- a) to note and comment on the report.
- b) To note the continued monitoring of caseloads for the Children's Social Work Units by Children and Families Leadership Team.

<b>Officer contact:</b>	
Name:	Sarah-Jane Smedmor
Post:	
Email:	Sarah-jane.smedmor@cambridgeshire.gov.uk
Tel:	01223 699920

## 1. BACKGROUND

The below highlights number of cases for each of the district areas between 8<sup>th</sup> May 2017 and 4<sup>th</sup> September 2017.

### 1.1



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

1.3 The Children's Social Work Units work with children from pre-birth to the age of 18. They become involved with children after the initial assessment of the risk to the child from Integrated Front Door and will undertake support to families under section 47 Children Act 1989- child protection, section 17 Children Act 1989- Child In Need and all legal proceedings, private law or public law. The work of the unit is

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

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

## **2.0 MAIN ISSUES**

- 2.1 The movement of units into the new Districts, as part of the Children's Change Programme, has been underpinned with the principle of causing the least disruption as possible to the lead worker for the child, maintain relationships where possible.

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

- 2.2 Work continues to be undertaken by the District Safeguarding and Early Help Managers to identify which children could be supported to step across to Early Help within the District, which children can be closed for social work services as their plan has been successfully completed and which children need to be supported by another District, given where they reside.
- 2.3 The Early Help offer in the Districts was established in the first week of July 2017, alongside of the social work units. District Safeguarding and District Early Help Managers are working together to identify where children and their families are best supported, allowing for many of the children who are currently supported by social work units to be supported by Family Workers. This work is ongoing and is being regularly reviewed to ensure the Early Help work is targeted to support families where the social care units are involved and children who are at the edge of care.
- 2.4 The Integrated Front Door focusses on identifying the right services, for the right children at the right time, allowing us to continually gain a clearer idea of the need and demand for social work services in particular Districts. It is of note that children identified as being in need of social work services by the Integrated Front Door to Cambridge City and South Cambridgeshire has been higher than other Districts.
- 2.5 The Integrated Front Door have had vacancies within the service which has impacted on the throughput of assessments in a timely way, further impacting on the levels of cases transferring to the units.
- 2.6 Workloads in the City and South Cambridgeshire presently remain

higher than in the North. Staff for the fifth unit in Cambridge and a fifth unit in South Cambridgeshire have been finalised. It has taken up to 12 weeks from interview to have many of the staff for these units in post, given a mixture of the normal notice periods and the fact that we have not been successful in shortlisting in the first round of recruitment campaign. This means that one unit in City and one unit in South Cambridgeshire are still to be fully populated. The staff who are now in post for these units are working in other units in their District to provide additional capacity. Vacancies are being filled with agency social workers when they are available. Transformation, HR and the Assistant Director for Children and Families are leading on enhancing the way we advertise for and recruit social workers as it is apparent this is a challenge in Cambridge in particular.

- 2.7 The children in March, Chatteris and Whittlesey who were being supported by the units in Ely have now transitioned to the units in Huntingdonshire and Wisbech, as detailed in the Children's Change Programme. This has allowed one unit in Ely to transition to South Cambridgeshire, to support the higher numbers of referrals into this part of the County.
- 2.8 The Units in the North have worked hard on recruitment to vacant posts and on identifying children who were no longer in need of services or could be supported by Early Help, which was evidenced in the significant reduction in caseloads, even though the referral rate remains higher than expected.
- 2.9 This means the current unit establishment is 6 Units for Cambridge, 5 Units for South Cambridgeshire, 4 Units for Ely, 4 Units for Wisbech, 4 Units for March, 5 Units in Huntingdon and 4 Units in St Neots.
- 2.10 However, given the continuing higher numbers of referrals for the last 9 months into the South of Cambridgeshire, we now have equal referral rates across the South and North, meaning one of the units for the North will move to the South by the end of November. This will help to ease pressures in South Cambridgeshire where there will be 6 units.
- 2.11 The higher numbers of cases in South Cambridgeshire and City is having an impact on the timeliness of assessments and care planning for children and an understandable effect on staff morale. It is envisaged that the additional unit in South Cambridgeshire will increase moral and enhance outcomes for children.
- 2.12 Caseloads are monitored by the Leadership Team on a weekly basis, with an action plan in place oversee the transitioning of cases. This includes a detailed look at the demand for social work services in each District.
- 2.13 As noted above, the Integrated Front Door has a key role to play in

helping to control the flow of work into the Units by ensuring that only those children for whom there is a clear role for specialist children's social work intervention progress to the Units. For other children, the front door may signpost to other services or progress a referral to district early help services.

- 2.14 The front door continues to bed down having been re-modelled in March/April of this year. It is right that we ensure that there is sufficient capacity including management capacity for it to operate effectively. It has been agreed that some additional manager capacity at group manager level be put in place to support consistent decision making while the Cambridgeshire and Peterborough aspects of the Integrated Front Door continue to bed down.
- 2.15 It is hoped that this will help to reduce the amount of work flowing into the units as more children are appropriately stepped across to early help or signposted to other services.
- 2.16 The Units and district early help services are working ever more closely together and this is expected to reduce numbers of children open to the units who are being worked with as children or young people in need, as district early help services increase their focus on targeted areas of work.
- 2.17 While we expect these and similar actions to reduce caseloads in the units, this remains an area of concern and one that will remain under sharp focus by the senior leadership team.

Source Documents	Location
None	



**CAMBRIDGESHIRE MUSIC – RECRUITMENT UPDATE**

*To:* **Audit and Accounts Committee**

*Meeting Date:* **Nov 2017**

*From:* **Wendi Ogle-Welbourn, Executive Director – People and Communities**

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

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

*Purpose:* To advise Audit and Accounts Committee on progress made since the November 2016 meeting regarding improvements to recruitment processes for the service.

*Recommendation:* a) Note and advise/comment on the report

<b><i>Officer contact:</i></b>	
Name:	Matthew Gunn
Post:	Head of Cambridgeshire Music
Email:	<a href="mailto:Matthew.gunn@cambridgeshire.gov.uk">Matthew.gunn@cambridgeshire.gov.uk</a>
Tel:	01480 373830

<b>1.0</b>	<b>BACKGROUND</b>
1.1	Cambridgeshire Music is a not for profit trading service within the Learning Directorate. The majority of its services for children and young people are supported to a greater or lesser extent by funding from the Music Education Hub as part of its internally provided programme to meet the objectives of the National Plan for Music Education.
1.2	The service provides cultural education activities across different art forms, particularly music. It acts as the Lead Partner for the music education hub. The Head of Cambridgeshire Music also manages the Cambridgeshire Culture committee and fund.
1.3	The service operates on a balanced budget, reinvesting surplus into additional activities for children and young people unless it can be evidenced as produced from non-subsidised trading.
1.4	This paper reports back to committee on the progress addressing issues concerning the recruitment process which can affect the ability to undertake contracted provision due to the time taken to complete recruitment.
1.5	Cambridgeshire Music recruits in almost all circumstances to fulfil requests for provision of chargeable services. Due to the nature of demand needing quick fulfilment, delays in completing successful recruitment can result in the loss of work as alternative suppliers are found in the meantime or create uncertainty in relationships with key partners such as schools, particularly if continuity of provision for students is interrupted. In an ideal world we would wish to complete a recruitment process to contract and potential start in less than 1 month of identifying the need. Although the recruitment support mechanism should help, in reality our administrative team who might carry out that work are at capacity, therefore the workload will tend to stay with the recruiting manager, who of course are also carrying out other duties. Access issues to establishment information often means that the Head of Service acts as recruiting manager to move the process along, adding unnecessary workload in a delegated system.
1.6	Following the committee meeting in Nov 16 I was asked to discuss ways of improving the system for us with HR staff with internal audit support if required.
<b>2.0</b>	<b>MAIN ISSUES</b>
<b>2.1</b>	<b>Progress made in improving recruitment processes</b>
2.1.1	A meeting was arranged with HR managers to look at particular issues regarding the time taken to recruit to positions: establishment changes, approval to recruit processes, efficiencies in the recruitment system and start up mechanisms for appointees. A further telephone meeting took place on 10 <sup>th</sup> Nov 2017 to consider progress.
2.1.2	The service was advised that the new HR system being procured would considerably improve the access and abilities managers would have to manage establishment. Currently this system is not live and so the existing issues of accessing accurate establishment information remain. However

	HR are working with the service to try and check the access is correct to the current system until the new one is live in April 2018.
2.1.3	The approval to recruit process was discussed (in conjunction with establishment changes which duplicates much of the approval processes via the management chain). It was agreed that for traded services there might be a good reason to adjust the process to make it more speedy, given that services tend to be recruiting to meet demand to carry out contracted work. This conversation is ongoing and centres on the need to ensure the approval policy can be operated in a way that meets senior officer requirements as well as teams. Ideas have been put forward to look at parallel processes, delegate approvals and more combined approval processes to reduce the time required.
2.1.4	Further work on the recruitment system to enable recruiting managers to work more efficiently would be beneficial; as would further automation to help with the start up process which still relies on manual intervention for contract generation and IT access development. These are known issues and change will be dependent on the priority given to IT improvements to the system. HR have a list of some of the key areas and are working with the service to implement solutions. There is a clear need coming forward from several teams for a more co-ordinated recruitment support mechanism that will reduce the time pressure on manager staff and this is also being explored with HR.
<b>3.0</b>	<b>ALIGNMENT WITH CORPORATE PRIORITIES</b>
<b>3.1</b>	<b>Developing the local economy for the benefit of all</b>
3.1.1	Improving the efficiency of the recruitment process for traded services will enable contracts to be undertaken which may currently be lost due to time delay, enabling more children and young people to benefit from the activity, generating income and improving service financial resilience.
<b>3.2</b>	<b>Helping people live healthy and independent lives</b>
3.2.1	Our work supports people to engage with activities that support their well-being. If we can do more of it by being able to recruit quickly then this is a benefit.
<b>3.3</b>	<b>Supporting and protecting vulnerable people</b>
3.3.1	We work often with vulnerable people and again faster recruitment enables us to work with them more quickly, perhaps at the time they need it rather than several months later.
<b>4.0</b>	<b>SIGNIFICANT IMPLICATIONS</b>
<b>4.1</b>	<b>Resource Implications</b>
4.1.1	The following bullet points set out details of significant implications identified by officers:
4.1.2	Adjustments to the processes may require some investment to achieve

	further automation within the recruitment system to support IT access and contract generation.
4.1.3	Adjusting the establishment change and approval to recruit processes to meet trading service needs will require agreement from senior officers to make the approval process more manageable whilst preserving mechanisms to monitor establishment. This will need discussion with HR and Directors.
<b>4.2</b>	<b>Statutory, Legal and Risk</b>
4.2.1	The following bullet points set out details of significant implications identified by officers:
4.2.2	Safeguarding requirements need to be maintained within any agreed process changes.
<b>4.3</b>	<b>Equality and Diversity</b>
4.3.1	The following bullet points set out details of significant implications identified by officers:
4.3.2	Adjustments to recruitment process will need to maintain equality of opportunity.
<b>4.4</b>	<b>Engagement and Communications</b>
4.4.1	The following bullet points set out details of significant implications identified by officers:
4.4.2	None identified
<b>4.5</b>	<b>Localism and Local Member Involvement</b>
4.5.1	The following bullet points set out details of significant implications identified by officers:
4.5.2	None identified
<b>4.6</b>	<b>Public Health</b>
4.6.1	The following bullet points set out details of significant implications identified by officers:
4.6.2	None identified

<b>Source Documents</b> None	<b>Location</b> Not applicable
------------------------------	--------------------------------

**Annual Audit Letter**

*To:* **Audit and Accounts Committee**

*Date:* **21 November 2017**

*From:* **BDO**

*Electoral Division(s):* **All**

*Purpose:* **The Annual Audit Letter summarises the key issues arising from the work that was carried out by the external auditor in respect of the year ended 31 March 2017. It is addressed to the Council but is also intended to communicate the key findings to key external stakeholders and members of the public. It will be published on the website of Public Sector Audit Appointments Limited.**

*Recommendation:* **The Committee is asked to note the contents of the Annual Audit Letter.**

<b><i>Officer contact:</i></b>	
Name:	Lisa Clampin
Post:	BDO Engagement Lead
Email:	<a href="mailto:lisa.clampin@bdo.co.uk">lisa.clampin@bdo.co.uk</a>
Tel:	01473 320 716



A photograph of four business professionals (three men and one woman) sitting around a glass conference table in a modern office. They are all dressed in business attire (shirts and ties). The man on the left is gesturing with his hands while speaking. The woman next to him is looking at a laptop. The man next to her is also looking at the laptop. The man on the far right is looking down at a notebook. There are several white coffee cups on the table. The background shows a large window with a view of a city skyline.

## CAMBRIDGESHIRE COUNTY COUNCIL AND PENSION FUND

### ANNUAL AUDIT LETTER

Audit for the year ended 31 March 2017  
30 October 2017



# EXECUTIVE SUMMARY

## PURPOSE OF THE LETTER

This Annual Audit Letter summarises the key issues arising from the work that we have carried out in respect of the year ended 31 March 2017. It is addressed to the Council but is also intended to communicate the key findings we have identified to key external stakeholders and members of the public. It will be published on the website of Public Sector Audit Appointments Limited.

## RESPONSIBILITIES OF AUDITORS AND THE COUNCIL

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

Our responsibility is to plan and carry out an audit that meets the requirements of the National Audit Office's (NAO's) Code of Audit Practice (the Code), and to review and report on:

- The Council and Pension Fund financial statements
- Whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are also required to report where we have exercised our statutory powers under the Local Audit and Accountability Act 2014 in any matter.

We recognise the value of your co-operation and would like to take this opportunity to express our appreciation for the assistance provided during the audit.

BDO LLP  
30 October 2017

## AUDIT CONCLUSIONS

### FINANCIAL STATEMENTS

We issued our unmodified true and fair opinion on the Council and Pension Fund financial statements on 12 October 2017.

Our audit identified material misstatements relating to both the recognition of grant income and presentation of items in the cash flow statement. We reported our detailed findings to the Audit and Accounts Committee on 19 September 2017 with subsequent updates on 3 October and 11 October 2017.

We reported on uncorrected misstatements which management and the Audit Committee concluded were immaterial.

### USE OF RESOURCES

We issued our unmodified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources on 12 October 2017.

### EXERCISE OF STATUTORY POWERS

We received an objection regarding the lawfulness of certain transactions included in the financial statements and decisions made by the Council.

This work remains on going although we were satisfied that these matters did not have a material effect on the financial statements or on our value for money conclusion.

# FINANCIAL STATEMENTS

## OPINION

We issued our unmodified true and fair opinion on the Council and Pension Fund financial statements on 12 October 2017.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes an assessment of whether the accounting policies are appropriate to the Council and Pension Funds' circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates, and the overall presentation of the financial statements.

## OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

Our audit was scoped by obtaining an understanding of the Council and Pension Fund and their environments, including the systems of internal control, and assessing the risks of material misstatement in the financial statements.

We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and the direction of the efforts of the audit team.

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT AND AUDIT FINDINGS	OUTCOME
<p><u>Management override of controls (Council and Pension Fund)</u></p> <p>Management override of controls is present in all entities and require us to respond to this risk by testing the appropriateness of accounting journals and other adjustments to the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that appear to be unusual.</p> <p>By its nature, there are no controls in place to mitigate the risk of management override.</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 evaluating 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 in relation to journals did not identify any significant issues.</p> <p>We did not find any indication of management bias in accounting estimates.</p> <p>No unusual or transactions outside of the normal course of business were identified.</p>	<p>No issues to report.</p>

# FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT AND AUDIT FINDINGS	OUTCOME
<p><u>Revenue Recognition (Council)</u></p> <p>Under auditing standards there is a presumption that income recognition presents a fraud risk.</p> <p>In particular, we considered there to be a significant risk in respect of the recognition of grants that are subject to performance and / or conditions before these may be recognised as income by the Council.</p> <p>We also considered there to be a significant risk in relation to the existence of fees and charges and investment rental income.</p>	<p>We tested a sample of grants subject to performance and / or conditions to confirm that conditions of the grant had been met before the income was recognised in the Council's financial statements.</p> <p>We tested an increased sample of fees and charges to ensure the income had been recorded in the correct period.</p> <p>We identified that £8.194million of intracompany income generated by providing services to schools had been incorrectly recognised in the comprehensive income and expenditure statement (CIES).</p> <p>Our review of the treatment of the grant income associated with the City Deal arrangement identified that grant income of £100m should have been recognised in full in the Council's CIES in 2015/16 when the grant was awarded. Further details regarding the City Deal arrangement are included on page 6.</p>	<p>Management corrected the errors identified in relation to these matters in the final financial statements.</p>
<p><u>Property, plant and equipment valuations (Council)</u></p> <p>Local authorities are required to ensure that the carrying value of property, plant and equipment (PPE) is not materially different to the fair value at the balance sheet date.</p> <p>The Council has engaged a new external valuer for 2016/17. There is a risk over the valuation of land and buildings where valuations are based on assumptions which are different from those applied in the prior year.</p>	<p>We reviewed the instructions provided to the valuer and reviewed the valuer's skills and expertise in order to determine if we could rely on the management expert. We were satisfied that the valuation had been undertaken in accordance with the relevant guidance.</p> <p>We confirmed that the basis of valuation for assets valued in year was appropriate based on their usage.</p> <p>We reviewed the movements in valuations with other relevant market indices to assess the reasonableness of the valuations.</p> <p>We were satisfied that the information provided to the valuer by the Council relating to those assets subject to revaluation was appropriate and that the revaluation movements had been accounted for correctly.</p> <p>We were satisfied that the assumptions and valuation bases used in the valuation exercise were reasonable.</p>	<p>No issues to report.</p>

# FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT AND AUDIT FINDINGS	OUTCOME
<p><u>Pension liability assumptions (Council)</u></p> <p>The net pension liability comprises the Council's share of the market value of assets held in the Cambridgeshire Pension Fund and the estimated future liability to pay pensions.</p> <p>An actuarial estimate of the Pension Fund liability 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 is not based on accurate membership data or uses inappropriate assumptions to value the liability in the financial statements.</p>	<p>We agreed the disclosures to the information provided by the Pension Fund actuary.</p> <p>We reviewed the reasonableness of the assumptions used by the Pension Fund actuary. We have used the PwC consulting actuary report commissioned by the NAO on behalf of all local authority auditors for the review of the methodology of the actuary and reasonableness of their assumptions.</p> <p>We agreed the disclosures to the report received from the actuary.</p>	<p>No issues to report</p>

# FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT AND AUDIT FINDINGS	OUTCOME
<p><u>Valuation of investments (Pension Fund)</u></p> <p>The Pension Fund 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 considered there to be a significant risk that investments are not appropriately valued in the financial statements.</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 concluded that the valuation basis used appears reasonable and the values are not materially misstated.</p> <p>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.</p>

# FINANCIAL STATEMENTS

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT AND AUDIT FINDINGS	OUTCOME
<p><u>Grant received in relation to City Deal (Council)</u></p> <p>In response to audit recommendations made last year, the Council reviewed conditions associated with grant income recognised. Following this exercise, the Council concluded that there were no unsatisfied conditions associated with the City Deal grant income.</p> <p>We considered there to be a risk in respect of the completeness, existence and accuracy of the amounts recognised in respect of City Deal funding.</p>	<p>We obtained and reviewed the grant letter from the Treasury and the grant agreement document to establish whether or not there are any conditions or restrictions associated with the City Deal grant funding.</p> <p>During the audit we challenged the Council's accounting treatment of the City Deal grant income. After further consideration, the Council concluded that the Greater Cambridge Partnership Executive Board is responsible for deciding how the City Deal grant income is used. Therefore, the Council concluded that the Executive Board has control of the grant funding.</p> <p>Our review of the arrangements between the Executive Board and the Council confirmed that it is clear that the expectation of the Executive Board is that the grant funding will be spent by the Council on infrastructure projects approved by the Executive Board (hence the Council is also acting as the scheme promoter with responsibility for delivering each of the infrastructure schemes within the City Deal programme). This expectation transfers control of the grant to the Council.</p> <p>Accounting guidance requires that grants should be recognised immediately as income unless any conditions have not been met. The Council concluded that the City Deal grant income awarded in 2015/16 had some restrictions but did not have any stipulations attached to it that constituted conditions regarding its use. The Council has therefore recognised a prior period adjustment to account for the £100m of grant income in 2015/16. We reviewed the revised accounting treatment and concurred with the Council's judgements and revised treatment.</p>	<p>Management corrected the identified error of £100m in the final financial statements.</p>
<p><u>Treatment of revenue expenditure funded from capital under statute (REFCUS) (Council)</u></p> <p>In the prior year, our audit identified that the value of REFCUS transactions were being netted off against net cost of services income and expenditure in the CIES.</p> <p>The introduction of the new layout of the CIES and the resulting changes in the presentation of income and expenditure increase the risk that REFCUS transactions may be incorrectly accounted for in the current year.</p>	<p>We tested a sample of REFCUS transactions to confirm that they were correctly recognised and presented in the CIES.</p> <p>Our testing of a representative sample of REFCUS transactions recognised in the draft financial statements identified transactions relating to expenditure on assets owned by the Council. These transactions do not meet the definition of REFCUS.</p> <p>Further work was undertaken by the Council to identify all transactions affected by this error. We tested a sample of these transactions to confirm that they had been incorrectly classified as REFCUS.</p> <p>REFCUS transactions with a value of £9.053 million were reclassified as impairments in the draft financial statements.</p>	<p>Management corrected the error identified in the final financial statements.</p>

# FINANCIAL STATEMENTS

## OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements.

We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonably knowledgeable users that are taken on the basis of the financial statements.

Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the Council's financial statements as a whole was set at £16.5 million. This was determined with reference to a benchmark of gross expenditure (of which it represents 1.75 per cent) which we consider to be one of the principal considerations for the Council in assessing the financial performance.

The materiality for the Pension Fund's financial statements as a whole was set at £28.5 million. This was determined with reference to a benchmark of net assets (of which it represents 1 per cent) which we consider to be one of the principal considerations for the Pension Fund in assessing the financial performance.

We agreed with the Audit and Accounts Committee that we would report all individual audit differences in the Council's financial statements in excess of £330,000 and those in the Pension Fund financial statements £540,000.

## AUDIT DIFFERENCES - COUNCIL

Our audit found the following material audit differences that were corrected in the financial statements:

- A prior period adjustment to recognise grant income of £100m associated with the City Deal arrangement
- Prior period adjustments to recognise the correct cash flows associated with grants for financing capital expenditure (misstated by £170.3million) and capital grants received through investing activities (£136.8million)

- Current year adjustments to recognise the correct cash flows associated with grants for financing capital expenditure (misstated by £150.7m) capital grants received through investing activities (£168.4million).

In addition we found five audit differences which remained uncorrected in the final financial statements as follows:

- £710,000 arising from unadjusted misstatements identified in the prior period in the relation to expenditure accruals
- £6.047 million understatement of the net Pension Fund liability
- Net £3.759 million overstatement of liabilities (combination of two audit differences arising)
- £399,000 understatement of expenditure

Correcting for these remaining misstatements would have resulted in the Council reporting a £1.508 million lower deficit for the year.

We consider that these uncorrected misstatements did not have a material impact on our opinion on the financial statements.

## AUDIT DIFFERENCES - PENSION FUND

Our audit did not identify any material misstatements.

Our audit identified two audit differences not corrected in the final financial statements as follows:

- £600,000 understatement arising from the omission of accrued contributions
- £6.5 million understatement of investment balances.

Correcting for these misstatements would have resulted in the Pension Fund reporting a £7.12million higher net increase in the net assets available for benefits during the year.

We consider that these uncorrected misstatements did not have a material impact on our opinion on the Pension Fund's financial statements.

# FINANCIAL STATEMENTS

## OTHER MATTERS WE REPORT ON

### Narrative report

The information given in the narrative report in the Statement of Accounts for the financial year was consistent with the financial statements.

### Annual governance statement

The annual governance statement meets the disclosure requirements set out in the guidance 'Delivering Good Governance in Local Government: Framework' (2016 edition) published by CIPFA/SOLACE and was not misleading or inconsistent with other information that is forthcoming from the audit.

## INTERNAL CONTROLS

We did not find any significant deficiencies in internal controls during the course of our audit. A number of other areas for improvement were identified which we have discussed with management.

## WHOLE OF GOVERNMENT ACCOUNTS

Auditors are required to review Whole of Government Account (WGA) information prepared by component bodies that are over the prescribed threshold of £350 million in any of: assets (excluding certain non-current assets); liabilities (excluding pension liabilities); income or expenditure.

Our review of the Council's WGA information is in progress at the date of this letter. We will complete our review in accordance with the Group Audit Instructions issued by the National Audit Office. This requires that we compare the information in your Data Collection Tool (DCT) submission with the audited financial statements, undertake testing of completeness and accuracy of WGA counter party transactions and balances, and provide an assurance statement to the National Audit Office.

## USE OF RESOURCES (COUNCIL ONLY)

### CONCLUSION

We issued our unmodified conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources on 12 October 2017.

### SCOPE OF THE AUDIT OF USE OF RESOURCES

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources based on the following reporting criterion:

In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

As part of reaching our overall conclusion we consider the following sub criteria in our work: informed decision making, sustainable resource deployment, and working with partners and other third parties.

### OUR ASSESSMENT OF SIGNIFICANT RISKS

Our audit was scoped by our cumulative knowledge brought forward from previous audits, relevant findings from work undertaken in support of the opinion on financial statements, reports from the Council including internal audit, information disclosed or available to support the governance statement and annual report, and information available from the risk registers and supporting arrangements.

We set out below the risks that had the greatest effect on our audit strategy, the allocation of resources in the audit, and direction of the efforts of the audit team.

## USE OF RESOURCES

RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT AND AUDIT FINDINGS	CONCLUSION
<p>The updated Medium Term Financial Strategy, to 2021/22, forecasts that the Council will need to make £101m of savings over the next five years, driven by inflationary, demographic and service pressures alongside reductions in central government funding.</p> <p>In response to this, the Council has embarked upon a Transformation Programme to change the way that it delivers its services. This is still in its early stages but its success will underpin the Council's ability to maintain financial sustainability in the medium term.</p>	<p>We reviewed the reasonableness of the assumptions used in the Medium Term Financial Strategy and considered the reasonableness of the assumptions applied in the forecasts in respect of cost pressures and government grant reductions.</p> <p>We reviewed the progress being made in respect of the Transformation Programme, including how the programme is being managed in the context of the new arrangements associated with devolution.</p> <p>In 2016/17 there was a £510k (0.1%) overspend against the revenue budget and an underspend of £5.3m against the capital programme. General reserves have reduced to 2.8% of budgeted 2017/18 gross non-school expenditure which is below the 3% minimum recommended. It is anticipated this will be addressed during the 2018/19 business planning process.</p> <p>Positive progress has been made in the year to improve the business planning and savings monitoring processes with a more rigorous approach being applied and greater scrutiny. It continues to evolve and it is recognised that time is needed for the new ways of working to filter down through the teams and embed the new culture.</p> <p>The medium term financial position remains a significant challenge for the Council. This is recognised within the Council's risk register. The Business Plan has been based on reasonable assumptions using the latest information the Council has available and is updated regularly. Managing spend in demand led services is critical to delivery of the Business Plan as well as to transforming services.</p> <p>The new Combined Authority (CA) has taken on some of the Council's responsibilities, particularly in relation to transport. As a result additional funding has been made available for the region that will bring benefits to it. The Council is represented on the CA Board, but the Board has yet to publish its vision and detailed financial plans and therefore it is too early to assess the impact the CA has on the Council and its responsibilities and finances.</p>	<p>We had no issues to report by exception.</p>

## EXERCISE OF STATUTORY POWERS

### REPORT BY EXCEPTION

We received an objection from a local taxpayer regarding the lawfulness of certain transactions included in the financial statements.

### OBJECTIONS RECEIVED FROM TAXPAYERS

We have received an objection from a local elector relating to matters concerning payments made to, and the governance exercised in respect of, contracts and procurement processes.

This work remains on going although we were satisfied that these matters did not have a material effect on the financial statements or on our value for money conclusion.

We will formally respond to the objectors upon completion of our work.

### AUDIT CERTIFICATE

We are unable to issue the audit certificate to close the audit until we have completed our investigations and responded to objectors for the matters raised.

# APPENDIX

## REPORTS ISSUED

We issued the following reports since our previous annual audit letter.

REPORT	DATE
Audit plan - Council	3 March 2017
Audit plan - Pension Fund	13 April 2017
Audit completion report - Council	12 October 2017
Audit completion report - Pension Fund	12 October 2017
Annual audit letter	27 October 2017

FOR MORE INFORMATION:

Lisa Clampin  
Engagement lead - Council

T: +44 (0)1473 320 716  
E: lisa.clampin@bdo.co.uk

David Eagles  
Engagement lead - Pension  
Fund

T: +44 (0)1473 320 728  
E: david.eagles@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.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

Copyright ©2017 BDO LLP. All rights reserved.

[www.bdo.co.uk](http://www.bdo.co.uk)

**Final ISA 260 Audit Completion Report**

*To:* **Audit and Accounts Committee**

*Date:* **21 November 2017**

*From:* **BDO**

*Electoral Division(s):* **All**

*Purpose:* **To present the final ISA 260 Audit Completion report and highlight the changes made to the version presented to the Audit and Accounts Committee on 19 September 2017.**

*Recommendation:* **The Committee is asked to note the final version of the Audit Completion Report and the changes made to the version presented to the Audit and Accounts Committee on 19 September 2017.**

<b><i>Officer contact:</i></b>	
Name:	Lisa Clampin
Post:	BDO Engagement Lead
Email:	<a href="mailto:lisa.clampin@bdo.co.uk">lisa.clampin@bdo.co.uk</a>
Tel:	01473 320 716

**1. BACKGROUND**

- 1.1 International Standards on Auditing (UK) require the auditor to communicate to those charged with governance (the Audit and Accounts Committee) a number of matters relating to the audit process, including significant findings from the audit. Our Audit Completion Report forms part of this communication process.
- 1.2 At the Audit and Accounts Committee held on 19 September 2017, we presented our Audit Completion Report. This document reflected the progress of the audit as at 14 September 2017 and was supplemented by a verbal update from the audit team at the committee meeting.
- 1.3 Following completion of our audit procedures, we prepared an updated Audit Completion Report which includes matters identified following that

meeting. These matters were discussed with the Audit and Accounts Committee Chair or Deputy Chair, under delegated authority arrangements, before the audit opinion was given.

## 2. CHANGES TO THE AUDIT COMPLETION REPORT

- 2.1 A number of changes have been made to the Audit Completion Report presented to the 19 September 2017 committee to reflect further matters arising and conclusions reached during completion of our audit procedures. A summary of these changes are described below (page numbers refer to the report presented to this committee).

Page No	Section	Description of amendment
2	Audit scope and objectives - Audit status	This now confirms that we have completed our audit procedures.
2	Key audit and accounting matters - Material misstatements	Details regarding material misstatements identified in relation to the treatment of the City Deal grant income and the cash flow statement have been added.
3	Key audit and accounting matters - Adjusted misstatements	The final sentence confirms that the presentational changes made to the draft financial statements related primarily to the correction of inaccurate or missing disclosures.
3	Key audit and accounting matters - Unadjusted audit differences	Details regarding unadjusted audit differences relating to the pension fund liability, creditors and payroll expenditure have been added.
4	Key audit and accounting matters - Audit certificate	This confirms that we are satisfied that the matters raised in the objection to not have a material impact on the financial statements of use of resources opinions.
N/A	Outstanding matters	This section has been removed following completion of the audit.
7	Key audit and accounting matters - Revenue recognition - Audit findings and conclusion	Wording in the second paragraph has been amended for clarity.  The final paragraph regarding outstanding information has been removed.
13	Key audit and accounting matters - Grant received in relation to City Deal - Audit findings and conclusion	Wording of this section has been amended to reflect the conclusion of our review of the treatment of the City Deal grant income.

14	Key audit and accounting matters - Significant accounting estimates - Land and buildings valuations - findings	The reference to the work in progress at the end of the second paragraph has been removed and replaced with a statement confirming that there are no matters which require reporting to the committee.
18	Key audit and accounting matters - other issues - Value of pension fund assets - audit findings	The wording has been updated to reflect further work performed on the net pension liability and the subsequent revision to the value of the judgemental understatement of the balance (from £8.488m to £6.047m).
21	Whole of government accounts - comment	<p>Second paragraph has been amended to state that our work on the data collection tool does not have a material impact on the financial statements.</p> <p>A sentence has also been added at the end of the narrative to confirm that we are unable to issue our audit certificate until this work is completed.</p>
23	Use of resources - sustainable finances - audit findings and conclusion	The balances for total usable reserves at the end of the first paragraph have been updated to reflect the final version of the financial statements.
26	Appendix I - Audit Differences - Adjusted audit differences	Details regarding material misstatements identified in relation to the treatment of the City Deal grant income and the cash flow statement have been added.
27/28	Appendix I - Audit Differences - Unadjusted audit differences	Details regarding unadjusted audit differences relating to the pension fund liability, creditors and payroll expenditure have been added.
29	Appendix I - Audit Differences - Unadjusted disclosure matters	Additional information has been added to the second bullet point regarding the presentation of future commitments relating to PFI schemes.
39	Appendix I - Audit Differences - Unadjusted other matters	Additional information has been added regarding the outcome of our testing of adult social care expenditure transactions.
30/31	Appendix II - Recommendations and action plan	<p>Management responses have been added to the following recommendations:</p> <ul style="list-style-type: none"> <li>• Swift - System Password Parameters</li> <li>• Swift and Insight - review of user access</li> <li>• Swift/Ledger Reconciliation</li> </ul>





## CAMBRIDGESHIRE COUNTY COUNCIL

### AUDIT COMPLETION REPORT

Audit for the year ended 31 March 2017  
24 October 2017



# CONTENTS

CONTENTS.....	1	APPENDIX I: AUDIT DIFFERENCES .....	26
SUMMARY .....	2	APPENDIX II: RECOMMENDATIONS AND ACTION PLAN .....	30
INTRODUCTION .....	5	APPENDIX III: MATERIALITY .....	36
KEY AUDIT AND ACCOUNTING MATTERS .....	6	APPENDIX IV: INDEPENDENCE .....	37
OTHER REPORTING MATTERS.....	19	APPENDIX V: FEES SCHEDULE .....	38
CONTROL ENVIRONMENT .....	20	APPENDIX VI: DRAFT REPRESENTATION LETTER.....	39
WHOLE OF GOVERNMENT ACCOUNTS.....	21		
USE OF RESOURCES .....	22		

# SUMMARY

## AUDIT SCOPE AND OBJECTIVES

Audit status	We have completed our audit procedures in accordance with the planned scope and our objectives have been achieved.
Audit risks	Subsequent to our Planning Report to you, dated 3 March 2017, and following receipt of the draft financial statements, we revisited our risk assessment. This resulted in the risk of material misstatement associated with the pension liability assumptions being increased from normal to significant.
Materiality	Our final materiality is £16.5 million. This has been updated from our Planning Report to reflect final amounts in the financial statements.
Changes to audit approach	There were no other significant changes to our planned audit approach nor were any restrictions placed on our audit.

## KEY AUDIT AND ACCOUNTING MATTERS

Material misstatements	<p>Our audit identified that £100m of grant income associated with the City Deal arrangement should have been recognised as income in 2015/16.</p> <p>Our audit also identified the following material misstatements regarding 2015/16 balances in the cash flow statement and associated notes:</p> <ul style="list-style-type: none"> <li>Grants for financing capital expenditure were removed from operating activities using a value that differed to the correct value by £170.3m due to an incorrect calculation of cash flow, application of an incorrect direction of movement and the prior period adjustment required for City Deal grant income.</li> <li>The value of capital grants received through investing activities was misstated by £136.8m due to an incorrect calculation of cash flow, application of an incorrect direction of movement and the prior period adjustment required for City Deal grant income.</li> <li>Values for the net deficit on the provision of services and increase in debtor balance were misstated by £97.778m due to the prior period adjustment required for City Deal grant income.</li> </ul> <p>Our audit identified the following material misstatements regarding 2016/17 balances in the cash flow statement and associated notes:</p> <ul style="list-style-type: none"> <li>Grants for financing capital expenditure were removed from operating activities using a value that differed to the correct value by £150.7m due to an incorrect calculation of cash flow, application of an incorrect direction of movement and adjustment to account for City Deal grant income.</li> <li>The value of capital grants received through investing activities was misstated by £168.4m due to an incorrect calculation of cash flow, application of an incorrect direction of movement and adjustment to account for the City Deal grant income.</li> </ul> <p>Management have amended the financial statements to correct the above misstatements. These corrections and the adjusted misstatements referred to below have increased the deficit on the provision of services by £38.339m.</p>
------------------------	--

**KEY AUDIT AND ACCOUNTING MATTERS**

Adjusted misstatements	<p>Our audit identified three immaterial misstatements in respect of intercompany transactions, incorrect recognition of revenue expenditure funded from capital under statute (REFCUS) and incorrect calculation of depreciation associated with infrastructure assets. Management has amended each of these misstatements in the final financial statements.</p> <p>A number of other presentational changes have been made to the financial statements as a result of the audit, primarily to correct inaccurate or missing disclosures.</p>
Unadjusted audit differences	<p>We have identified five unadjusted audit differences in respect of the following:</p> <ul style="list-style-type: none"> <li>• An understatement of the pension fund liability of £6.047m</li> <li>• An overstatement of creditors of £3.759m</li> <li>• An understatement of payroll expenditure of £399,000</li> </ul> <p>Two unadjusted audit differences reported in 2015/16 have been brought forward because the decision not to adjust in last year's financial statements means that this year's financial statements are misstated. Both related to misstatement of expenditure accruals, the net impact of which was an understatement of expenditure in 2015/16 of £710,000 and a consequent overstatement of expenditure in this year's financial statements of the same amount.</p> <p>We also identified a number of unadjusted disclosures, primarily relating to the retention of notes relating to immaterial amounts recognised in the financial statements.</p>
Control environment	Our audit did not identify any significant deficiencies in internal controls.

**AUDIT OPINION**

Financial statements	We issued an unmodified opinion on the financial statements for the year ended 31 March 2017.
Annual governance statement	We have no exceptions to report in relation to the consistency of the Annual Governance Statement with the financial statements or our knowledge.
Use of resources	We issued an unmodified opinion on the use of resources for the year ended 31 March 2017.

# SUMMARY

OTHER MATTERS FOR THE ATTENTION OF THE AUDIT AND ACCOUNTS COMMITTEE	
Whole of Government Accounts (WGA)	Our review of the WGA Data Collection Tool (DCT) remains in progress.
Audit independence	Our observations on our audit independence and objectivity and related matters are set out in Appendix IV. We confirm our independence.
Audit certificate	<p>We have received an objection from a local elector relating to matters concerning payments made to, and the governance exercised in respect of, contracts and procurement processes. Our work is still in progress and we will be unable to issue the certificate on the audit until the objection is closed. We are satisfied that the matters raised in the objection do not have a material impact on the financial statements or use of resources opinions.</p> <p>The issue of the audit certificate also requires completion and sign off of the WGA work.</p>

# INTRODUCTION

## PURPOSE AND USE OF THIS REPORT

We present our Audit Completion 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 and use of resources. As the purpose of the audit is for us to express an opinion on the financial statements and use of resources, 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).

# KEY AUDIT AND ACCOUNTING MATTERS

## AUDIT RISKS

We assessed the following matters as audit risks as identified in our Planning Report dated 3 March 2017. Following receipt of the draft accounts, we revisited our risk assessment. This resulted in the risk of material misstatement associated with the pension liability assumptions being increased from normal to significant.

Below we set out how these risks have been addressed and the outcomes of our procedures.

Key: ■ [S] - Significant risk   ■ [N] - Normal risk

AUDIT AREA		RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
1	Management override of controls [S]	<p>Auditing standards presume that a risk of management override of controls is present in all entities and require us to respond to this risk by testing the appropriateness of accounting journals and other adjustments to the financial statements, reviewing accounting estimates for possible bias and obtaining an understanding of the business rationale of significant transactions that appear to be unusual.</p> <p>By its nature, there are no controls in place to mitigate the risk of management override.</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 evaluating 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 in relation to journals has not identified any significant issues.</p> <p>We have not found any indication of management bias in accounting 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
2 Revenue recognition [S]	<p>Under auditing standards there is a presumption that income recognition presents a fraud risk.</p> <p>In particular, we consider there to be a significant risk in respect of the existence (recognition) of revenue and capital grants that are subject to performance and / or conditions before these may be recognised as revenue in the comprehensive income and expenditure statement (CIES).</p> <p>We also consider there to be a significant risk in relation to the existence of fees and charges and investment rental income recorded in the CIES with a particular focus on year-end cut off.</p>	<p>We tested a sample of grants subject to performance and / or conditions to confirm that conditions of the grant have been met before the income is recognised in the CIES.</p> <p>We tested an increased sample of fees and charges to ensure income has been recorded in the correct period.</p>	<p>We identified that £8.194m of intracompany income generated by providing services to schools had been incorrectly recognised in the CIES. Further details are provided on page 18.</p> <p>Our review of the treatment of the grant income associated with the City Deal arrangement identified that grant income of £100m should have been recognised in full in the Council's CIES in 2015/16 when the grant was awarded. Further details regarding the City Deal arrangement are included on page 13.</p>

## KEY AUDIT AND ACCOUNTING MATTERS

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
3 Property, plant and equipment valuations [S]	<p>Local authorities are required to ensure that the carrying value of property, plant and equipment (PPE) is not materially different to the fair value at the balance sheet date.</p> <p>Management engages an external valuer to undertake a rolling revaluation programme which ensures that all assets are revalued at least once every five years. Assets are valued as at 1 April of the financial year in question.</p> <p>The Council has engaged a new external valuer for 2016/17. There is a risk over the valuation of land and buildings where valuations are based on assumptions which are different from those applied in the prior year.</p>	<p>We reviewed the instructions provided to the valuer and reviewed the valuer's skills and expertise in order to determine if we could rely on the management expert.</p> <p>We confirmed that the basis of valuation for assets valued in year is appropriate based on their usage. We confirmed that an instant build modern equivalent asset basis has been used for assets valued at depreciated replacement cost.</p> <p>We reviewed the movements in valuations with other relevant market indices to assess the reasonableness of the valuations. See also page 14 for further detail.</p>	<p>From our review of the instructions provided to the valuer and assessment of the expertise of the valuer, we are satisfied that the valuation has been undertaken in accordance with the requirements of the Code.</p> <p>We are satisfied that the information provided to the valuer by the Council relating to those assets subject to revaluation is appropriate and that the revaluation movements have been accounted for correctly.</p> <p>Our review of the reasonableness of valuation assumptions applied to other land and buildings is noted on page 14.</p>

4	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
	<b>Pension liability assumptions</b>  <b>[S]</b>	<p>The net pension liability comprises the Council's share of the market value of assets held in the Cambridgeshire Pension Fund and the estimated future liability to pay pensions.</p> <p>An actuarial estimate of the pension fund liability 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 is not based on accurate membership data or uses inappropriate assumptions to value the liability.</p>	<p>We agreed the disclosures to the information provided by the pension fund actuary.</p> <p>We reviewed the reasonableness of the assumptions used by the pension fund actuary. We have used the PwC consulting actuary report commissioned by the NAO on behalf of all local authority auditors for the review of the methodology of the actuary and reasonableness of their assumptions.</p> <p>We agreed the disclosures to the report received from the actuary.</p>	<p>We have no matters to report.</p> <p>Our review of the reasonableness of the assumptions used to calculate the pension liability is included in the table on page 16.</p>

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
5 Changes in presentation of the financial statements [N]	<p>CIPFA's Code of Practice on Local Authority Accounting requires a change to the presentation of some areas of the financial statements. This includes:</p> <ul style="list-style-type: none"> <li>• Change to the format of the Comprehensive Income and Expenditure Statement (CIES)</li> <li>• Change to the format of the Movement in Reserves Statement (MIRS)</li> <li>• New Expenditure and Funding Analysis (EFA) note</li> <li>• Change to the Segmental Reporting note</li> <li>• New Expenditure and Income analysis note.</li> </ul> <p>These changes will require a restatement of the 2015/16 CIES.</p> <p>There is a risk that these presentational changes are not correctly applied in the financial statements.</p>	<p>We reviewed the draft financial statements and checked these against the CIPFA Disclosure Checklist to ensure that all the required presentational changes have been correctly reflected within the financial statements.</p> <p>We reviewed the Council's methodology for allocating income and expenditure transactions to new CIES headings to ensure that they are consistent with the requirements of the Code of Practice on Local Authority Accounting.</p> <p>We reviewed the Council's restatement of the prior year CIES and confirmed that restated items reconcile to the audited 2015/16 financial statements.</p>	<p>We have no matters to report.</p>

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
<p>6</p> <p>Treatment of revenue expenditure funded from capital under statute (REFCUS)</p> <p>[N]</p>	<p>In the prior year, our audit identified that the value of REFCUS transactions were being netted off against net cost of services income and expenditure in the CIES.</p> <p>The introduction of the new layout of the CIES and the resulting changes in the presentation of income and expenditure increase the risk that REFCUS transactions may be incorrectly accounted for in the current year.</p>	<p>We tested a sample of REFCUS transactions to confirm that they were correctly recognised and presented in the CIES.</p>	<p>Our testing of a representative sample of REFCUS transactions recognised in the draft financial statements identified transactions relating to expenditure on assets owned by the Council. These transactions do not meet the definition of REFCUS.</p> <p>Further work was undertaken by the Council to identify all transactions affected by this error. We tested a sample of these transactions to confirm that they had been incorrectly classified as REFCUS.</p> <p>REFCUS transactions with a value of £9.053m were reclassified as impairments in the draft financial statements.</p> <p>Management agreed to correct this error in the final version of the financial statements.</p>
<p>7</p> <p>Senior officers' remuneration</p> <p>[N]</p>	<p>There has been a reorganisation of senior staff within the year increasing the risk that the associated disclosures included in the financial statements are presented incorrectly.</p>	<p>We reviewed the senior officer remuneration disclosures against the CIPFA Disclosure Checklist to confirm all required elements have been included.</p> <p>We confirmed that salary amounts disclosed are correct by agreeing to amounts disclosed to reports from the payroll system.</p>	<p>We identified that employer pension contribution amounts disclosed for four of the eight senior officers included in the disclosure were overstated.</p> <p>Management agreed to correct this error in the final version of the financial statements.</p>


8	AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
	<p>Related party transactions</p> <p>[N]</p>	<p>We need to consider if the disclosures in the financial statements concerning related party transactions are complete and adequate and in line with the requirements of the accounting standards.</p> <p>There is a risk that related party transaction disclosures are omitted from the financial statements, or do not accurately reflect the underlying related party transaction, resulting in material misstatement.</p>	<p>We documented the related party transactions identification procedures in place and reviewed relevant information concerning any such identified transactions. We discussed with management and reviewed member and Senior Officer declarations to ensure there are no potential related party transactions which have not been disclosed.</p>	<p>Subject to clearance of points raised from quality control review relating to the disclosure of related party transactions, we have no matters to report.</p>

AUDIT AREA	RISK DESCRIPTION	HOW RISK WAS ADDRESSED BY OUR AUDIT	AUDIT FINDINGS AND CONCLUSION
<p>9</p> <p>Grant received in relation to City Deal</p> <p>[N]</p>	<p>The Council classified £17.8m of its City Deal grant funding as capital grant receipts in advance in 2015/16. Upon review of grant conditions, in response to recommendations made last year, the Council has concluded that there were no unsatisfied conditions in respect of this grant as at 31 March 2016 and has recognised the £17.8m in the CIES in 2016/17.</p> <p>We consider there to be a risk in respect of the completeness, existence and accuracy of the amounts recognised in respect of City Deal funding.</p>	<p>We obtained and reviewed the grant letter from the Treasury and the grant agreement document to establish whether or not there are any conditions or restrictions associated with the City Deal grant funding.</p> <p>We reviewed the Council's treatment of the City Deal grant funding to confirm that it is consistent with the requirements of the Code.</p>	<p>During the audit we challenged the Council's accounting treatment of the City Deal grant income. After further consideration, the Council concluded that the Greater Cambridge Partnership Executive Board is responsible for deciding how the City Deal grant income is used. The Council has the formal role of the Accountable Body. Whilst this role may allow the Council to veto decisions made by the Executive Body on the grounds of legality or "appropriateness", the likelihood of this occurring is considered remote due to the level of scrutiny of schemes required prior to their approval. Therefore, the Council concluded that the Executive Board has control of the grant funding.</p> <p>Our review of the arrangements between the Executive Board and the Council confirmed that it is clear that the expectation of the Executive Board is that the grant funding will be spent by the Council on infrastructure projects approved by the Executive Board (hence the Council is also acting as the scheme promoter with responsibility for delivering each of the infrastructure schemes within the City Deal programme). This expectation transfers control of the grant to the Council.</p> <p>The Code requires that grants should be recognised immediately as income unless any conditions have not been met. The Council concluded that the grant income awarded in 2015/16 (£100m, to be paid in 5 annual instalments of £20m) had some restrictions but did not have any stipulations attached to it that constituted conditions regarding its use. The Council has therefore recognised a prior period adjustment to account for the £100m of grant income in 2015/16. We reviewed the revised accounting treatment and concurred with the Council's judgements and revised treatment.</p>

# KEY AUDIT AND ACCOUNTING MATTERS

## SIGNIFICANT ACCOUNTING ESTIMATES

### Land and buildings valuations

ESTIMATE	FINDINGS	AUDIT CONCLUSION
Land and buildings are valued by reference to existing use market values Some specialist buildings are valued at depreciated replacement cost (DRC) by reference to building indices	<p>The Council's valuation programme in 2016/17 comprised the following:</p> <ul style="list-style-type: none"> <li>• Revaluation of assets due to be valued as part of the five yearly cycle</li> <li>• Revaluation of assets which have been subject to significant capital works or alterations in year</li> <li>• Revaluation of all assets held at fair value</li> <li>• Valuation of specialist assets with a carrying value exceeding £5m</li> </ul> <p>The valuation programme was completed by external valuation expert Wilkes Head and Eve (WH&amp;E) as at 1 April 2016. A desktop valuation review was completed by WH&amp;E as at 31 March 2017 for all assets valued at depreciated replacement cost with a netbook value in excess of £5m and any other assets subject to significant capital works per the Council's capital programme. A market review was also completed as at 31 March 2017 to assist the Council in determining whether assets not subject to revaluation were materially misstated.</p> <p>The Council accounted for net revaluation increases of £21.9m as a result of these valuation exercises. We tested a representative sample of land and buildings subject to revaluation, and challenged the valuer where individual movements appear unusual, and we are satisfied that overall the Council's valuations fall within a reasonable range. We also reviewed assets where there has been no movement in value to confirm that this is consistent with our expectations. This work did not identify any matters which require reporting to you.</p> <p>We reviewed the assumptions used by the valuer for specialist assets valued on a depreciated replacement cost (DRC) basis and other land and buildings valued on an existing use (EUV) basis, which in some instances differed from those used in the prior period. Discussion with the valuer, who were engaged for the first time in 2016/17, enabled us to conclude that the assumptions used are reasonable. Changes in assumptions used have not resulted in valuations which fall outside of our expected reasonable range.</p> <p>The market review completed by the valuer concluded that only specialist assets valued on a depreciated replacement cost basis may have materially moved in value between the 1 April 2016 valuation and 31 March 2017. The valuer's estimated increase in DRC assets of 6% is based on national build costs for asset types relevant to the Council, adjusted using a location factor determined by Royal Institution of Chartered Surveyors. This compares to a maximum of 5.14% based on unadjusted national build costs. Applying the 6% increase to DRC assets not valued as at 31 March 2017 indicates a maximum valuation increase of £8.3m, which is immaterial.</p>	 <p>PRUDENT AGGRESSIVE</p>

**FINDINGS (continued)**

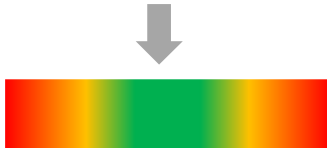
We agree with the valuer's judgement that EUV assets will not have moved by a material amount since the 1 April 2016. Our estimation based on Investment Property Databank (IPD) indices in the eastern region suggests a maximum possible valuation increase of £6.5m, which is immaterial. The Council has not made any adjustments to reflect the potential increases in asset values described in WH&E's market report. This results in a more prudent valuation.

As noted above, the Council engaged a new external valuer in 2016/17. The new valuer employed different valuation methodologies which in turn resulted in different assumptions being used. The Council should consider the effect of changes in the assumptions used when developing its valuation estimate and should monitor the outcome of the prior year valuation estimate in the context of the different assumptions used in 2016/17. The impact of changes in assumption could be considered, for instance, through sensitivity analysis. The Council has not been able to provide evidence of such a review being undertaken in respect of all assumptions. This shows a deficiency in control when determining the current year valuation estimate and in assessing the reasonableness of the estimate determined in the prior period given the information now available. Changes in assumptions applied between years can have a material impact on the valuation estimate. The control deficiency identified is likely to impede the Council's ability to assess the reasonableness of its professional valuer's conclusions and the accuracy of its estimates for the current and prior year valuations. We have raised a recommendation regarding this matter.

# KEY AUDIT AND ACCOUNTING MATTERS

## SIGNIFICANT ACCOUNTING ESTIMATES

### Pension liability assumptions

ESTIMATE	FINDINGS				AUDIT CONCLUSION
The key assumptions include estimating future expected cash flows to pay pensions including inflation, salary increases and mortality of members; and the discount rate to calculate the present value of these cash outflows	The actuary has used the following assumptions to value the future pension liability:				<div></div> <div>PRUDENTAGGRESSIVE</div>
		Actual used	Actuary Assumption/ range	PwC assessment of actuary range to market expectations	
	RPI increase	3.4%	3.4%	Reasonable	
	CPI increase	2.4%	2.4%	Reasonable	
	Salary increase	2.7%	2.7%	Reasonable	
	Pension increase	2.4%	2.4%	Reasonable	
	Discount rate	2.6%	2.5-2.7%	Reasonable	
	yield curve				
	Mortality - LGPS:				
	- Male current	24 years	23.7-24.4	Reasonable	
	- Female current	26.3 years	26.2-26.9	Reasonable	
	- Male retired	22.4 years	21.5-22.8	Reasonable	
	- Female retired	24.4 years	24.1-25.1	Reasonable	
	Overall impact of assumptions				
	PwC concluded that overall the methodologies used by Hymans Robertson to establish the assumptions used to calculate the pension liability are reasonable.				
	Conclusion				
	We are satisfied that the assumptions used by the Council are consistent with the ranges proposed by the actuary and that the ranges proposed by the actuary are consistent with market expectations.				

## 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
10	Prior period adjustment - NDR appeals	The Council has recognised a prior period adjustment relating to the incorrect recognition of a provision for NDR appeals within the short term creditors balance. The value of the adjustment is £2.603m, which is immaterial. The Code, in accordance with IAS 8, requires that only material errors are corrected in the prior period financial statements. Whilst it does not prohibit the correction of immaterial prior period errors, such a correction is unnecessary and adds unnecessary complexity to the financial statements for users as well as requiring additional accounts preparation work by the Council's close down team. This has not been amended in the final financial statements.
11	s106 Receipt in Advance - no supporting documentation	<p>A £1 million section 106 contribution was received in March 2005 from Cambridge City Council, which relates to the South Cambs Area Transport Plan. No agreement can be found for this and the Council has cited the age of the agreement as the reason.</p> <p>The lack of supporting documentation means that we were unable to confirm the value of the associated balance recognised in Capital Grant Receipts in Advance. The value of the unsupported balance is £864,275. We were also unable to confirm whether or not the amount should have been released to the CIES (because there were no conditions specified or those conditions have now been met) or returned to the grantor (because the Council has failed to comply with the conditions).</p> <p>We extrapolated this unsupported balance across the untested population of s106 receipts in advance to give a projected misstatement of £2.058 million. We are therefore satisfied that this matter does not have a material impact on the financial statements individually or in aggregate with the unadjusted audit differences identified at Appendix I.</p>
12	Schools payroll - salary bandings greater than £50k and termination benefits	<p>Our testing of the salary bandings and termination benefit disclosure identified that the schools' payroll provider had not provided the Council with information regarding actual values for salaries and termination benefits prior to publication of the draft financial statements.</p> <p>Amounts disclosed in these notes were therefore based on estimated values rather than actual values.</p> <p>Management obtained actual values during the course of the audit and have updated the disclosures in the financial statements.</p>
13	Schools' Payroll - supporting documentation	<p>We were unable to obtain supporting documentation relating to amendment forms for changes to hours and salary bandings for school employees directly from the employing schools.</p> <p>In order to support the amounts selected for testing, it was necessary for management to request the information directly from the schools payroll provider. We have now received and reviewed this information and concluded that it is sufficient for our purposes.</p>

	AUDIT AREA	AUDIT FINDINGS
14	Completeness of adult social care expenditure	<p>We selected a sample of transactions from Swift (the Council's adult social care system) and performed audit procedures on that sample to obtain assurance over the completeness of adult social care transactions posted in the general ledger.</p> <p>In two instances the expenditure (with a combined value of £1,636) had not been reflected in the 2016/17 general ledger despite relating to this period. In both instances the care providers with which the expenditure was incurred had been added to the Adults Finance Module (the system which facilitates automatic payments to care providers based on data held in Swift) in the final quarter of 2016/17 but had not been added to Swift until the first quarter of 2017/18. As a result no accruals were raised for the 2016/17 expenditure and the expenditure for 2016/17 care was recognised in the 2017/18 ledger.</p> <p>We identified the sub population affected by this error, which has a value of £2.797m. We tested an additional sample of transactions from this sub population and have not identified any further errors. Therefore, we are satisfied that this is has not led to a material misstatement.</p>
15	Intracompany income generated from services provided to Schools.	<p>Income from schools for services provided by the Council (including cleaning and catering services and financial advisory services) was been included within the Council's CIES, as was the related expenditure from the school's perspective. The Code requires that intragroup income and expenditure with the schools should be excluded from the financial statements.</p> <p>Income and expenditure included in the deficit on the provision of services are both overstated by £8.194m. Management has agreed to amend the accounts for this error.</p>
16	Value of pension fund assets	<p>We have compared the rate of return on fund assets estimated by the actuary (25%) to the actual fund returns reported in the pension fund accounts (24.17%). We have calculated the projected impact of the difference between the two rates on the net liability recognised in the Council's balance sheet. This results in a judgemental understatement of the net pension liability of £6.047m. We have recorded this as an unadjusted error at Appendix 1.</p>

## 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
<p>17 The draft financial statements, within the Statement of Accounts, was prepared and provided to us for audit on 23 June 2017.</p> <p>As part of our planning for the audit, we prepared a detailed document request which outlined the information we would require to complete the audit.</p>	<p>The draft financial statements were provided to us for audit two weeks later than planned, on 23 June 2017. They were substantially but not fully complete. The unaudited draft financial statements were published on the Council's website on 30 June 2017.</p> <p>We experienced significant delays in obtaining evidence to support our sample testing of some areas of the financial statements.</p> <p>The deadline for publication of the unaudited 2017/18 draft financial statements has been brought forward to 31 May 2018, with audited accounts to be published by 31 July 2018. The Council must ensure that it has robust processes in place to produce good quality, complete and Code compliant financial statements in accordance with the revised timetable. The close down team must also engage with other areas of the Council to ensure that they are able to support the audit process by providing robust audit evidence promptly. We understand from management that the Council have begun this process.</p>
<p>18 We are required to review the draft Annual Governance Statement and be satisfied that it is not inconsistent or misleading with other information we are aware of from our audit of the financial statements, the evidence provided in the Council's review of effectiveness and our knowledge of the Council.</p>	<p>We have no matters to report.</p>
<p>19 We are required to read all the financial and non-financial information in the Narrative Report to the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit.</p>	<p>Our review of the Narrative Report to the financial statements identified that further context should be included regarding the performance indicators disclosed and Management agreed to add additional information.</p> <p>We also made a number of suggestions to improve the usefulness of the Narrative Report to readers of the accounts. We have made a recommendation regarding this matter.</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 Council's 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 note that the Council's internal audit function has issued a number of observations and recommendations on the Council's control environment during 2016/17. We have not repeated these recommendations in this report unless we consider them to highlight significant deficiencies in control which we are required to report to you.

## SIGNIFICANT DEFICIENCIES

The Oracle accounting system does not prevent staff from posting and authorising their own journals and there is no independent authorisation process in place. This has been identified as a significant deficiency in internal control in the previous two years. There are compensating controls in place that are reasonably designed to prevent and detect incorrect postings, including segregation of duties. Our testing of journals has not identified any lapses in segregation of duties.

## OTHER DEFICIENCIES

We identified other deficiencies in controls which have been discussed with management and included in the action plan at Appendix II.

## WHOLE OF GOVERNMENT ACCOUNTS

We comment below on other reporting required:

MATTER	COMMENT
<p>19 For Whole of Government Accounts (WGA) component bodies that are over the prescribed threshold of £350 million in any of: assets (excluding property, plant and equipment); liabilities (excluding pension liabilities); income or expenditure we are required to perform tests with regard to the Data Collection Tool (DCT) return prepared by the Authority for use by the Department of Communities and Local Government for the consolidation of the local government accounts, and by HM Treasury at Whole of Government Accounts level. This work requires checking the consistency of the DCT return with the audited financial statements, and reviewing the consistency of income and expenditure transactions and receivables and payable balances with other government bodies.</p>	<p>Local authorities' were required to submit the unaudited DCT to HM Treasury and auditors by 7 July 2017. The Council agreed an extension of this deadline with HM Treasury to 28 July 2017 and submitted a draft DCT on 27 July 2017. Due to a problem with the DCT which required resolution by HM Treasury, the DCT was not locked until 25 August 2017, at which point it was submitted to HM Treasury and BDO.</p> <p>Our review of the WGA Data Collection Tool (DCT) is in progress but this does not have a material impact on the financial statements. However, our audit completion certificate has not been issued as completion of the WGA work is required before this can be done.</p>

## USE OF RESOURCES

We are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources (value for money). This is based on the following reporting criterion:

*In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.*

There are three sub criteria that we consider as part of our overall risk assessment:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

We reported our risk assessment, which included use of resources significant risks, in the 2016/17 Planning Report issued in March 2017. We have since undertaken a more detailed assessment of risk following our completion of the interim review of financial controls and review of the draft financial statements.

We report below our findings of the work designed to address these significant risks and any other relevant use of resources work undertaken.

**Key:** ■ [S] - Significant risk

## USE OF RESOURCES

RISK AREA	RISK DESCRIPTION AND WORK PERFORMED	AUDIT FINDINGS AND CONCLUSION
<p>1 Sustainable finances [S]</p>	<p>The updated Medium Term Financial Strategy, to 2021/22, forecasts that the Council will need to make £101m of savings over the next five years, driven by inflationary, demographic and service pressures alongside reductions in central government funding.</p> <p>In response to this, the Council has embarked upon a Transformation Programme to change the way that it delivers its services. This is still in its early stages but its success will underpin the Council's ability to maintain financial sustainability in the medium term.</p> <p>We reviewed the reasonableness of the assumptions used in the Medium Term Financial Strategy and considered the reasonableness of the assumptions applied in the forecasts in respect of cost pressures and government grant reductions.</p> <p>We reviewed the progress being made in respect of the Transformation Programme, including how the programme is being managed in the context of the new arrangements associated with devolution.</p>	<p>In 2016/17 there was a £510k (0.1%) overspend against the revenue budget and an underspend of £5.3m against the capital programme. Children, Families and Adults had the largest revenue overspend in the year of £5m, offset by underspends in assets and investments and financing. The underspend in the capital programme is attributed to the timing of spending. General reserves have reduced to 2.8% of budgeted 2017/18 gross non-school expenditure which is below the 3% minimum recommended. It is anticipated this will be addressed during the 2018/19 business planning process. Total usable reserves reported in the financial statements have reduced from £210,336,000 to £157,778,000.</p> <p>Positive progress has been made in the year to improve the business planning process with a more rigorous approach being applied and greater scrutiny. It continues to evolve and it is recognised that time is needed for the new ways of working to filter down through the teams and embed the new culture. Internal Audit completed a detailed review of the Business Planning process providing "moderate assurance" over the arrangements and we recommend that proposals are implemented. The review recognised the rapid transformation of the Business Planning process and that it continues to evolve, however delivery of savings was challenging and the new ways of working needed to filter down through the teams.</p> <p>There is a savings tracker in place that is reported to the General Purposes Committee to ensure there is scrutiny and oversight of the Council's direction of travel with plans and proposals. In the current financial year (2017/18) the Council reported as at the end of May a forecast year end overspend of £2.1m against the budget which is expected to increase to £4m, predominantly due to overspends in Children, Families and Adults. The Tracker shows that as at the end of May 2017 there is a £2.5m shortfall against the plan and overall savings target of £30.8m. There are 16 savings plans rated red totalling £4.3m (although less than that amount will be at risk) however the Council has identified more savings schemes than needed to deliver the budget to mitigate against delays in implementation or non-delivery. The £4m pressure remains and plans are being developed to manage the financial</p>

position.

The Transformation Fund was created during 2016/17 to develop 'invest to save' schemes to transform Council services. During its first months in 2016/17 there were 5 schemes approved and only 2 drawn down totalling £312k. The fund therefore had limited use during the year and it is too early to demonstrate any significant impact on the Council's financial position. We will continue to monitor spend and outcomes during the forthcoming year and note that in 2017/18 schemes reported amount to approx. £6m with 4 schemes not having incurred any expenditure in quarter 1 while 3 schemes are rated "Red" and 4 schemes rated amber reflecting re-phasing of savings and some non-delivery.

The medium term financial position remains a significant challenge to the Council to deliver which is acknowledged and recognised within the Council's risk register. The Business Plan has been based on reasonable assumptions using the latest information the Council has available and is updated regularly. Managing spend in demand led services is critical to delivery of the Business Plan as well as to transforming services. The 2018/19 budget is expected to be balanced with a range of proposals being developed to deliver the required level of savings.

The new Combined Authority (CA) has taken on some of the Council's responsibilities, particularly in relation to Transport. As a result additional funding has been made available for the region that will bring benefits to it. The Council is represented on the CA Board, but the Board has yet to publish its vision and detailed financial plans and therefore it is too early to assess the impact the CA has on the Council and its responsibilities and finances. We will continue to monitor the progress and activity of the CA.

## 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 identified the following material misstatements which have been adjusted by management:

- A prior period adjustment to recognise grant income of £100m associated with the City Deal arrangement
- Prior period adjustments were required to the cash flow statement as follows:  
Grants for financing capital expenditure were removed from operating activities using a value that differed to the correct value by £170.3m due to an incorrect calculation of cash flow, application of an incorrect direction of movement and the prior period City Deal grant income adjustment.  
The value of capital grants received through investing activities was misstated by £136.8m due to an incorrect calculation of cash flow, application of an incorrect direction of movement and the prior period City Deal grant income adjustment.  
Values for the net deficit on the provision of services and increase in debtor balance were misstated by £97.778m due to the prior period City Deal grant income adjustment.
- Adjustments were required to the cash flow statement in the current period as follows:  
Grants for financing capital expenditure were removed from operating activities using a value that differed to the correct value by £150.7m due to an incorrect calculation of cash flow application of an incorrect direction of movement and the prior period City Deal grant income adjustment.  
The value of capital grants received through investing activities was misstated by £168.4m due to an incorrect calculation of cash flow, application of an incorrect direction of movement and the prior period City Deal grant income adjustment.

Management made non-material adjustments relating to the following:

- Intragroup income and expenditure in respect of schools catering overstated by £8.194m
- Reclassification of expenditure of £9.054m incorrectly recognised as REFCUS to impairments
- Depreciation charged in respect of infrastructure assets understated by £550,000

These amendments, together with the other non-material amendments that management has processed in the revised financial statements, have increased the deficit on the provision of services by £38.339m.

A number of non-material disclosure adjustments have been made as described elsewhere within this report.

### UNADJUSTED AUDIT DIFFERENCES

There are five unadjusted audit differences identified by our audit work (including one unadjusted difference relating to the impact of brought forward unadjusted misstatements identified following completion of the prior year audit) which would, if corrected, decrease the deficit on the provision of services by £1.508m. You consider these identified misstatements to be immaterial in the context of the financial statements taken as a whole. We concur with this judgement however we also request that you correct where able even though not material.

## APPENDIX I: AUDIT DIFFERENCES

		INCOME AND EXPENDITURE / FUND ACCOUNT		STATEMENT OF FINANCIAL POSITION / NET ASSETS	
		DR	CR	DR	CR
	£'000	£'000	£'000	£'000	£'000
Deficit on the provision of services before adjustments	132,922				
DR Net assets				710	
CR Deficit on provision of services	(710)		(710)		
<i>(1) Net impact of brought forward unadjusted misstatements in respect of expenditure accruals</i>					
DR Creditors				399	
CR Income	(144)		(144)		
CR Expenditure	(255)		(255)		
<i>(2) Projected misstatement arising from errors identified in creditor testing</i>					
DR Pension Reserve				6,047	
CR Pensions Asset (net pension liability)					(6,047)
<i>(3) Judgemental misstatement being the difference between the fund asset values used by the actuary and those recognised in the Pension Fund financial statements.</i>					
DR Payroll creditors				3,360	
CR Intercompany suspense					(3,360)
<i>(4) Identified misstatement relating to suspense account with a credit balance which does not present a genuine liability of the Council</i>					
DR Debtors				399	
CR Expenditure	(399)		(399)		
<i>(5) Identified misstatement relating to the unreconciled difference between payroll costs recorded in the payroll system and those on the general ledger.</i>					
<b>TOTAL UNADJUSTED AUDIT DIFFERENCES</b>	<b>(1,508)</b>		<b>(1,508)</b>	<b>10,915</b>	<b>(9,407)</b>
Deficit on provision of services if adjustments accounted for	131,414				

## APPENDIX I: AUDIT DIFFERENCES

### UNADJUSTED DISCLOSURE MATTERS

The following unadjusted disclosure matters were noted:

- The draft financial statements included a number of superfluous disclosures relating to immaterial balances which we highlighted to management. These included notes relating to the following:
  - Investment properties
  - Assets held for sale
  - Accumulated absences account
  - Prior period adjustment disclosure relating to NDR appeals
- The tables in the 'Private finance initiatives and similar contracts' note incorrectly disclose repayments of capital relating to PFI schemes under the 'CIES' heading. The tables showing future commitments disclose a single value comprising contingent rents and interest. This presentation is inconsistent with the requirements of the Code, which specifies that such amounts to be disclosed separately.
- The table included in the 'Refinancing and Maturity Risk' section of the 'Nature and extent of risks arising from financial instruments' note should be prepared on a nominal cash basis. The Council has excluded accrued interest.

### UNADJUSTED OTHER MATTERS

A £1m section 106 contribution was received in March 2005 from Cambridge City Council, which relates to the South Cambs Area Transport Plan. No agreement can be found for this and the Council has cited the age of the agreement as the reason. Extrapolation of this unsupported balance across the untested population of s106 receipts in advance gives a projected misstatement of £2.058 million.

Our audit procedures included testing of a sample of adult social care expenditure transactions. For two transactions in the sample, we were able to obtain sufficient evidence to confirm that the service user existed and was in receipt of care, but unable to obtain sufficient evidence to confirm the accuracy of the value associated with the transaction. While extrapolation of this unsupported value across the untested population of adult social care expenditure gives a maximum projected misstatement of £2.812m, we are satisfied that a liability existed in respect of both transactions. The likelihood of any actual overstatement of expenditure reaching the value of the maximum projected misstatement is considered remote.

## APPENDIX II: RECOMMENDATIONS AND ACTION PLAN

Key: ■ [SD] Significant deficiency in internal control ■ [D] Other deficiency in internal control ■ [O] Other observations

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
FINANCIAL STATEMENTS					
Swift - System Password Parameters [D]	<p>The Swift application does not offer password expiry or masking functionality.</p> <p>This increases the risk of unauthorised users gaining access to the Swift system.</p>	Review and enhance password security controls in Swift.	Swift is being replaced in early 2018 with Mosaic. No system updates to Swift are being authorised to enable a stable migration to Mosaic.	Digital Systems Manager	May 2018
Swift and Insight - review of user access [D]	<p>The Council does not perform any periodic reviews over the access rights of users in the Swift or Insight systems.</p> <p>This may result in users who change roles retaining access inappropriate to their new responsibilities. Leavers may not be identified and removed from the system in a timely fashion.</p>	Implement a periodic review of user access rights for both systems. Document the review to ensure an audit trail of changes made is retained.	<p>Swift is being decommissioned so there is no plan to introduce this process.</p> <p>Insight - periodic reviews of users do take place as the Highways service evolves. However these are not documented. A method of recording changes will be investigated.</p>	<p>Digital Systems Manager</p> <p>Digital Systems Manager</p>	<p>May 2018</p> <p>December 2017</p>
Capital Commitments [D]	The register on which capital commitments are recorded does not record dates contracts are signed, which are required to prepare an accurate capital commitments disclosure in the accounts. We also identified that incorrect	Revise the contract register so that it records the date the contract was signed, rather than the date on which works start.	The Council will investigate the possibility of changing the information collected and reported regarding the contracts register so that it includes signed dates.	Procurement and Closedown teams	December 2017

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
FINANCIAL STATEMENTS					
	<p>values were recorded against some contracts.</p> <p>Inaccurate recording on the contract register has resulted in audit adjustments to the financial statements note during the current and prior year audits.</p>	<p>Remind contract managers of the importance of updating the contract register when there are changes to contract values.</p> <p>Undertake sample checks of contract values to supporting contract documentation during the year to confirm that this is happening.</p>	The Council will also communicate with service managers and the procurement team about the importance of ensuring contract information is updated on the register if the final contract information changes.		
<p>Schools payroll - salary bandings greater than £50k and termination benefits</p> <p>[D]</p>	The Council did not receive the information required to complete the salary bandings and termination benefit disclosures from the schools' payroll provider prior to production of the financial statements.	Liaise with the schools payroll provider and agree a formal timetable for the provision of information required to complete remuneration disclosures in the financial statements.	The Council will liaise with EPM, the main schools payroll provider, to agree data requirements and timescales for the provision of information required to complete remuneration disclosures in the financial statements.	Group Accountant (Closedown)	December 2017
<p>Schools payroll - supporting documentation</p> <p>[D]</p>	Schools were unable to provide information to support changes to hours worked and salary bandings.	Remind all schools of the importance of retaining documentation relating to changes in hours and salaries of individuals which they employ.	Retention of Financial Records is included within the Financial Regulations for Schools which maintained schools are directed towards on an annual basis as part of the Corporate Requirements. However the Schools Finance Team will contact all maintained schools by the end of October 2017 to remind them of the requirement to retain documents for audit purposes.	Schools Corporate Accountant	October 2017
Swift/Ledger Reconciliation	The Swift system was not updated in a timely fashion upon care providers converting to the AFM system. For two transactions in our sample we identified	Update Swift promptly when care providers convert to AFM. Perform quarterly comparisons between Swift and AFM to	Swift is the Adult Social Care system which holds the Adult Social Care data. AFM is the interface finance module which looks into Swift and translates	Head of Finance	March 2018

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
FINANCIAL STATEMENTS					
[D]	<p>delays of 4 and 5 months.</p> <p>Expenditure relating to provision of care by providers that converted to AFM in the final quarter of 2016/17 was not recorded in the 2016/17 ledger, therefore understating 2016/17 expenditure and overstating 2017/18 expenditure.</p>	<p>ensure these updates are taking place.</p> <p>Undertake a reconciliation between Swift and the general ledger on a quarterly basis to identify any differences between the two systems.</p>	<p>regular files across to the payables and receivables system.</p> <p>The difficulties with producing a reconciliation between Swift and the GL are that not all the transactions go via AFM into the GL, there are some that go via iProcurement. AFM produces around 95% of the transactions that go into the GL from Swift but there are still some orders that are raised through iProcurement. That said the large volume conversion work onto AFM in Learning Disability services is now complete, reducing the likelihood of this issue occurring.</p> <p>Also, AFM is an interface rather than a host system and there are reasons why the figures in AFM will not always match the figures in the host system. For example, if a client contribution in Swift is showing as greater than the cost of the care provision, then when it is loaded into AFM, AFM will act intelligently to reduce the bill down to the actual cost of care. So AFM will never be 100% the same as Swift in these cases.</p> <p>Continued attention will be given to transaction checking in services and a detailed accruals process takes place to reduce the frequency of errors arising.</p> <p>GL tie-back functions are part of the</p>		

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
FINANCIAL STATEMENTS					
			development for the successor Mosaic system.		
s106 Receipt in Advance - no supporting documentation [D]	<p>A £1m section 106 contribution was received in March 2005 from Cambridge City Council, which relates to the South Cambs Area Transport Plan. No agreement can be found for this and the Council has cited the age of the agreement as the reason.</p> <p>The Council is unable to provide evidence that the agreement exists or support the value of the Capital Grant Receipts in Advance balance.</p>	<p>Retain contracts for audit inspection.</p> <p>Review contracts for which there are balances in Capital Grant Receipts in Advance to determine whether conditions attached to the contracts have been satisfied.</p>	All S106 agreements are now retained. The Council is looking to implement a new S106 database, which will allow for easier recording and monitoring of conditions.	Funding and Innovation Programme Manager	By March 2018
Prior period adjustments [O]	<p>In the first draft of the accounts, the Council have recognised a prior period adjustment for an amount which is not material.</p> <p>Whilst the Code does not prohibit the correction of immaterial prior period errors, such a correction is unnecessary and reduces the readability of the financial statements for users as well as requiring additional work from the close down team.</p>	<p>Consider proposed prior period adjustments against the requirements of the Code to determine whether or not such an adjustment is necessary.</p> <p>Where the amounts involved are immaterial, the error should be adjusted in the current year.</p>	<p>The 31st March 2017 position is correct so whilst it does not comply with the requirements of the Code to include the Prior Period Adjustment note, the Council's treatment is actually more accurate.</p> <p>This will be taken into consideration as part of the production of the 2017/18 Statement of Accounts.</p> <p>However, it is unlikely that any significant time will be saved for the Closedown team as the workings behind disclosure notes will still need to be carried out, either for reconciliation purposes or in order to ascertain whether the figures are immaterial; it would just be a case of not including certain tables in the Statement of</p>	Group Accountant (Closedown)	By May 2018 for the draft accounts

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
FINANCIAL STATEMENTS					
			Accounts document itself.		
Payables transactions [O]	<p>Our review of the value of payables journals posted throughout 2016/17 identified a significant spike in month 12. Part of the reason provided for this spike was a year-end push to receipt orders on the accounts payable ledger, thus recognising the expenditure without a requirement to raise an accrual and simplifying the closedown process.</p> <p>Leaving the drive to match goods received against orders in the accounts payable ledger until the year end may result in less accurate quarterly reporting at directorate level. It may also delay the payment process and put the council at risk of defaulting on its credit terms.</p>	Introduce a periodic process to match all GRNs to open orders on its accounts payable ledger. As a minimum, this should be done quarterly as part of the Council's internal reporting processes.	<p>The Scheme of Financial Management requires the Council's budget holders to ensure that goods/works/services are certified as received at the point of receipt of those goods/works/services. Service Finance will emphasise to budget holders the importance of timely receipting of purchase orders and the need to review open orders reports as part regular budget procedures.</p> <p>Quarterly reporting at directorate level is driven by full-year forecasting rather than an account of goods receipting for the year-to-date, so the Council is of the view that quarterly reporting is not adversely impacted by this issue.</p>	Service Finance	Ongoing
Immaterial disclosures in draft financial statements [O]	<p>The draft financial statements include a number of disclosures relating to immaterial balances which we have highlighted to management.</p> <p>Management have opted to retain some of these disclosures in the final version of the financial statements.</p> <p>Including immaterial disclosures in the financial statements reduces the usefulness of the financial statements to users. Such disclosures may also require unnecessary work on the part of the close down team, which will need to be</p>	Identify and remove immaterial disclosures when preparing the draft financial statements.	<p>This will be taken into consideration as part of the production of the 2017/18 Statement of Accounts.</p> <p>However, it is unlikely that any significant time will be saved for the Closedown team as the workings behind disclosure notes will still need to be carried out, either for reconciliation purposes or in order to ascertain whether the figures are immaterial; it would just be a case of not including certain tables in the Statement of Accounts document itself.</p>	Group Accountant (Closedown)	By May 2018 for the draft accounts

AREA	OBSERVATION AND IMPLICATION	RECOMMENDATION	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	TIMING
FINANCIAL STATEMENTS					
	eliminated to ensure the faster close timetable for the production of the 2017/18 financial statements is met.				
Assessment of Valuer's conclusions when forming valuation estimate [O]	The Council has not considered the effect of all changes in the assumptions used when developing its valuation estimate. The Council has also not monitored the outcome of the 2015/16 estimate with consideration of the different assumptions used in 2016/17. The impact of the change in assumption could be considered, for instance, through sensitivity analysis.	Assesses the effect of estimation uncertainty on the valuation of land and buildings. Critically assess the impact of the assumptions used by the valuer, particularly when they differ from what has previously been used, to help determine the accuracy of the current or prior estimate.	In order to undertake sensitivity analysis across the whole portfolio, it is necessary to be able to extract the underlying assumptions en masse for all individual assets. Due to the way valuation information has previously been held, it has not been possible to do this on such a detailed level for all assumptions and all assets. The Property team will look to address this going forward in terms of how valuation information is held, in conjunction with the Council's external valuer. However, having changed the external valuer in 2016/17, the Council is using the same valuer for 2017/18 and therefore does not expect the underlying assumptions to change.	Asset manager (Urban)	By May 2018 for the draft accounts
Narrative Report [O]	The Narrative Report could be further improved by including additional information on the reasons for movements in key balances included in the financial statements, rather than reporting the movement only. The 'Future Challenges and Medium Term Outlook Section' should include additional information regarding the Council's future strategic direction, the likely impact of future changes in government policy and how demographic changes are expected to affect service delivery.	Critically review the content of the Narrative Report and ensure information included provides a suitably detailed guide explaining the most significant matters affecting the financial statements.	The Council will review the content of the Narrative report and refer to further key aspects of the Council's Business Plan to provide information on the Council's future strategic direction and the likely impact of future changes in government policy and demography.	Group Accountant (Closedown)/ Head of Finance CCC	By May 2018 for the draft accounts

## APPENDIX III: MATERIALITY

### MATERIALITY - FINAL AND PLANNING

	FINAL	PLANNING
Materiality	16,500,000	16,300,000
Clearly trivial threshold	330,000	326,000

Planning materiality of £16,300,000 was based on 1.75% of prior year gross expenditure per the audited 2015/16 financial statements.

We revised our materiality following receipt of the draft 2016/17 financial statements, which disclosed gross expenditure higher than the prior year value used to calculate our planning materiality.

# 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
Lisa Clampin - Audit engagement lead	2
Barry Pryke - Audit manager	2

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 £	EXPLANATION FOR VARIANCES
Code audit fee	TBC	94,061	94,061	
<b>TOTAL AUDIT FEES</b>	<b>TBC</b>	<b>94,061</b>	<b>94,061</b>	
Skills Funding Agency subcontracting grant certification	3,650	3,650	3,794	
Local Transport Major Projects grant certification	-	-	4,131	
<b>NON-AUDIT ASSURANCE SERVICES</b>	<b>3,650</b>	<b>3,650</b>	<b>7,925</b>	
<b>TOTAL ASSURANCE SERVICES</b>	<b>TBC</b>	<b>97,711</b>	<b>101,986</b>	

## APPENDIX VI: DRAFT REPRESENTATION LETTER

TO BE TYPED ON CLIENT HEADED NOTEPAPER

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

[XX] October 2017

Dear Sirs

Financial statements of Cambridgeshire County Council for the year ended 31 March 2016

We confirm that the following representations given to you in connection with your audit of the Council's financial statements (the '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 Council.

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 position of the Council as of 31 March 2017 and of its income and expenditure and cash flows for the year then ended 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 Council, as set out in the Accounts and Audit Regulations 2015, to make arrangements for the proper administration of the Council'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.

## APPENDIX VI: DRAFT REPRESENTATION LETTER

In relation to those laws and regulations which provide the legal framework within which the Council'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.

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 councillors, 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 councillors, employees, former employees, analysts, regulators or any other party.

We attach a schedule showing accounting adjustments that you have proposed, which we acknowledge that you request we correct, together with the reasons why we have not recorded these proposed adjustments in the financial statements. In our opinion, the effects of not recording such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements.

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.

## APPENDIX VI: DRAFT REPRESENTATION LETTER

We confirm the following significant assumptions made in relation to accounting estimates (including fair value measurements) used in the preparation of the financial statements:

### a) Pension fund assumptions

We confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) liabilities, as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business. These assumptions include:

- Rate of inflation (RPI): 3.4%
- Rate of inflation (CPI): 2.4%
- Rate of increase in salaries: 2.7%
- Rate of increase in pensions: 2.4%
- Rate of discounting scheme liabilities: 2.6%
- LGPS commutation take up option: 50%

We also confirm that the actuary has applied up-to-date mortality tables for life expectancy of scheme members in calculating scheme liabilities.

### b) Valuation of land and buildings

We are satisfied that the useful economic lives of land and buildings, and their constituent components, used in the valuation of land and buildings, and the calculation of the depreciation charge for the year, are reasonable.

We confirm that the valuations applied to land and buildings revalued in the year, as provided by the valuer and accounted for in the financial statements, are reasonable and consistent with our knowledge of the business and current market prices.

We have disclosed all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been disclosed in accordance with the requirements of accounting standards.

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.

## APPENDIX VI: DRAFT REPRESENTATION LETTER

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. Each director and member has taken all the steps that they ought to have taken as a director or member 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  
Deputy Chief Executive and Chief Finance Officer  
xx October 2017

Councillor Terry Rogers  
Vice - Chairman of the Audit and Accounts Committee  
Signed on behalf of the Audit and Accounts Committee  
xx October 2017

**FOR MORE INFORMATION:**

**Lisa Clampin**  
Engagement lead

T: +44 (0)1473 320 716  
E: lisa.clampin@bdo.co.uk

**Barry Pryke**  
Manager

T: +44 (0)1473 320 793  
E: barry.pryke@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.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

Copyright ©2017 BDO LLP. All rights reserved.

**[www.bdo.co.uk](http://www.bdo.co.uk)**

**FINAL ISA 260 AUDIT COMPLETION REPORT FOR THE PENSION FUND  
AUDIT**

*To:* **Audit and Accounts Committee**

*Date:* **21 November 2017**

*From:* **BDO LLP**

*Electoral Division(s):* **All**

*Purpose:* **To present the final ISA 260 Audit Completion report and highlight the changes made to the version presented to the Audit and Accounts Committee on 19 September 2017.**

*Recommendation:* **The Committee is asked to note the final version of the Audit Completion Report and the changes made to the version presented to the Audit and Accounts Committee on 19 September 2017.**

<b><i>Audit contact:</i></b>	
Name:	David Eagles
Post:	BDO Engagement Lead for the Pension Fund
Email:	<a href="mailto:david.eagles@bdo.co.uk">david.eagles@bdo.co.uk</a>
Tel:	01473 320728

**1. BACKGROUND**

- 1.1 International Standards on Auditing (UK) require the auditor to communicate to those charged with governance (the Audit and Accounts Committee) a number of matters relating to the audit process, including significant findings from the audit. Our Audit Completion Report forms part of this communication process.
- 1.2 At the Audit and Accounts Committee held on 19 September 2017, we presented our Audit Completion Report. This document reflected the state of completion of the audit as at 6 September 2017 and was supplemented by a verbal update from the audit team at the committee meeting. The audit work outstanding was completion of final quality review and closedown processes.

## **2. CHANGES TO THE AUDIT COMPLETION REPORT**

- 2.1 One notable change was made to the to the Audit Completion Report presented to the 19 September 2017 committee, which related to the inclusion of one additional paragraph within the draft Letter of Representation. This is set out below:

*We confirm that we have not been made aware of any concerns over the operations of the fund managers that could indicate that the controls as described in the assurance reports for each fund manager relating to the existence and valuation of investments held on behalf of the pension fund, where this does not cover the period to 31 March 2017, have materially changed or may not be suitable designed to provide reasonable assurance over the existence and valuation of the pension fund's investments.*

- 2.2 In addition, the Report was amended to correct for a number of typographical errors identified by the Committee Chairman and to update the position statement to reflect the completion of all outstanding audit work barring, at the time, receipt of the final signed set of accounts and Letter of Representation. The final Report is attached as an appendix.

A photograph of four business professionals (three men and one woman) sitting around a glass conference table in a modern office. They are all wearing light blue shirts and dark ties. The man on the far left is gesturing with his hand while speaking. The woman next to him is looking at a laptop. The man next to her is also looking at the laptop. The man on the far right is looking down at a notebook. There are white coffee cups and saucers on the table. A red vertical bar is on the left side of the image.

## CAMBRIDGESHIRE COUNTY COUNCIL PENSION FUND

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

Audit for the year ended 31 March 2017

12 October 2017

# CONTENTS

CONTENTS.....	1	APPENDICES .....	14
SUMMARY .....	2	APPENDIX I: AUDIT DIFFERENCES .....	15
INTRODUCTION .....	4	APPENDIX II: RECOMMENDATIONS AND ACTION PLAN .....	16
OUTSTANDING MATTERS .....	5	APPENDIX III: MATERIALITY .....	17
KEY AUDIT AND ACCOUNTING MATTERS .....	6	APPENDIX IV: INDEPENDENCE .....	18
OTHER REPORTING MATTERS.....	12	APPENDIX V: FEES SCHEDULE .....	19
CONTROL ENVIRONMENT .....	13	APPENDIX VI: DRAFT REPRESENTATION LETTER.....	20

# 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.
--------------------	--

# 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** Subsequent events review

---

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

# 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 evaluating 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 undertaken 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

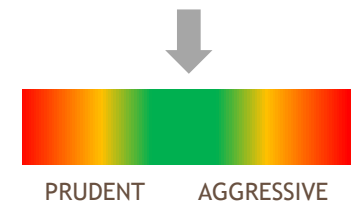
OTHER ISSUES		
We comment below on other issues identified in the course of our audit, of which we believe you should be aware:		
AUDIT AREA	AUDIT FINDINGS	
6	Monthly PEN18 contributions	<p>PEN18s are not always received monthly from employers. When this is the case, no accrual is posted for the expected 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 as to whether the range is reasonable:			
			Actuary Range	Applied	PwC assessment of actuary range to market expectations
		RIP increase	3.4%	3.4%	Reasonable
		CPI increase	2.4%	2.4%	Reasonable
		Salary increase	2.7%	2.7%	Reasonable
		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	24.4 years	Reasonable
		Male - retired	23.7 - 24.4	24.0 years	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	<p>Pension fund annual report</p> <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
<b>TOTAL AUDIT</b>	<b>22,410</b>	<b>22,410</b>	<b>22,410</b>
Fees for other non-audit services	-	-	-
<b>TOTAL ASSURANCE SERVICES</b>	<b>22,410</b>	<b>22,410</b>	<b>22,410</b>

## 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.

We confirm that we have not been made aware of any concerns over the operations of the fund managers that could indicate that the controls as described in the assurance reports for each fund manager relating to the existence and valuation of investments held on behalf of the pension fund, where this does not cover the period to 31 March 2017, have materially changed or may not be suitable designed to provide reasonable assurance over the existence and valuation of the pension fund's investments.

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

- RPI increase: 3.4%
- 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 24.0 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:**

**DAVID EAGLES**

Engagement lead

T: 01473 320 728

E: david.eagles@bdo.co.uk

**ARCHIE RWAVAZHINJI**

Manager

T: 01473 320 738

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.

BDO LLP is a corporate establishment under the Limited Liability Partnership Act 2000 and a UK Member Firm of BDO International. BDO Northern Ireland, a separate partnership, operates under a licence agreement. BDO LLP and BDO Northern Ireland are both separately authorised and regulated by the Financial Conduct Authority to conduct investment business.

Copyright ©2017 BDO LLP. All rights reserved.

**[www.bdo.co.uk](http://www.bdo.co.uk)**

**PREPARING FOR THE 2017/18 CLOSEDOWN PROCESS**

*To:* **Audit and Accounts Committee**

*Date:* **21<sup>st</sup> November 2017**

*From:* **Chief Finance Officer**

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

*Forward Plan ref:* **N/a** *Key decision:* **Not applicable**

*Purpose:* **This report introduces the work being undertaken in order to ensure that the 2017/18 accounts are delivered by the new statutory deadline.**

*Recommendation:* **Although this report is brought for information, the Committee is asked to consider and comment on the content.**

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

## 1. BACKGROUND

- 1.1 The deadlines for the delivery, audit and approval of the annual Statement of Accounts have changed and the draft Statement for 2017/18 will be presented for audit before 31 May, with formal approval sought for the final Statement by 31 July. Work is being undertaken with colleagues across all LGSS authorities to identify and deliver the tasks required that would allow these deadlines to be met.
- 1.2 Once delivered, through improving the efficiency of financial systems and processes, this change will benefit both LGSS and the partner authorities. The knock-on benefits will include finance teams that have an increased focus on forward-looking and value-adding activities, such as medium-term financial planning.
- 1.3 The work now being undertaken is based upon an analysis of the lessons learned from the 2016/17 process, identifying any causes of delay, together with an evaluation of the experiences of 'early adopters' - those councils that already produce their accounts early. A series of key principles are evident and they have been used to focus required activities into work streams. These are summarised below.
- 1.4 Work streams:
  - 1.4.1 The Financial System and the quality of data
    - a) The key question for this work stream is: Could the system do more to help minimise the amount of manual work required? The capabilities of the finance system must be better understood, especially as a new system is about to be delivered.
    - b) Early adopters have improved their financial systems and optimised financial reporting processes through reducing the level of manual interventions required to prepare the financial statements.
    - c) The statements produced by LGSS are not delivered directly from the financial system and there is a heavy reliance on spreadsheets. This is inefficient, is prone to error and necessitates additional audit testing.
    - d) Additionally, the auditor's analytical tools assume that the financial system will directly support the production of the statements, without manipulation or filtering. The more that this is the case, the quicker will be the audit process.
  - 1.4.2 Financial Processes – a number of key improvements are sought in this work stream:
    - a) Standardised procedures will enable a smoother consolidation of data, improve the quality of financial information and reduce the dependency on individuals completing non-routine tasks.
    - b) Monthly budget monitoring processes, once aligned with the requirements of the year-end, will help to identify issues and enable the finance team to prepare resolutions and reporting requirements in advance.
    - c) Detailed year-end tasks must be examined in order to identify those that could be completed earlier in the year. For example, the overall asset base is known in April, can be adjusted for any prior year audit amendments and will only change again if there are significant additions, disposals, revaluations or impairments.

- d) The general ledger must be maintained accurately throughout the year, removing the need for any year-end corrections.
- e) A well designed and understood commitment accounting procedure provides details of those invoices expected during the closedown period, enabling the early processing of accruals.
- f) Earlier closure will necessitate a greater use of estimation, as definitive information will sometimes not be available in time. Although this is a valid methodology in certain cases, robust techniques are required and any uncertainty relating to material balances must be adequately disclosed.
- g) Where information is required from third parties, such as consolidated group entities, payroll providers, valuers and actuaries, they must be engaged at an early stage. We are asking them to commit to the new timetable and they may need to change their own approaches and closedown plans. This process must improve and significant problems were experienced during the 2016/17 audit because of delays in receiving information from both external providers and internal colleagues.

#### 1.4.3 Improving the quality of financial reporting

- a) Although local government accounts are necessarily complex, their clarity can be improved and the first step is to declutter disclosures – mindful of the fact that unnecessary disclosures lengthen the closure process, with every disclosure also needing audit review.
- b) Two types of clutter have been identified by the Financial Reporting Council and both are currently present in the Council's accounts:
  - Immaterial or irrelevant disclosures that inhibit the ability to identify and understand relevant information
  - Narrative information that remains unchanged from year to year and is no longer current or relevant.

#### 1.4.4 Engaging the External Auditor

- a) In order for earlier closure to be delivered, the timings for the completion of the audit and the issue of the audit opinion must also be accelerated.
- b) Joint, coordinated plans will ensure that everyone is working to common deadlines - including the timing of the audit fieldwork and key dates for liaison meetings, report clearance meetings and deadlines for audit committees.
- c) Details of the leave commitments of key staff must also be shared so that these can be reflected in the plans.
- d) New joint protocols will provide clear expectations of responsibilities and performance.
- e) The Auditor will assist by identifying tasks that are not critical to the audit opinion.
- f) The Auditor will also identify the work that can be completed earlier in the financial year, which is possible in a number of areas and allows the resulting testing to be completed before the year-end. A good example from 2016/17 was the sampling of legal contracts, where legal colleagues could be allowed more time to access records before their disclosure becomes critical.

- g) Issues arose during 2016/17 because the Finance team's access to the Auditor's information portal was limited. This issue will be resolved for the 2017/18 process.

#### 1.4.5 Conclusion

- a) The earlier delivery of the Council's accounts will depend upon work delivered across a number of areas. The practicalities will require an optimisation of financial management and reporting processes, with a number of key areas of consideration.
- b) The early adopters all identified the same critical success factor that underpinned their work. This is the need for commitment at the highest levels of the council, ensuring that all colleagues are focussed on delivering to the deadlines. The whole leadership team, therefore, must be prime drivers towards early closure if the Council is to deliver with any degree of assurance.

## 2. ALIGNMENT WITH CORPORATE PRIORITIES

### a. Developing the local economy for the benefit of all

There are no significant implications for this priority.

### b. Helping people live healthy and independent lives

There are no significant implications for this priority.

### c. Supporting and protecting vulnerable people

There are no significant implications for this priority.

## 3. SIGNIFICANT IMPLICATIONS

### 5.1 Resource Implications

There are no significant implications within this category.

### 5.2 Statutory, Risk and Legal Implications

There are no significant implications within this category.

### 5.3 Equality and Diversity Implications

There are no significant implications within this category.

### 5.4 Engagement and Consultation Implications

There are no significant implications within this category.

### 5.5 Localism and Local Member Involvement

There are no significant implications within this category.

## 5.6 Public Health Implications

There are no significant implications within this category.

Source Documents	Location
	First floor Octagon (OCT 1114) Shire Hall, Cambridge CB3 0AP



**TRANSFORMATION FUND MONITORING REPORT Q2 2017/18**

*To:* **General Purposes Committee**  
*Meeting Date:* **Audit and Accounts Committee for information 21<sup>st</sup> November 28 November 2017**

*From:* **Amanda Askham, Head of Transformation**

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

*Forward Plan ref:* **n/a** *Key decision:* **No**

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

*Recommendation:* **It is recommended that the Committee note and comment on the report, including whether the format of the paper gives the right level of detail and information to allow the Committee to fulfil their monitoring role**

<b><i>Officer contact:</i></b>	
Name:	<b>Amanda Askham</b>
Post:	Head of Transformation
Email:	Amanda.askham@cambridgeshire.gov.uk
Tel:	01223 699796

## 1. BACKGROUND

- 1.1 As part of a new approach to business planning, focused on outcomes, it was agreed that the Council would establish a fund that could be used to resource the costs of delivering transformation, ensuring that finance is not a barrier to change at pace across the organisation. A fund of nearly £20m was established and there is now a programme of schemes which have received funding and are supporting the delivery of saving in the current financial year (2017/18) and beyond.
- 1.2 General Purposes Committee (GPC) has responsibility for stewardship of the fund, approving business cases for new proposals and reviewing progress with existing schemes. In June the Committee received a baseline report describing how each of the proposals would be progressed and monitored and this paper provides the second quarterly in-year monitoring update on expenditure and outcomes to date, the first being received by GPC in September.
- 1.3 In June GPC asked that future reports provide a high-level overview of how proposals were working, using a Red Amber Green (RAG) rating system to highlight where things are on and off-track. The steer given was that individual Policy and Service Committees would review relevant projects in detail as appropriate, with GPC maintaining a strategic oversight role.

## 2. OVERVIEW OF PROGRAMME

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

Figure 1: Transformation Programme Overview

RAG Rating	No of Schemes	Investment to Q2 (£000)	Savings/Income to Q2 (£000)	Total Investment Committed (£000)	Total Projected Saving/income (£000)
Green – On Track	12	1140	3177	3777	7190
Amber – Delayed or some risk of under-delivery	4	372	1010	1997	2943
Red – Not projected to deliver as originally planned	2	309.5	12	363	1625
Total	18	1821.5	4199	6137	11758



### 3. EXCEPTIONS

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

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

Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q2 2017/18 (£000)	Savings to date at Q2 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating
Commercial Approach to Contract Management (c/r5.001)		267	-0	-2000	<p>This investment supports additional external support in order to identify contract management savings. These will be reflected in underspends on contractual spend and in future business planning savings associated with externally commissioned services.</p> <p>At present there are a number of initiatives derived from this investment that are delivering savings and efficiencies for 2017/18 across the Council. However, these are contributing to service-specific savings targets, rather than delivering savings against the centrally held savings target.</p> <p>With greater governance now in place around the Council’s purchasing and procurement, the Commercial Board is developing a specific programme to identify further savings opportunities from this work in 2019 and beyond.</p>	Red
Invest £000	Saving £000					
400	-2000					

Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q2 2017/18 (£000)	Savings to date at Q2 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating
Specialist Support for Adults with Autism to increase their independence (A/R 6.113)		22.5	-12	-20	<p>This scheme has been partially successful but will deliver a smaller financial benefit (£20k) than originally estimated (£72k) –</p> <p>Mitigation work involves expanding the activity to other Vulnerable Adults; monitoring the saving against avoided costs and the demographic expectation.</p>	Red
Invest £000	Saving £000					
50	-72					
Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q2 2017/18 (£000)	Savings to date at Q2 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating
Enhanced Response Service: Falls and Telecare (C/R.5.313)		136	-0	-390	<p>This project, which provides a 24/7 hours response service for telecare alerts and falls through our Reablement Teams to older people, is now operational and has responded to a total of 920 calls between April and October 2017.</p> <p>We have a proposal for an ERS Falls Register that will be implemented in February 2018 when the four Falls Prevention Leads are appointed and inducted. This will enable direct access to call ERS for people who have recurrent falls but who have had medical review and falls management optimised.</p> <p>Savings are modelled for 2018/19 onwards so not yet measurable.</p>	Amber
Invest £000	Saving £000					
417	-390					

Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q2 2017/18 (£000)	Savings to date at Q2 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating
Enhanced Occupational Therapy Support to reduce the need for double-handed care (A/R.6.165)		11	-166	-252	<p>Project is in progress and delivering savings</p> <p>Progress with the Care Home element of the project has been slower than anticipated, due to a member of the team being off sick for an extended period (now returned). The LD reviews are progressing somewhat more slowly due to the complexity of the cases but where care packages can be changed this is expected to bring significant savings.</p> <p>Amber status reflecting potential need to re-phase savings</p>	Amber
Invest £000	Saving £000					
90	-252					
Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q2 2017/18 (£000)	Savings to date at Q2 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating
Sustaining Budgetary performance in older people's services (c/r 5.320)		186	-793	-793	<p>Return on investment is linked to the reallocation of some of the achieved underspend in Older People's and Mental Health Services in 2016/17.</p> <p>This saving is predicated on the services continuing to meet people's needs within the reduced budget allocation. Demographic pressures have recently appeared and are now being managed / mitigated within Older People's and Mental Health Services. The amber status and lower saving projection reflects the growing pressure on this overall budget as shown in the Finance and Performance Report</p>	Amber
Invest £000	Saving £000					
600	-1861					

Scheme Description and Total Investment & Saving		Fund Expenditure to date at Q2 2017/18 (£000)	Savings to date at Q2 2017/18 (£,000)	Total projected Saving from investment	Progress & Commentary	RAG Rating
Children's Social Care Support for young people with complex needs (C/R.5.404)		39	-51	-1508	Investment made in establishing the new hub model of supporting young people with complex needs who are in care and on the edge of care.  The model is now live from 1/10/17 delivering outreach support, 4 residential beds and joint working with the police. Further residential beds and other placements (fostering and supported lodgings) will come on stream in Q3. Recruitment underway for clinician and communication support worker and these aspects will be available to the model by the end of Q3. Current forecasting shortfall in 2017/18 due to delayed start of The Hub but still forecasting ability to meet total savings over the next two years.	Amber
Invest £000	Saving £000					
890	-1508					

## **4. HIGHLIGHTS**

4.1 Full details of the schemes which are on track are available as a separate background papers document at the following link: <http://tinyurl.com/y8clbuh4>. Some schemes which are of particular interest in terms of their positive impact on outcomes and savings are highlighted below.

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

The Consortium of CapGemini, iMPower and Grant Thornton have now commenced the Challenge Programme in Adult Services and are on site meeting officers and Members and applying the agreed diagnostic tools to scrutinise all aspects of the Cambridgeshire model. The team are providing new thinking and tools to enhance our demand management strategies – in particular applying behavioural insights techniques to understand how our processes, systems and structures impact on the behaviour of professionals, families and service users. There is a strong and growing evidence base around the potential impact of behaviour insights – for example simple changes to the language we use in our paperwork, the structure of key meetings and the way messages are delivered can make the difference between a care plan which focusses on independence, recovery and strengths and one which reinforces dependence on services. We have not applied this thinking systematically before and are optimistic that it will significantly impact on the level of demand in our services. Initial funding of up to £500k had been approved for this external support – the actual requirement will be just over £400k. There is no direct saving from this first diagnostic phase, but it will help us to develop the model which can respond to the ongoing challenge of rising needs and reducing resources.

### **4.3 Total Transport (C/R 5.102)**

Transformation funding has been used to recruit additional staff to proactively conduct route reviews, look at linkages between transport provision across client groups and develop the most cost-efficient bus journeys possible for the Council.

The latest round of reviews starting from September, is expected to generate savings of around £430,000 a year and this forms part of the overall programme which is on track to deliver the full £840k. As well as generating savings, we are using smart cards and journey monitoring technology to build up a much more sophisticated model of demand for transport. As this develops it will enable further improvements across other transport provision – making our delivery more efficient and improving the experience for service users.

## **5. ALIGNMENT WITH CORPORATE PRIORITIES**

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

There are no significant implications for this priority.

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

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

the updates for each proposal document that can be viewed as a separate background papers document at the following link: <http://tinyurl.com/y8clbuh4>.

### **5.3 Supporting and protecting vulnerable people**

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

## **6. SIGNIFICANT IMPLICATIONS**

### **6.1 Resource Implications**

The resource implications are captured on the document that can be viewed as a separate background papers document at the following link: <http://tinyurl.com/y8clbuh4> highlighting expenditure from the transformation fund and the actual and anticipated return on investment.

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

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

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

There are no significant impacts for this priority

### **6.4 Equality and Diversity Implications**

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

### **6.5 Engagement and Communications Implications**

There are no significant impacts for this priority

### **6.6 Localism and Local Member Involvement**

There are no significant impacts for this priority

### **6.7 Public Health Implications**

There are no significant impacts for this priority

Source Documents	Location
------------------	----------

General Purposes Committee Agenda, Reports and Minutes	<a href="https://cmis.cambridgeshire.gov.uk/ccc_live/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/2/Default.aspx">https://cmis.cambridgeshire.gov.uk/ccc_live/Committees/tabid/62/ctl/ViewCMIS_CommitteeDetails/mid/381/id/2/Default.aspx</a>
--	---

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

**Agenda Item No: 12**

**TITLE            INTERNAL AUDIT PROGRESS REPORT**

**To:                Audit & Accounts Committee**

**Date:             21<sup>st</sup> November 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> September 2017 to 31<sup>st</sup> October 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.

**Recommendation**

- a) The Committee is requested to consider and comment on the contents of this report, and
- b) to agree the provision of the risk management health check and benchmarking review service by the Council's insurers. (Referenced at paragraph 5.4)

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

# **LGSS Internal Audit & Risk Management**

## **Cambridgeshire County Council**

### *Update report*

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

## Section 1

# 1. FINALISED ASSIGNMENTS

- 1.1 Since the previous Progress Report to Strategic Management Team (SMT) in September 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.	Cross-Cutting (Cambridgeshire County Council (CCC)-wide)	Capital Programme Assurance	Satisfactory	Satisfactory	Minor
2.	Corporate & Customer Services	Project Assurance – Cambridgeshire Public Services Network (CPSN)	Good	Good	Minor
3.	Cross-Cutting (CCC-wide)	Information Security Culture	N/A	Good	Minor
4.	People & Communities	Governance of Financial Assessments	Satisfactory	Satisfactory	Minor
5.	Corporate & Customer Services	Project Assurance – Citizen First, Digital First	Briefing note style report with recommendations for project governance framework.		
6.	Economy, Transport & Environment	Interim Report to Management regarding Community Transport Investigation	Report to management on issues identified in the course of gathering information for the Community Transport Investigation.		
7.	People & Communities	Thongsleyfields School Financial Investigation	Investigation report into concerns raised by the headteacher, recommendations issued.		
8.	People & Communities	Teversham School Financial Investigation	Investigation report into an incident of theft at the school, recommendations issued.		
9.	Economy, Transport & Environment	Local Transport Capital Block Funding	Grant Certification provided.		
10.	Economy, Transport & Environment	Disabled Facilities Grant 17/18	Grant Certification provided.		

- 1.2 Summaries of the finalised reports with satisfactory or less assurance are provided in Section 6. This excludes individual schools audits, which are reported collectively once all reviews have been finalised.
- 1.3 The following audit assignments have reached draft report stage, as set out below in table 2:

**Table 2: Draft/Interim Reports**

No.	Directorate	Assignment
1.	Cross-Cutting (CCC-wide)	Project Management Methodologies
2.	Cross-Cutting (CCC-wide)	Procurement Compliance (Quarter 3)
3.	Cross-Cutting (CCC-wide)	Ethics Policies & Compliance
4.	People & Communities	Safe Recruitment
5.	People & Communities	Overtime & Enhancements in People & Communities
6.	People & Communities	Social Care Charging Investigation
7.	Corporate & Customer Services	Assurances from 3rd Parties
8.	Corporate & Customer Services	Business Intelligence Continuity

- 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 October 2017, 51 cases had been referred to Audit.

**Table 3: Internal Audit Investigations Caseload**

Case Category	Description of activity or risk example	No.	Outcomes
<b>Direct Payments</b>	Concerns regarding misuse or fraud relating to a direct payment.	1	Investigation concluded & report issued.
<b>Concessionary Travel</b>	Misuse of travel passes	2	Closed – advice given.
		7	Closed – pass withdrawn.
		10	Closed – no fraud.
		1	Closed – no further action.
		1	Closed – passed to the D.W.P.
<b>Blue Badges</b>	Misuse of Blue Badges	10	Closed – badge withdrawn.
		11	Closed – no fraud.
<b>Investigations</b>	Fenland Association for Community Transport (FACT) Investigation	1	Ongoing investigation work.
	Social Care Charging Review	1	
	Conflicts of Interest Investigations	4	
<b>Schools financial</b>	Concerns regarding financial irregularities in schools	2	Site visits completed and reports issued with recommendations.
<b>Totals</b>		51	

## 2.2 WHISTLEBLOWING POLICY:

The revised Whistleblowing Policy was presented to the Council's Constitution and Ethics Committee on the 26<sup>th</sup> September, and to the Trade Unions on the 18<sup>th</sup> October 2017. The final policy is now available both on the Council's intranet, CamWeb, and the external website.

As part of the re-launch of CamWeb in November, a new intranet page is being created which will provide a central list of key corporate policies and procedures which staff need to be aware of; this is being developed by the Transformation Team and Communications Team in response to a previous Internal Audit recommendation. It has been agreed that the launch of the new intranet will be used to re-launch the new Whistleblowing Policy to staff, and a poster and leaflet on the policy have been developed by Internal Audit and will be shared around Council sites at the same time. The team is also working with Communications to develop awareness-raising posts to be shared with staff via the Daily Blog and directorate newsletters.

## Section 3

# 3 IMPLEMENTATION OF MANAGEMENT ACTIONS

- 3.1 The outstanding management actions as at the end of October 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, 85 actions have required follow up to the end of October; 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.
- 3.3 There are currently 21 management actions outstanding. Of the actions that are outstanding, 6 are dependent on the implementation of ERP Gold, and therefore have been delayed due to the go live date being pushed back. All six of these actions were due within the last three months.
- 3.4 A summary of the outstanding recommendations, and the current progress with implementing them, is provided in a table at Appendix B.

**Table 5: Outstanding Management Actions**

	Category 'Essential' recommendations		Category 'Important' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total
<b>Implemented</b>	5	6% (5%)	59	69% (57%)	64	75% (62%)
<b>Actions due within last 3 months, but not implemented</b>	1	2% (0%)	10	12% (24%)	11	13% (25%)

<b>Actions due over 3 months ago, but not implemented</b>	0	0% (0%)	10	12% (13%)	10	12% (13%)
<b>Totals</b>	6		79		85	

- 3.5 The outstanding 'essential' recommendation relates to developing clear governance arrangements for the Transformation programme, making it clear which body or bodies have responsibility for approval, scrutiny and monitoring of different elements of the Transformation programme. The Corporate Leadership Team has been leading on the process of developing transformation proposals, but governance arrangements have not yet been formalised.

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

### **A. CROSS-CUTTING (COUNCIL-WIDE)**

#### **A.1 Project Management Methodologies<sup>1</sup>**

As part of the 2017/18 Audit Plan, an audit was undertaken on the implementation of new project management methodologies at Cambridgeshire County Council (CCC). The background to the review was several project audits which highlighted weaknesses in project management at Cambridgeshire and identified a need for a council-wide methodology for project management to be developed, in order to provide staff working on projects with a clear process to follow, governance structures, and good practice guidance.

The audit has resulted in limited assurance being given over project management methodologies. New Council-wide project management methodologies, as recommended in previous audit reports, have not been developed. The control weaknesses around projects that were identified in those reports have therefore not been addressed and there is still a lack of comprehensive guidance to support project managers across the organisation. As a result, the Council remains exposed to an increased risk of project failure.

However, the limited assurance applies to the situation at the point of writing this report. In response to the audit findings, a meeting has been arranged to take place in December between representative of Internal Audit, the Transformation Team, the Business Intelligence service, and Finance. Internal Audit has committed to bring initial proposals for a project management process to this meeting, as a starting point for discussions. Consequently, there is a plan to address the lack of guidance, and the implementation of new methodologies will increase the level of assurance that can be given. Internal Audit will continue to be closely involved in the development and implementation of this guidance.

The Transformation Team has also started to use a new piece of project management software, which is expected to be rolled out to project managers across the Council. The aim of the software is to be a pipeline tool with a clear process for project managers to follow. It will be a single source of information on

---

<sup>1</sup> N.B. at the time of writing, this report is currently at final draft stage but is expected to be finalised by the point of Audit & Accounts Committee and consequently a summary has been provided.

projects being undertaken by the Council for officers, members and external partners. Recommendations to improve the effective use of this software, including the development of a roll-out and communications plan to ensure all relevant stakeholders are consulted, have also been agreed.

## **A.2 Capital Programme Assurance**

A review of project management within the Council's capital programme was undertaken as part of the 2017/18 Audit Plan. This review was requested by the Audit & Accounts Committee as an outcome of the review of the Ely Archives project. The aim of this review was to establish whether the issues identified in that project are found throughout the capital programme, and to give an overall level of assurance of the Council's capital programme as a whole.

Based on the completion of our fieldwork we are giving satisfactory assurance over Capital Programme Project Management. The nature of capital schemes, which are often of a lengthy duration, means that many projects currently included in the programme were initiated several years ago and controls currently in place, such as the investment appraisal, have not been retrospectively applied to these schemes. Consequently, there is a risk that schemes continue to be included in the Capital Programme even if they no longer represent value for money for the Council or no longer fit with the Council's strategic priorities. It has been agreed that the Capital Programme Board will re-launch the new Business Case template and capital process, which will include a process for review of ongoing schemes.

The corporate project management guidance currently in place is limited and not up to date, and there is no guidance relating specifically to capital projects. Individual teams therefore follow their own project management practice. Project management methodologies are the subject of a separate audit review (see above), and as part of the Internal Audit follow-up of actions from this review, it will be ensured that new project management guidance meets the needs of the capital project process.

An audit review of the Education Capital Programme has also recently been completed, which gave an opinion of good assurance over the control environment, and satisfactory assurance over compliance. This is consistent with the findings of this review, as several areas of good practice have been identified in education capital projects, including centralised storage of documentation and milestones to be signed off at key stages in the project. As one of the recommendations from this review, Capital Programme Board will consider whether it may be feasible to also apply this good practice to the rest of the capital programme.

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

### **B.1 Governance of Financial Assessments**

When a service user is assessed to be eligible for care and support services, a financial assessment will be completed to establish how much they will need to pay towards their support, per week. This is called the 'client contribution'. In 2016/17, total client contributions received by the authority amounted to £20,674,569, with the average income per week per contributing client at £111.23. A review was included in the 2017/18 Audit Plan, to provide assurance that all service users receive a thorough and accurate financial assessment to determine their contribution.

Based on the completion of our fieldwork, we are giving satisfactory assurance over the control environment and compliance with Financial Assessment procedures at Cambridgeshire County Council. A key issue identified was the current lack of procedures for staff to follow in cases of possible fraud or financial abuse, or to assist them in identifying these issues. The risk is that the service users could be suffering from financial abuse and the Local Authority could be losing out on significant amounts of money from unpaid care fees. A number of recommendations to address this have been agreed, including training members of the Financial Assessment team in the safeguarding referral process; developing a checklist for all cases where suspected fraud or safeguarding issues have been identified; and ensuring that the invoicing process during a safeguarding investigation does not result in a large back-dated invoice being received by the service user.

Further recommendations were also issued, including introducing a clear system to record monitoring checks on cases, to ensure that there is no duplication of effort.

## **5. OTHER AUDIT ACTIVITY**

### **5.1 NHS DIGITAL AUDIT**

Internal Audit has provided support to the NHS Digital Audit of Cambridgeshire County Council in October. NHS Digital is the Government body responsible for health and social care data in England, and CCC has both a Data Sharing Framework Contract with NHS Digital as well as a Data Sharing Agreement for Hospital Episode Statistics data. In September, CCC were notified that NHS Digital would be undertaking an audit of the CCC policies and processes which underpin these agreements, most of which are related to IT or information governance.

Internal Audit met with the auditors and provided information relating to the Council's audit and risk management procedures. The draft findings of the audit noted Cambridgeshire's audit and risk processes and risk documentation as good practice.

### **5.2 SUPPORT TO QUALITY GOVERNANCE & PRACTICE DEVELOPMENT TEAM**

Internal Audit has been providing advice and support to the Quality Governance and Practice Development team within People & Communities. This team has been requested to undertake a series of thematic audits of adults' case files, to identify any areas where practice can be improved within the Directorate.

Internal Audit has been working with the team to provide advice in scoping and developing individual audits, and it has been agreed that Audit will provide further training to the team particularly around identifying risks and controls and developing terms of reference for reviews.

### **5.3 INFORMATION MANAGEMENT BOARD**

Internal Audit is now in attendance at the Council's quarterly Information Management Board meetings. This arrangement will enable Audit to provide advice to the Board, as well as ensuring that Audit is kept informed about emerging risks and issues relating to information governance, data protection and information security.

#### **5.4 PRESSURES ON THE INTERNAL AUDIT PLAN**

The Internal Audit Plan has been revised in line with the changes agreed at the previous meeting of the Audit & Accounts Committee on the 19<sup>th</sup> September.

As previously reported, the time needed to support the PKF Community Transport Investigation has been much higher than initially expected. The decision for Internal Audit to provide the liaison and document recovery role was determined to be most cost-effective for the Council, as the LGSS Internal Audit. A daily rate is approximately the same as the PKF hourly rate.

Due to the high time pressure created by providing support to the Community Transport Investigation, the Audit Plan is currently at capacity, and with the adjustments already made it will not be possible to cancel further audits without undermining the plan's coverage.

In accordance with best practice the Audit Plan should be flexible in reacting to changing risks emerging across the Council. Consequently, while the Internal Audit Plan continues to be re-assessed and updated in line with current risks facing the organisation, any further additions to the plan are likely to require additional funding.

Past experience indicates that the request for additional work already received recently from the People & Communities Directorate, who are requesting a review of NHS Continuing Healthcare, will not be the only request before 1<sup>st</sup> April. Additional funding may also be required for a review of the Cambridgeshire Housing & Investment Company, and to support the procurement project which has recently been initiated as a result of the Interim Report into the Community Transport Investigation.

It is currently estimated that around 20 days work will be required to support these pieces of work. At the agreed daily rate of £400, this would require CCC funding for £8,000. Once the extent of this work is apparent, the reviews will be scoped and a proposal for funding will be submitted to the Executive Director, s151 Officer and/or Chief Executive, as appropriate.

The plan remains under review and wherever possible risk-assessed, to replace any lower risk work with urgent request as opposed to applying a fee / requesting funding.

#### **5.5 ZURICH RISK MANAGEMENT HEALTH CHECK & BENCHMARKING REVIEW**

A proposal has been put forward for the Council's insurers, Zurich, to conduct a risk management health check and benchmarking review across each of the three

LGSS partner Councils. This would include a desktop review of key documents, interviews with senior managers, and a full report providing insight into the effectiveness of risk management at each organisation and insights on developing common risk management approaches. It would also include meetings with the project sponsors and senior management team at each organisation to share the output from the review and provide an update on the risk management approach in place. This service would be offered at no extra cost, as part of the service provided by Zurich.

SMT is requested to approve the uptake of this service.

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	
European Union (EU) Procurement Regulations - Compliance	Open	2	
Review of Procurement - Compliance – Quarter 1	Complete	1	2
Review of Procurement - Compliance – Quarter 3	Draft	3	
Overtime & Enhancements in Children Families Adults	Draft	1	
Members Travel & Subsistence	Open	2	
Procurement Exemptions Compliance	Open	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	Complete	1	2
Project Assurance – Looked after Children (LAC) Property Project	Complete	1	2
Project Assurance - CPSN	Complete	1	3
Project Assurance - Energy Efficiency Fund	Complete	1	2
Project Assurance - Citizen First, Digital First	Complete	1	3
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	Complete	1	3
Capital Programme Board	Open	1	
Commercial Board	Open	1	
Key Performance Indicators	Open	3	
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	Draft	2	
Whistleblowing Policy & Compliance	Open	1	
<b>People &amp; Communities Directorate</b>			
Governance of Financial Assessments	Complete	1	3
Traded Services - Cost Recovery	Open	2	
Deprivations of Liberty	Open	2	
Safe Recruitment	Draft	1	
Multi Agency Safeguarding Hub (MASH)	Not started	3	
Joint Safeguarding Board Arrangements	Not started	3	
Deputyships	Open	2	
Direct Payments - Compliance	Open	2	
Troubled Families Grant	Ongoing	All year	N/A
Commissioning Board	Not started	2	
Schools Payroll & Safe Recruitment	Open	2	
Disabled Facilities Grant 16/17	Complete	1	1
Disabled Facilities Grant 17/18	Complete	3	3
<b>Economy, Transport &amp; Environment Directorate</b>			
Other Grants To Be Identified (Contingency)	Ongoing	All year	N/A
Highways Contract Management Arrangements	Open	3	
Highways Contract Open Book Reviews	Ongoing	All year	N/A
Street Lighting Private Finance Initiative (PFI)	Open	1	
Waste PFI Contract	Not started	2	
Local Transport Capital Block Funding	Complete	1	3
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>			
Business Intelligence Continuity	Draft	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	3	
CCC Debt Recovery	Not started	3	
<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	Complete	1	3
ERP System IT Controls	Open	3	
Assurances from 3rd Parties	Draft	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	
Declarations of Interest Investigation	Open	3	
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



APPENDIX B

## Summary of Outstanding Recommendations

Audit	Risk level	Summary of Recommendation	Target Date	Status
Debt Recovery	M	<b>Outstanding Debt Collection Procedures</b> Following the introduction of ERP Gold the following will be considered: - Producing reports and Key Performance Indicators (KPIs) in relation to information recorded on Notes. - Writing off account balances rather than individual transactions (if consistent with Financial Regulations).	31/08/17	This has been delayed due to timescales for ERP Gold being put back. The Debt team is now looking into making changes to the system before go live.  <b>Revised target date: end December 2017.</b>
	M	<b>Policies and Procedures</b> Consideration should be given to developing a debt prevention strategy to be incorporated into the LGSS Collections Strategy and would set out the Council's approach to preventing debt e.g. through the promotion of direct debit, deferred payment, interest charges etc.	01/10/17	Internal Audit has been informed that debt prevention is part of the LGSS Collections Strategy, but has not yet seen documentation.  <b>Awaiting documentation.</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.	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. A project is underway to put the required IT systems in place.  <b>Revised target date: end November 2017.</b>
Domiciliary Care	M	<b>Centralised System for Monitoring Missed Calls</b> Regular centralised monitoring of missed calls on AFM (adult social care system) should be introduced, to identify any patterns. This should include cross-referencing to the Council's Soft	08/05/17	New guidance on soft concerns/ notification of concern is being created. This will include recording short, late or missed calls, and a prompt to notify finance when calls are missed.

		Concerns Record.		<b>Revised target date: end November 2017.</b> See above.
	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 Project)</b>	M	<b>Governance Arrangements and Benefits</b> Complete the final versions of the Business Case, Project Initiation Document and Terms of Reference for the Project Board, and have these signed off by the Project Board. Include the expected benefits of the project, defined in a way that is measurable and with expected timescales.	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.  <b>Revised target date: end December 2017.</b>
	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 – to be confirmed end December 2017.</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 – to be confirmed end December 2017.</b> Internal Audit is monitoring progress on this project through Board documentation.

<b>Client Contributions</b>		<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 further action should take place.	3 0/04/17	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 to be completed in October.  <b>Revised target date: end October 2017.</b>
		<b>Charging of Client Contributions (2)</b> The introduction of Mosaic will potentially reduce the number of manual invoices being raised. Service administration teams are responsible for completing transaction checking to detect where committed income is not being invoiced for.	3 1/08/17	This will be dependent on the reports that can be run from Mosaic and the interface between Mosaic and ERP Gold. Finance will continue to check this, but won't know how this will be done until further in the development of Mosaic.  <b>Revised target date: end April 2018.</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 General Purposes Committee (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	Work is being done between Financial Assessments and Business Intelligence to include direct debit information on the finance dashboard.  <b>Revised target date: end October 2017.</b>
	M	<b>Deferred Payment Agreements</b> It will become mandatory for all new employees involved with deferred payments to undertake Care Act management training. These sessions will be provided once a quarter.	30/09/17	Development of training has started, but there have been some delays due to lack of capacity in the team.  <b>Revised target date: end November 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	30/11/16	The roadmap for the Civa Icon project will include prioritisation for transforming services

		transactions by payment method, there should be a clear prioritisation for transforming services, based on the anticipated savings from transformation.		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>
		<b>Lack of Budget Holder oversight of costs</b> Once work to develop an understanding of the costs of processing transactions has been completed, 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.	3 0/09/16	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>		<b>Asset management policies and procedures</b> As part of the new ERP Gold system there is a plan to create a "Resource Master File". Amongst other pieces of functionality this will record when a new/moving staff member is issued a piece of IT equipment. When a staff member who is on the system leaves their post their manager will be sent a reminder to recover the IT asset.	3 0/09/17	This has been delayed due to the go live date for ERP Gold being pushed back.  <b>Revised target date: end May 2018.</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	An outline of the Commercial Development Programme went to Commercial Board in September. More work to develop the programme is required.  <b>Awaiting revised target date.</b>
<b>Transformation Programme</b>	H	<b>Governance Roles</b> Work to clarify the roles of Corporate Leadership	31/07/17	CLT has been leading on the process of developing transformation proposals. New

<b>Benefits Realisation</b>		Team (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 have not yet been formalised.  <b>Awaiting revised target date.</b>
<b>Section 106</b>		<b>Section 106 Monitoring system records</b> Following the introduction of a new S106 monitoring system, every scheme should be subject to detailed review to establish that all of the information relating to each scheme is complete and accurate.	3 0/09/17	This is dependent on procurement of the new monitoring system, which has been delayed. The system will need to link to ERP Gold for income monitoring, so this recommendation cannot be implemented until ERP Gold has gone live.  <b>Revised target date: end April 2017.</b>
	M	<b>S106 Master spreadsheet</b> Spend is already updated monthly on the monitoring spreadsheet. Once ERP Gold is implemented spend will be updated more regularly on the system, however a large proportion will still be allocated at year end.	30/09/17	This has not been completed due to delays in implementation of ERP Gold.  <b>Revised target date: end April 2017.</b>
<b>Energy Efficiency Fund</b>	M	<b>Prioritising Projects</b> The pipeline strategy referred to in the Commercial and Investment Committee paper should be implemented as soon as possible. Responsibility for approving/declining projects throughout the pipeline process should be clearly defined as part of the governance procedures.	31/08/17	A revised business case template has been developed. Awaiting further information on development of the pipeline strategy.  <b>Awaiting documentation.</b>



**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING 30<sup>TH</sup> SEPTEMBER 2017**

**To:** Audit & Accounts Committee

**Date:** 21<sup>st</sup> November 2017

**From:** Chief Finance Officer

**Electoral division(s):** All

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

**Purpose:** To present financial and performance information to assess progress in delivering the Council's Business Plan. The report is headed up as a draft report in case the final version due to go to the General Purposes Committee later in the month (28<sup>th</sup> November) changes from this version.

**Recommendations:** The Committee is asked to note the following recommendations to General Purposes Committee on 28<sup>th</sup> November 2017:

- a) Analyse resources and performance information and note any remedial action currently being taken and consider if any further remedial action is required.
- b) Approve the changes to capital funding requirements as set out in Section 7.7.
- c) Approve an additional £66k of prudential borrowing in future years for the Ely Archives project, as set out in section 7.8.
- d) Approve the allocation of the £316,518 School Improvement Grant to People and Communities so it can be used for its intended purpose, as set out in section 8.1.

<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 around outcomes, its forecast financial position at year-end and its key activity data for care budgets.

DRAFT

## Outcomes

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

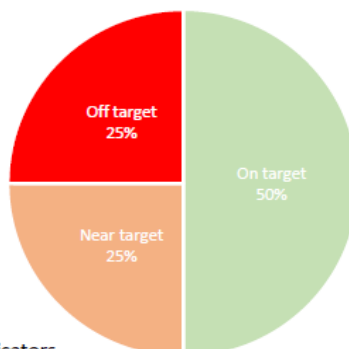
Older people live well independently



4 indicators

Stayed the same

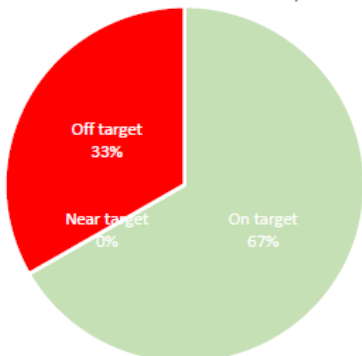
People with disabilities live well independently



4 indicators

Stayed the same

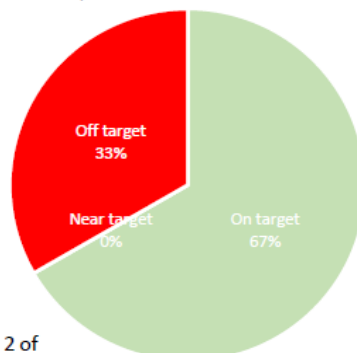
Adults and children are kept safe



6 indicators

Stayed the same

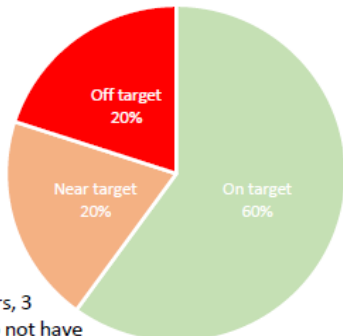
People live in a safe environment



5 indicators, 2 of which do not have targets

Stayed the same

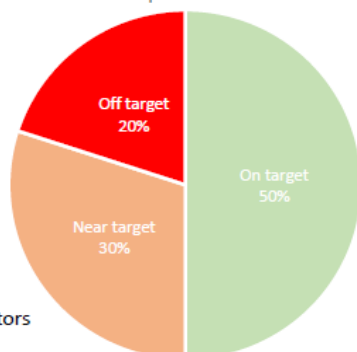
The Cambridgeshire economy prospers to the benefit of all residents



13 indicators, 3 of which do not have targets

Change in indicators

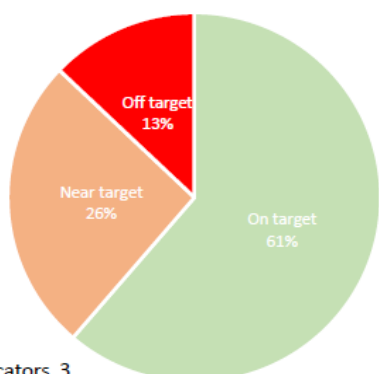
Places that work with children help them to reach their potential



10 indicators

Stayed the same

People lead a healthy lifestyle and stay healthy for longer



34 indicators, 3 of which do not have target

Improving

Our Transformation Programme is on track	Sustain a high performing, talented, engaged and resilient workforce
<p>24 Early ideas ↑</p> <p>113 Business cases in development ↑</p> <p>24 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>As of the end of August 2017 we had lost 7.40 days on average per staff member to sickness during the last 12 months.</p>

### Revenue budget forecast

+£4.8m (1.4%)  
variance at end of  
year

RED

This is the  
same position  
as last month.

### Capital programme forecast

£0 (0%) variance  
at end of year

GREEN

Residual risk score	Green	Amber	Red
Number of risks	0	8	1

## Number of service users supported by key care budgets

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

	Sep-17	Trend since Apr-17
Nursing	329	↑
Residential	724	↑
Community	2072	↔

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

	Sep-17	Trend since Apr-17
Nursing	26	↔
Residential	313	↑
Community	1908	↔

### Children open to social care

	Sep-17	Trend since Apr-17
Looked after children	695	↑
Child protection	547	↓
Children in need	2271	↑

## Public Engagement

	Sep-17	Trend since Aug-17
Contact Centre Engagement	16,245 Phone Calls	↑
	4,178 Other	↓
Website Engagement (cambridgeshire.gov.uk)	151,488 Users	↑
	235,537 Sessions	↑

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

Please note, all direction of travel arrows included reflect a numerical increase rather than a reflection of change in performance or outcome.

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

- The overall revenue budget position is showing a forecast year-end pressure of +£4.8m (+1.4%), an increase of £38k on the forecast pressure reported in August; there have been increases in People and Communities (P&C), offset by improvements in the forecast for Economy Transport and Environment (ETE), Public Health and the forecast costs of treasury management (delaying costs of borrowing by using internally available cash). See section 3 for details.
- The Capital Programme is forecasting a balanced budget at year end. This includes use of £6.9m (25%) of the capital programme variations budget. See section 6 for details.

### 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 (August) £000	Forecast Variance (September) £000	Forecast Variance (September) %	Overall Status	DoT
38,682	ETE	40,192	50	-290	-0.7%	Green	↑
237,311	People & Communities	237,575	3,739	4,388	1.8%	Red	↓
200	Public Health	386	0	-96	-24.9%	Green	↑
15,542	Corporate Services	6,015	336	336	5.6%	Amber	↔
6,500	LGSS Managed	13,560	34	233	1.7%	Amber	↓
2,702	Commercial & Investment	1,564	269	245	15.7%	Amber	↑
22,803	CS Financing	22,803	750	400	1.8%	Amber	↑
<b>323,740</b>	<b>Service Net Spending</b>	<b>322,095</b>	<b>5,178</b>	<b>5,216</b>	<b>1.6%</b>	<b>Red</b>	<b>↓</b>
24,377	Funding Items	23,305	-405	-405	-1.7%	Green	↔
<b>348,117</b>	<b>Total Net Spending</b>	<b>345,400</b>	<b>4,773</b>	<b>4,811</b>	<b>1.4%</b>	<b>Red</b>	<b>↓</b>
	<b>Memorandum items:</b>						
7,746	LGSS Operational	9,473	70	90	1.0%	Amber	↓
212,873	Schools	212,873					
<b>568,736</b>	<b>Total Spending 2017/18</b>	<b>567,746</b>					

- <sup>1</sup> 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.
- <sup>2</sup> For budget virements between Services throughout the year, please see [Appendix 1](#).
- <sup>3</sup> 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.
- <sup>4</sup> 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, with looked after numbers in particular reaching a high level (following the national trend), savings of £28.3m are on track against a target for 2017-18 of £33.4m, with additional 'funnel' savings that exceed business planning targets.

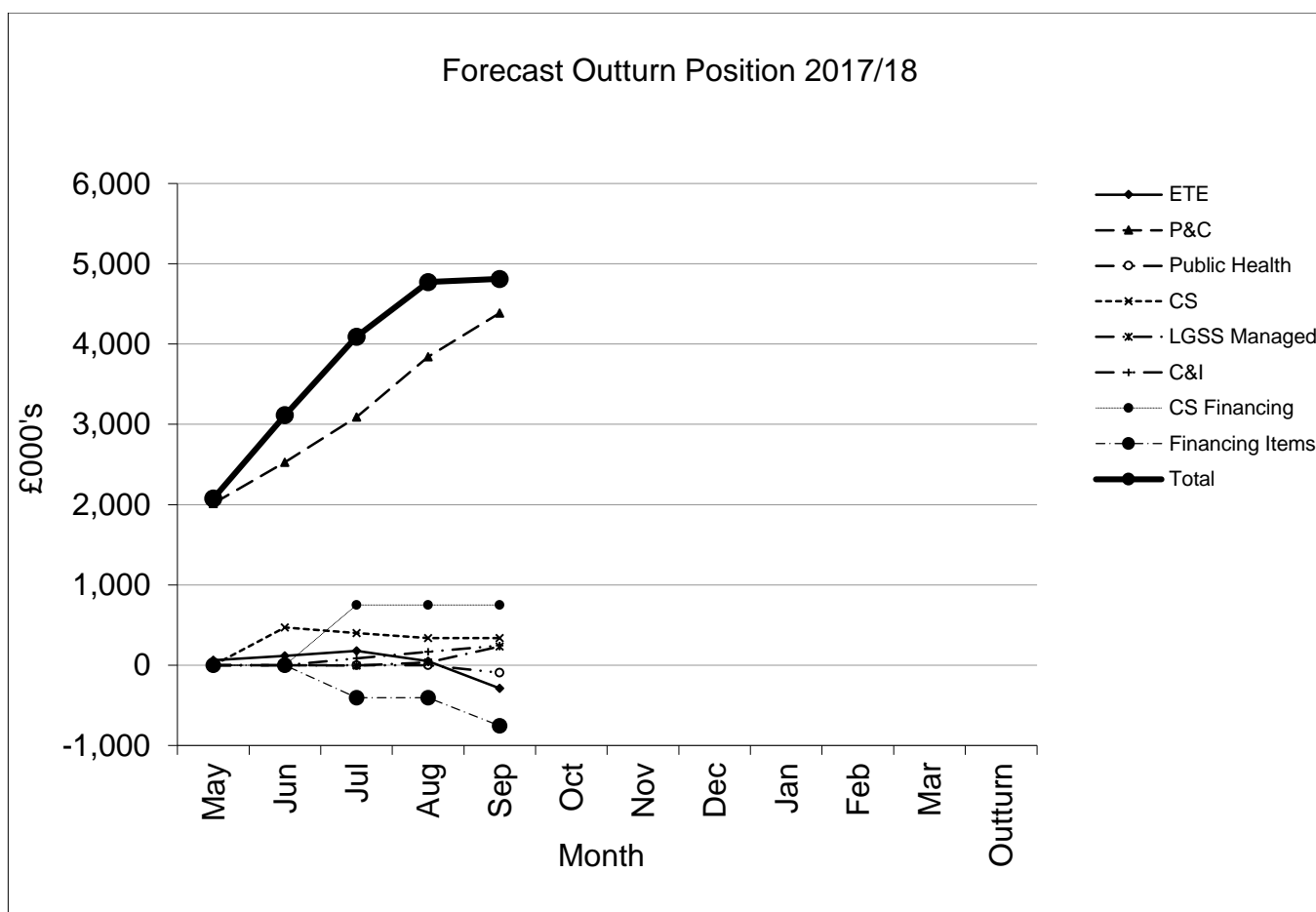
3.1.2 Across the Council, the strategic management team is directing a proactive response through financial management and transformation activity to address the predicted deficit.

The response to the pressures arising includes:

- increasing savings achievable from contractual efficiencies, as part of the rolling procurement review capability, now established and overseen by the Commercial Board.
- bringing forward savings, efficiencies and income maximisation identified for future years where this is possible on a department-by-department basis
- maximising grant income and retention with appropriate application to current pressures
- review of earmarked and held funds and releasing these where no longer required
- benefitting from opportunities for reduced cost or additional income through collaboration across partners.

The table below lists initiatives of this kind that have been costed to date:

Directorate	Proactive financial management and transformation measures	£000
<b>P&amp;C</b>	In year opportunities for contractual efficiencies, commercial review programme	-373
	Review of grant funding and application to demand pressures & priorities	-717
	Review of vacancy level forecasts, reflecting local recruitment challenges within year	-350
	Review of funds held for demand peaks and applied to demand pressures	-132
	Savings activity brought forward from future years	-433
<b>ETE</b>	Contract monitoring and enforcement activity to recover funds due to CCC	-624
	One off added income levels from traffic orders, highways services & development	-537
	Savings activity brought forward from future years	-400
<b>Corporate</b>	Balance sheet review of earmarked reserves & lower borrowing impact	-971
	Maximising income through local government collaboration (incl business rates growth)	-555



3.1.3 The Council has enhanced its financial reporting processes in recent months as the level of budgetary challenge has continued to increase. The outlook for demand services remains a risk as services prepare for the winter months - service management teams are planning responses that nonetheless improve the financial position in that context.

The Council has significant budget flexibility to respond to these risks and uncertainties. In addition to the measures already identified and listed in section 3.1.2, SMT has identified significant one-off mitigation in the following areas which will be released in a planned way to respond to and smooth resource needs in the remainder of the financial year, while delivering an improved outturn, compared to the pressures currently reported.

Grant and funding review	<p>There is significant potential to re-prioritise grant funded activity, especially in response to Adults Services pressures as these emerge in winter at a local level, in collaboration with the NHS.</p> <p>This is part of a planned approach across at least the next 2 years.</p>
Balance sheet & financial provision review	<p>There are opportunities to review and release funds previously held for specific risks or uncertainties that can be re-directed in the current context. This forms a regular and routine part of financial and management activity.</p>
Commercial income	<p>As the remit of the Commercial and Investment Committee widens, we view that there are opportunities for an improved position reported by traded and shared services in the remainder of the year.</p>
Workforce	<p>Vacancy and recruitment review activity will continue to forecast financial impacts and deploy existing workforce to key priorities.</p>

3.2 Key exceptions this month are identified below.

3.2.1 **Economy, Transport and Environment:** -£0.290m (-0.7%) underspend is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li> <b>Street Lighting</b> – a -£384k underspend is forecast for year-end. This is due to the higher number of deductions for performance failures than expected which were made in line with the PFI contract which relate to adjustments due under the contract Payment Mechanism regarding performance. Deductions are made for a number of reasons including the lighting performance; cleaning; scheduled change of lamps, painting, inspection and testing; also deductions for the number of faults which have exceeded the maximum response period as set out in the contract. </li> </ul>	-0.384	(-4%)
<ul style="list-style-type: none"> <li>For full and previously reported details see the <a href="#">ETE Finance &amp; Performance Report</a>.</li> </ul>		

3.2.2 **People & Communities:** +£4.388m (+1.8%) pressure 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 3](#) to this report.**

	£m	%
<ul style="list-style-type: none"> <li> <b>Learning Disability Partnership</b> – a +£945K pressure is forecast, which is an increase of £317k on the pressure previously reported in August. This is mainly due to reduced slippage on staffing costs following transformation of the service that has seen vacant posts deleted and the management structure streamlined. Staffing cover for vacancies and other absences are being reviewed to ensure efficiency in line with Care Quality Commission standards. The Learning Disability Partnership is expected to deliver a further £2.8m of savings for the remainder of the year. </li> </ul>	+0.945	(+3%)
<ul style="list-style-type: none"> <li> <b>Strategic Management – Children &amp; Safeguarding</b> – a £686k pressure is forecast. This is an improvement of £401k on the position previously reported in May. This is largely due to a positive revision of the vacancy savings forecast and the pressure on the business support budget being managed in year by holding posts vacant. </li> </ul>	+0.686	(+28%)
<ul style="list-style-type: none"> <li> <b>SEN Placements</b> – a £500k pressure is forecast. There has been an increase since the beginning of this academic year in the number of children and young people placed in 52 week residential placements. This budget pays for the educational element of those placements and is funded from the Dedicated Schools Grant (DSG). It is the aim that any pressures on DSG </li> </ul>	+0.500	(+6%)

funded services will be managed from within the overall available DSG for 2017/18.

- Looked After Children Transport** – a £250k pressure is forecast. Due to the overall increase in Looked after Children, this has meant more children are requiring Home to School Transport, with an average of 20 additional children being transported each month compared to this point in 16/17. In addition, the distances travelled to school have also increased with volunteer drivers covering an additional 37,500 miles compared to the same point last year.
 

+0.250	(+22%)
--------	--------
- Financing DSG** – a -£662k variance is forecast for year end, which is a movement of -£390k on the position previously reported in August. This represents the amount that will be drawn down from the DSG reserve in excess of what was budgeted to cover pressures in DSG-funded areas. These pressures are: SEN Placements (£500k); Commissioning Services (£100k); Early Years Specialist Support (£44k); SEND Specialist Services (£48k); offset slightly with savings within Early Help District Delivery Service (-£30k).
 

-0.662	(-2%)
--------	-------
- For full and previously reported details see the [P&C Finance & Performance Report](#).

3.2.3 **Public Health:** a -£0.096m (-24.9%) underspend 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:** +£0.336m (+5.3%) pressure is forecast. 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:** +£0.233m (+1.7%) pressure is forecast.

- |   | £m     | %      |  |  |
|---|--------|--------|--|--|
| <ul style="list-style-type: none"> <li> <b>IT Managed</b> – a pressure of £418k is forecast, which is mainly due to the revenue impact of the Corporate Software Infrastructure re-procurement. The requirement to switch to a subscription charging basis will result in a revenue cost in 2017/18, as previously agreed by GPC. In the past, the Council would have purchased a three year agreement with capital funding, and a capital budget of £500k was set in 2017/18 to buy out the licences at the end of the contract, which will not be required.               <table border="0" style="float: right; margin-top: -40px;"> <tr> <td style="text-align: right;">+0.418</td> <td style="text-align: right;">(+18%)</td> </tr> </table> </li> <li>For full and previously reported details see the <a href="#">CS &amp; LGSS Finance &amp; Performance Report</a>.</li> </ul> | +0.418 | (+18%) |  |  |
| +0.418  | (+18%) |        |  |  |

3.2.6 **CS Financing:** +£0.400m (1.8%) pressure is forecast at year-end.

- |  | £m     | %     |
|--|--------|-------|
| <ul style="list-style-type: none"> <li>• <b>Minimum Revenue Provision</b> – an underspend of £350k is forecast. The Council is required to repay an element of the accumulated General Fund capital spend each year through a revenue charge (the Minimum Revenue Provision - MRP). Following analysis of capital schemes completed in 2016/17 and how they were funded, the MRP payment for 2017/18 has been amended. The Council was able to use funding it was holding as the accountable body for other organisations to fund £53m of capital expenditure, rather than using Prudential Borrowing. This has delayed the MRP payment for these schemes until we take out Prudential Borrowing to repay the funding used.</li> </ul> | -0.350 | (-3%) |
| <ul style="list-style-type: none"> <li>• For full and previously reported details see the <a href="#">CS &amp; LGSS Finance &amp; Performance Report</a>.</li> </ul>   |        |       |

3.2.7 **Commercial & Investment:** +£0.245m (+15.7%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance & Performance Report](#).

3.2.8 **LGSS Operational:** +£0.090m (+1.0%) pressure is forecast. 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](#).

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

#### 4. SAVINGS TRACKER

4.1 The “Savings Tracker” report – a tool for summarising delivery of savings – is made available at Committee on a quarterly basis. The Savings Tracker as at mid-October is included as Appendix 4 to this report.

4.2 Within the tracker the forecast is shown against the original saving approved as part of the 2017-18 Business Planning process. Currently, the Council is on track to deliver £27.6m of savings against its original plan. Green rated savings total £21.7m exceeding the target for these initiatives.

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

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

GREEN			AMBER			RED			Total Original	Total Variance
Number of Savings	Total Original Savings £000	Total Variance £000	Number of Savings	Total Original Savings £000	Total Variance £000	Number of Savings	Total Original Savings £000	Total Variance £000		
	£0	£0		£0	£0		£0	£0	£0	£0
79	-21,261	-445	2	-302	47	32	-11,801	6,149	-33,364	5,751

The stretched targets for existing savings and additional savings identified within the funnel are supporting delivery of a further £2,348k in addition to the amounts shown above. For several proposals, due to delays or difficulties in recruiting, the delivery of savings may slip into the latter part of the year and in some cases into 2018/19.

## 5. KEY ACTIVITY DATA

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

## 6. PERFORMANCE AND RISK

- 6.1 The work to review all indicators and report exceptions against these is still ongoing; once all Service Committees have reviewed their indicators, exceptions will be reported to GPC.
- 6.2 The master file of performance indicators is available [here](#), while the latest Corporate Risk Register can be found [here](#).

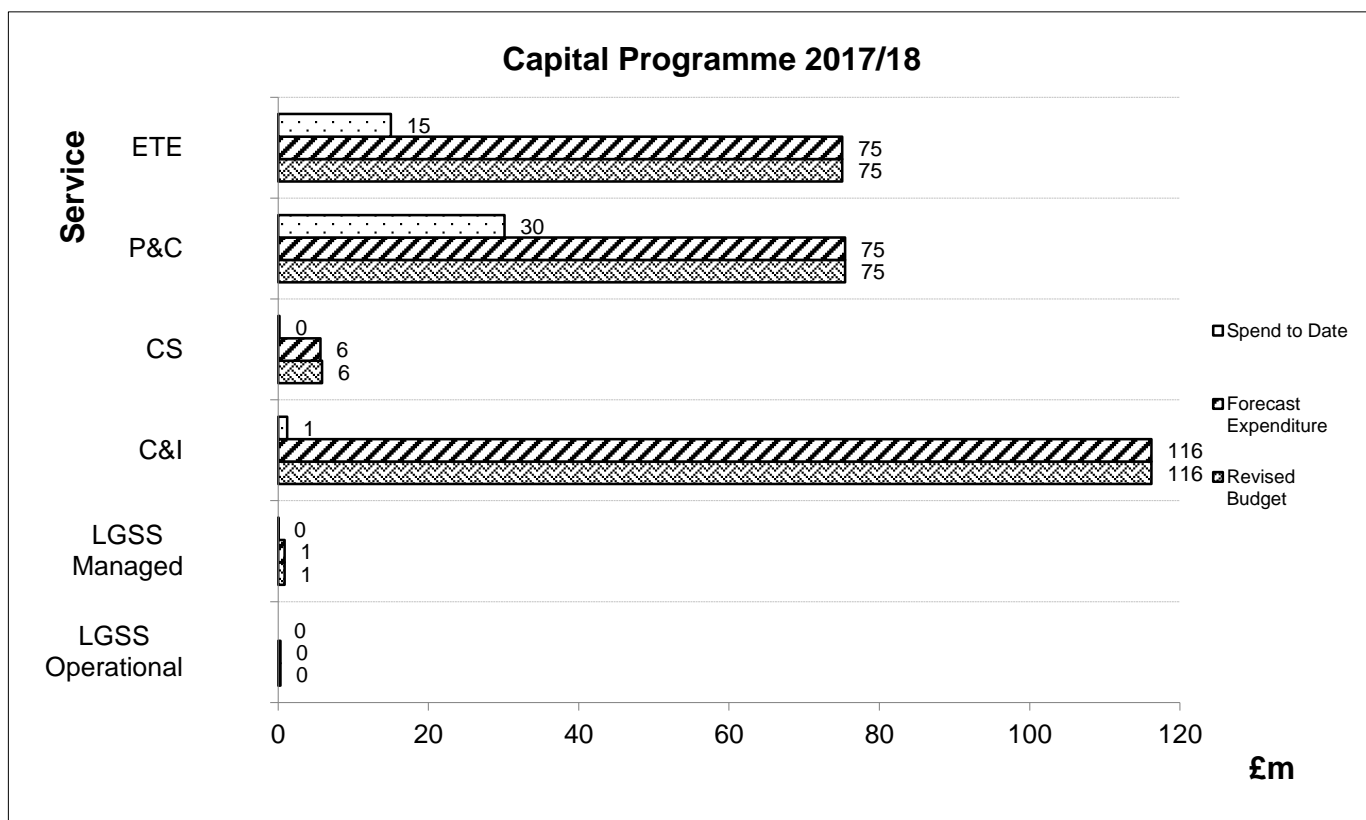
## 7. CAPITAL PROGRAMME

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

2017/18						TOTAL SCHEME	
Original 2017/18 Budget as per Business Plan £000	Service	Revised Budget for 2017/18 £000	Forecast Variance - Outturn (August) £000	Forecast Variance - Outturn (Sept) £000	Forecast Variance - Outturn (Sept) %	Total Scheme Revised Budget (Sept) £000	Total Scheme Forecast Variance (Sept) £000
66,263	ETE	75,760	-	-	0.0%	432,267	161
77,408	P&C	75,442	-0	0	0.0%	575,941	14,261
5,489	CS & Transformation	5,612	-237	-567	-10.1%	11,743	-
160	LGSS Managed	851	-	-	0.0%	9,755	-495
116,476	C&I	116,208	-	-	0.0%	218,059	-290
100	LGSS Operational	488	-	-	0.0%	1,595	-
-	Outturn adjustment	-	237	567	-	-	-
265,896	<b>Total Spending</b>	274,361	0	0	-10.1%	1,249,360	13,637

### Notes:

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



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

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

2017/18					
Service	Capital Programme Variations Budget	Forecast Variance - Outturn (Sept)	Capital Programme Variations Budget Used	Capital Programme Variations Budget Used	Revised Forecast Variance - Outturn (Sept)
	£000	£000	£000	%	£000
ETE	-15,234	-3,816	3,816	25.05%	0
P&C	-10,305	-759	759	7.36%	0
CS & Transformation	-279	-846	279	100.00%	-567
LGSS Managed	-643	-568	568	88.34%	0
C&I	-1,000	-905	905	90.50%	0
LGSS Operational	-20	0	0	0.00%	0
Outturn adjustment	-	-	567	-	567
<b>Total Spending</b>	<b>-27,481</b>	<b>-6,894</b>	<b>6,894</b>	<b>25.09%</b>	<b>0</b>

7.3 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.

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

7.4.1 **Economy, Transport and Environment:** a balanced budget is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li> <b>Cycling Schemes</b> – an in-year underspend of £3.0m is forecast across cycling schemes and is caused by delayed spend on the below schemes: <ul style="list-style-type: none"> <li>Abbey Chesterton Bridge: £1.9m of spend was planned for 2017/18, but is now expected to be £0.3m. This is due to a delay in planning permission being granted, which has led to the construction start date slipping from late 2017 to March 2018.</li> <li>Cambridge Cycling Infrastructure: £1.6m of spend was planned for 2017/18, but is now expected to be £0.2m due to public consultation and scheme development work being extended on some of the larger schemes. This scheme is funded by S106 and therefore the funding is not time-limited.</li> </ul> </li> </ul>	-3.0	(-59%)
<ul style="list-style-type: none"> <li> <b>ETE Capital Variation</b> – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. Therefore the net £3.8m underspend is balanced by use of the capital variation budget, this is an increase of £2.9m on the use of variations budget reported last month and relates to the underspend on cycling schemes. </li> </ul>	+3.8	(+25%)
<ul style="list-style-type: none"> <li>For full and previously reported details see the <a href="#">ETE Finance &amp; Performance Report</a>.</li> </ul>		

7.4.2 **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 -£1.8m is forecast, which is an increase of -£0.3m on the underspend previously reported in July. This is mainly due to slippage on the Histon Additional Places scheme, which is now due to start in January 2018 rather than December 2017 because of delays in the planning application being approved. Wintringham Park has also incurred £52k slippage due to design work not progressing as anticipated. </li> </ul>	-1.8	(-5%)
<ul style="list-style-type: none"> <li>For full and previously reported details see the <a href="#">P&amp;C Finance &amp; Performance Report</a>.</li> </ul>		

7.4.3 **Corporate Services:** a -£0.6m (-10.1%) 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>Mosaic</b> – an in-year underspend of £0.3m is forecast. The costs of the scheme have been scrutinised and this analysis has resulted in an increase in projected revenue spend, and a decrease in capital. The capital scheme budget was predicted to underspend by £680k in 2017/18. Of this underspend, £350k represents a reduction in the expected final cost of the project, leading to a predicted underspend against the total scheme budget. However, it has been determined that £350k of Mosaic revenue costs can be classified as transformation work and are therefore eligible to be charged to capital and funded from capital receipts in 2017/18 under the government directive for the flexible use of capital receipts. This adjustment will remove a pressure on the Mosaic revenue budget, bringing revenue costs within budget and lead to an overall balanced budget for the capital scheme.</li> </ul>	-0.3	(-14%)

The remaining £330k of the £680k underspend represents slippage due to delays in implementation whilst the scheme was reviewed, and this funding will be required for planned spending in 2018/19.

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

7.4.4 **LGSS Managed:** a balanced budget is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> <li><b>Microsoft Enterprise Agreement</b> – an underspend of £0.5m is forecast, as the Council is changing to a subscription charging basis for the Corporate Software Infrastructure re-procurement as approved by GPC, which will be funded from revenue, as opposed to the previous arrangement of purchasing a three year agreement, which was capitalised.</li> </ul>	-0.5	(-100%)
<ul style="list-style-type: none"> <li><b>LGSS Managed Capital Variation</b> – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. Therefore the net £0.5m underspend is balanced by use of the capital variation budget.</li> </ul>	+0.5	(+87%)
<ul style="list-style-type: none"> <li>For full and previously reported details see the <a href="#">CS &amp; LGSS Finance &amp; Performance Report</a>.</li> </ul>		

7.4.5 **Commercial & Investment:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance & Performance Report](#).

7.4.6 **LGSS Operational:** a balanced budget 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](#).

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

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

7.5.2 **People & Communities:** a +£14.3m (+3%) total scheme overspend is forecast.

	£m	%
<ul style="list-style-type: none"> <li> <b>Basic Need – Primary</b> – a total scheme underspend of -£8.4m. This is a movement of +£1.4m on the position previously reported in August, which is due to changes in the scope of the Gamlingay Primary School scheme as the scheme is further developed. </li> </ul>	-8.4	(-3%)
<ul style="list-style-type: none"> <li> <b>Basic Need – Secondary</b> – there has been a +£22.3m 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 £0.7m higher than the last reported position in July. This is made up of the following increases: <ul style="list-style-type: none"> <li> A further £0.3m increase in the scheme cost for Littleport Secondary and Special School due to additional land purchase costs. </li> <li> £0.4m increase in the cost of the Cambourne Village College scheme for the construction of a performance hall. Funding will be received from the District and Parish Councils to offset this increase. </li> </ul> </li> </ul>	+22.3	(+10)
<ul style="list-style-type: none"> <li> <b>Basic Need – Early Years</b> – a total scheme overspend of £0.2m is forecast, which is a reduction of £0.4m on the overspend previously reported in May. The future years' budget for the scheme has been reduced by £400k as this element has been added in future years to the Morley Memorial project to undertake the building of Early Years annex as part of this scheme (see Adaptations below). </li> </ul>	0.2	(4%)
<ul style="list-style-type: none"> <li> <b>Adaptations</b> – a total scheme overspend of £0.9m is forecast, which is an increase of £0.5m on the position reported in May. This is due to an increase in the total scheme cost for Morley Memorial School and relates to the Early Years aspect; £400k has been transferred from the future years' budget allocation for Basic Need – Early Years to undertake an Early Years annex as part of the scheme. </li> </ul>	+0.9	(+27%)

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

**7.5.3 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](#).

**7.5.4 LGSS Managed:** a -£0.5m (-5%) total scheme underspend is forecast.

- |  | £m   | %      |
|--|------|--------|
| <ul style="list-style-type: none"> <li><b>Microsoft Enterprise Agreement</b> – as explained in Section 6.4, the Council is now funding its Corporate Software Infrastructure from revenue budget, so the in-year underspend reported above will also result in a total scheme underspend.</li> </ul> | -0.5 | (-26%) |
| <ul style="list-style-type: none"> <li>For full and previously reported details see the <a href="#">CS &amp; LGSS Finance &amp; Performance Report</a>.</li> </ul>   |      |        |

**7.5.5 Commercial & Investment:** a -£0.3m (-0%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance & Performance Report](#).

**7.5.6 LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](#).

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

Funding Source	B'ness Plan Budget £m	Rolled Forward Funding1 £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	8.4	37.3	37.3	-
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	0.8	20.0	20.0	-

<b>Capital Receipts</b>	83.9	-	-	-	<b>83.9</b>	83.9	-
<b>Other Contributions</b>	15.1	0.4	-4.6	1.8	<b>12.6</b>	12.6	-
<b>Revenue Contributions</b>	-	-	-	-	-	-	-
<b>Prudential Borrowing</b>	63.5	9.6	-10.4	2.8	<b>65.5</b>	65.5	0.0
<b>TOTAL</b>	<b>265.9</b>	<b>13.4</b>	<b>-18.7</b>	<b>13.7</b>	<b>274.4</b>	<b>274.4</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.

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

<b>Funding</b>	<b>Service</b>	<b>Amount (£m)</b>	<b>Reason for Change</b>
Addition/Reduction in Funding – Department for Transport (DfT) Grant	ETE	£0.8	<p>An additional £0.8m of S106 funding has been received for cycling schemes. The break-down of this is as follows:</p> <p>£475k from the Wing development for Chesterton-Abbey Bridge;  £150k for St Neots cycle bridge;  £148k for delivering the transport strategy aims schemes.</p> <p><b>General Purposes Committee is asked to note this additional funding.</b></p>

7.8 In addition to the above funding changes for 2017/18, additional funding of £66k is required for the Ely Archives scheme in future years. This additional funding requires GPC approval now so the project team know on what basis the scheme can progress.

The agreed total budget for this scheme is £5.18m. In July 2017 it was identified that the scheme may overspend by £427k. Due diligence checks to find savings through alternative suppliers or design, revision of the risk register and further value engineering to the scheme have reduced the cost so it is now predicted that there would be a £44k underspend. This includes the removal of a dedicated nitrate negative store from the scope of the scheme.

The project team would like to change the scope of the scheme to include improvements to the car park to make it fit for purpose as a pay and display facility, which would require an additional £87,200 funding, and further landscaping as a result of the proposal to relocate the Registration service to the building, which would require an additional £20,000 funding. This results in a projected total spend of £5.246m, an overspend of £66k on the agreed budget.

For further details of the above, please see the report that was presented to Commercial and Investment Committee.

**General Purposes Committee is asked to approve additional Prudential Borrowing of £66,000 in future years to allow for the additional works to the car park and landscaping.**

- 7.9 The 2017/18 capital receipts forecast is currently £1.5m more than originally budgeted. This reflects additional monies received, including a £3m receipt in respect of land at Bassenhally (Phase 2). Any further changes to this position will be reported throughout the year. Any surplus in capital receipts will be used to reduce the level of prudential borrowing needed to fund the capital programme.

## **8. FUNDING CHANGES**

- 8.1 Where there has been a material change in 2017/18 grant allocations to that budgeted in the Business Plan (BP) i.e. +/- £160k, this will require 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.

### School Improvement Grant

The School Improvement Monitoring and Brokering Grant is an un-ringfenced grant from the Education Skills and Funding Agency (EFA) that has been allocated to Local Authorities to allow them to continue to monitor performance of maintained schools, broker school improvement provision, and intervene as appropriate.

Allocations are based on the number of maintained schools in each Local Authority as at 1<sup>st</sup> September 2017; Cambridgeshire County Council's allocation of the £50m grant is £316,518, which has not been budgeted for.

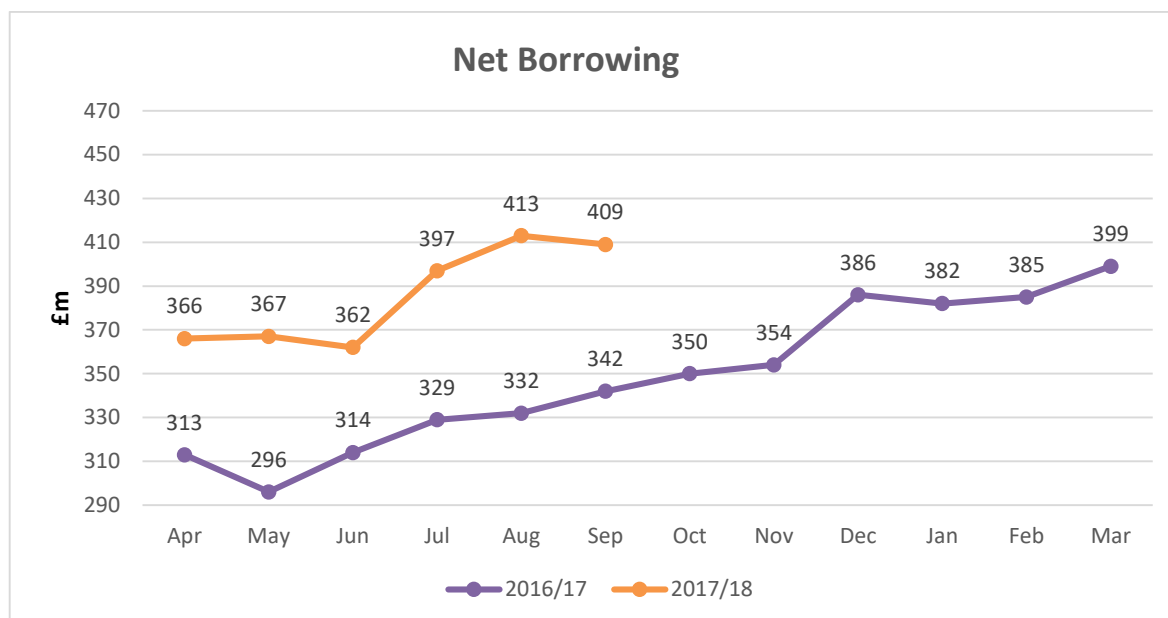
**General Purposes Committee is asked to approve the allocation of this grant to People and Communities so it can be used for its intended purpose.**

## **9. BALANCE SHEET**

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

Measure		Year End Target	Actual as at the end of September
Level of debt outstanding (owed to the council) 91-360 days, £m	Adult Social Care	£1.9m	£2.5m
	Sundry	£0.1m	£0.2m
Level of debt outstanding (owed to the council) 361 days +, £m	Adult Social Care	£4.8m	£6.9m
	Sundry	£1.8m	£2.6m
Invoices paid by due date (or sooner)		97.6%	99.6%

- 9.2 The graph below shows net borrowing (investments less borrowings) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of September 2017 were £23m (excluding 3<sup>rd</sup> party loans) and gross borrowing was £431.94m.



- 9.3 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2017-18 TMSS was set in February 2017, it was anticipated that net borrowing would reach £466m at the end of this financial year. Net borrowing at the beginning of this 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.
- 9.4 From a strategic perspective, the Council is currently reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances and undertaking shorter term borrowing which could potentially generate savings subject to an assessment of the interest rate risks involved.
- 9.5 Although there is link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including, interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.
- 9.6 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

9.7 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](#).

9.8 A schedule of the Council's reserves and provisions can be found in [appendix 2](#).

## **10. ALIGNMENT WITH CORPORATE PRIORITIES**

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

There are no significant implications for this priority.

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

There are no significant implications for this priority.

### **10.3 Supporting and protecting vulnerable people**

There are no significant implications for this priority.

## **11. SIGNIFICANT IMPLICATIONS**

### **11.1 Resource Implications**

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

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

There are no significant implications within this category.

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

There are no significant implications within this category.

### **11.4 Equality and Diversity Implications**

There are no significant implications within this category.

### **11.5 Engagement and Consultation Implications**

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

### **11.6 Localism and Local Member Involvement**

There are no significant implications within this category.

## 11.7 Public Health Implications

There are no significant implications within this category.

Implications	Officer Clearance
<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

Source Documents	Location
ETE Finance & Performance Report (September 17) P&C Finance & Performance Report (September 17) PH Finance & Performance Report (September 17) CS and LGSS Cambridge Office Finance & Performance Report (September 17) C&I Finance & Performance Report (September 17) Performance Management Report & Corporate Scorecard (September 17) Capital Monitoring Report (September 17) Report on Debt Outstanding (September 17) Payment Performance Report (September 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 £'000	Public Health £'000	ETE £'000	CS Financing £'000	Corporate Services £'000	LGSS Managed £'000	C&I £'000	LGSS Op £'000	Financing Items £'000
Opening Cash Limits as per Business Plan	237,311	200	38,682	22,803	15,542	6,500	2,702	7,746	24,377
Post BP adjustments	-292		-18		-69	521		-142	
Apprenticeship Levy	335	8	61		-456	6	5	40	
City Deal budgets not reported in CCC budget					-1,027				
Transfer Digital Strategy budget to CS - CCR	-1,286		-68		1,354				
Transfer Strengthening Communities budget to CS - CCR1			-689		689				
Property demerger from LGSS and rationalisation of property services			58			-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				
Transfer of savings LGSS to C&I							-349	349	
Welfare benefits budget to Financial Assessments and Adult Early Help	80				-142			62	
Combined Authority levy adjustment			1,327						-1,327
Budget transfer to Transformation Team					39			-39	
ETE use of earmarked reserves			287						-287
Catering and Cleaning services transfer to C&I	449						-449		
Business support transfer to applications development	-54							54	
Use of earmarked reserves for passenger transport			118						-118
Grants budget to P&C	130				-130				
Supporting Community Services budget transfers	139		76		-215				
Adult Learning & Skills transfer to P&C	180		-180						
<b>Current budget</b>	<b>237,968</b>	<b>386</b>	<b>40,012</b>	<b>22,803</b>	<b>12,592</b>	<b>7,020</b>	<b>1,909</b>	<b>9,444</b>	<b>22,701</b>
Rounding	-2	0	0	0	0	2	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 30 Sept 17		
	£000s	£000s	£000s	£000s	
<b>General Reserves</b>					
- County Fund Balance	15,808	1,546	17,353	12,543	
- Services					Service reserve balances transferred to General Fund after review
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	-29	580	0	
subtotal	20,162	-1,188	17,933	12,543	
<b>Earmarked</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	133	0	133	83	
7 ETE	218	0	218	218	
8 CS	57	0	57	57	
9 C&I	726	0	726	0	
subtotal	1,134	0	1,134	358	
<b>Other Earmarked Funds</b>					
10 P&C	1,223	-422	801	366	Includes liquidated damages in respect of the Guided Busway - current balance £1.5m.
11 PH	2,960	0	2,960	2,302	
12 ETE	5,989	263	6,252	4,883	
13 CS	2,656	-4	2,652	2,181	
14 LGSS Managed	146	0	146	146	
15 C&I	442	27	469	558	Savings realised through change in MRP policy
16 Transformation Fund	19,525	4,474	23,999	15,675	
17 Innovation Fund	1,000	0	1,000	956	
subtotal	33,941	4,338	38,279	27,067	
<b>SUB TOTAL</b>	<b>58,505</b>	<b>3,150</b>	<b>60,615</b>	<b>43,236</b>	
<b>Capital Reserves</b>					
- Services					
18 P&C	1,827	31,161	32,988	0	Section 106 and Community Infrastructure Levy balances.
19 ETE	7,274	35,315	42,589	5,200	
20 LGSS Managed	72	-3	69	69	
21 C&I	0	3,076	3,076	0	
22 Corporate	29,782	2,627	32,408	12,397	
subtotal	38,955	72,176	111,130	17,666	
<b>GRAND TOTAL</b>	<b>96,808</b>	<b>75,326</b>	<b>171,745</b>	<b>60,903</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 30 September 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	2,089	
5 C&I	24	0	24	24	
subtotal	4,013	-911	3,102	2,177	
<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>2,177</b>	

## APPENDIX 3 - 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>9) SEN Placements</b>	<b>8,973</b>	<b>5,531</b>	<b>500</b>	<b>6%</b>
<p>The SEN Placements budget is reporting a £500k pressure. This is an increase of £400k from last month due to 14 additional young people who are accessing 52 week education placements since the beginning of this academic year. A small number of these young people are in very high cost placements due to the complexity of their need.</p> <p>Overall there are rising numbers of children and young people who are LAC, have an EHCP and have been placed in a 52 week placement. These are cases where the child cannot remain living at home. Where there are concerns about the local schools meeting their educational needs, the SEN Placement budget has to fund the educational element of the 52 week residential placement; often these are residential schools given the level of learning disability of the young children, which are generally more expensive. Four additional such cases recently placed further pressure on this budget.</p> <p>The SEN Placement budget is funded from the High Needs Block (HNB) element of the Dedicated Schools Grant (DSG).</p> <p><u>Actions being taken:</u></p> <ul style="list-style-type: none"> <li>• SEND Sufficiency plan to be implemented. This sets out what is needed, how and when;</li> <li>• Three new special schools to accommodate the rising demand over the next 10 years. One school is opening in September 2017 with two more planned for 2020 and 2021. Alternatives such as additional facilities in the existing schools, looking at collaboration between the schools in supporting post 16, and working with further education providers to provide appropriate post 16 course is also being explored in the plan;</li> <li>• Deliver SEND Commissioning Strategy and action plan to maintain children with SEND in mainstream education;</li> <li>• Work on coordination of reviews for ISEPs to look at returning in to county; and</li> <li>• A full review of all High Needs spend is required due to the ongoing pressures and proposed changes to national funding arrangements.</li> </ul>				
<b>10) LAC Transport</b>	<b>1,126</b>	<b>626</b>	<b>250</b>	<b>22%</b>
<p>There is a £250k pressure forecast against the LAC Transport budget. The overall increase in Looked after Children has meant that more children are requiring Home to School Transport, with an average of 20 additional children being transported each month compared to this point in 16/17, with a corresponding increase in cost. As well as higher LAC numbers, the distances travelled to school have also increased with volunteer drivers covering an additional 37,500 miles compared to the same point last year.</p> <p>The relevant Heads of Service will be meeting in the near future to review the current position and agree an action and implementation plan and timetable with the aim of bringing future spending in line with the available budget.</p>				
<b>11) Strategic Management – Children &amp; Safeguarding</b>	<b>2,492</b>	<b>2,380</b>	<b>686</b>	<b>28%</b>
<p>The Children and Safeguarding Director budget is forecasting pressure of £686k. This is a reduction of £200k on the August 2017 position due to a positive revision to the vacancy savings forecast.</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 and unfunded posts of £180k. The Business Support service pressure of £245k is now being managed in year and managed out entirely by 2018/19. 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. All local authorities have agency social workers, many with a much higher % and therefore a budget to accommodate this need is necessary.</p> <p>The service is also expected to exceed its vacancy saving target by £200k.</p>				

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%

### Strategic Management – Children & Safeguarding continued;

#### Actions being taken:

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 workforce work stream project meetings, by Senior Management Team and at the P&C Delivery Board with any residual pressures being managed as part of the 2018/19 Business Planning round.

<b>12) Looked After Children Placements</b>	<b>17,344</b>	<b>8,075</b>	<b>1,750</b>	<b>10%</b>
---	---------------	--------------	--------------	------------

A pressure of £1.75m is being forecast, which is an increase of £0.23m from the reported position at the end of August. Of this increase, £0.1m relates to a reduction in the forecast LAC savings (which will now be delivered in 18/19, later than planned), with the remaining amount being due to a combination of changes in placement fees (higher prices) and/or new placements (more placements). It is positive that the snapshot number of external placements has reduced as children have returned home or moved to in-house provision.

Overall LAC numbers at the end of September 2017, including placements with in-house foster carers, residential homes and kinship, are 697, 10 more than August 2017. This includes 68 unaccompanied asylum seeking children (UASC).

External placement numbers (excluding UASC but including 16+ and supported accommodation) at the end of September are 348, a decrease of 20 from the 368 reported at the end of August. However the composition of placement types and costs indicates that a small but significant number of children are in receipt of very intensive and costly packages of support which has increased since last month. The Access to Resources team and working with providers to ensure that support and cost matches need for all children.

External Placements Client Group	Budgeted Packages*	31 Aug 2017 Packages	30 Sep 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	16	0
Child Homes – General	22	36	36	+14
Independent Fostering	263	277	260	-3
Supported Accommodation	15	28	28	+13
Supported Living 16+	25	6	7	-18
<b>TOTAL</b>	<b>342</b>	<b>368</b>	<b>348</b>	<b>+6</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 pressure include:

- Weekly panel that all requests for placements have to go to and review of high-cost placements on a regular basis. Access to Resources and operational managers to ensure that the plans for children remain focussed and that resources are offering the best value for money. This is chaired by the Assistant Director.
- Purchase placements reviews – scrutiny by placement officers and service/district managers to review emergency placements, changes of placements and return home from care planning to ensure that children are in the right placement for the right amount of time.
- All new admissions to care have to be agreed at Assistant Director or Service Director level.

Service	Current Budget for 2017/18	Actual	Forecast Variance Outturn	
	£'000	£'000	£'000	%
<b>Looked After Children Placements continued;</b>  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 an all-inclusive team of support for young people with the most complex needs, improving outcomes for young people and preventing use of expensive externally-commissioned services.				
<b>13) Adoption</b>	<b>4,406</b>	<b>2,300</b>	<b>450</b>	<b>10%</b>
<p>The Allowances budget is forecasting a pressure 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 pressure 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>14) Legal Proceedings</b>	<b>1,540</b>	<b>978</b>	<b>550</b>	<b>36%</b>
<p>The Legal Proceedings budget is forecasting a £550k pressure. This is an increase of £100k on the August 2017 position due to a revision of the forecast based on spend to date.</p> <p>Numbers of care applications increased by 52% from 2014/15 (105) to 2016/17 (160), mirroring the national trend. Whilst we now have less ongoing sets of care proceedings (and less new applications being issued in Court) legacy cases and associated costs are still working through the system. Aside from those areas which we are working on to reduce costs i.e. advice/use of appropriate level of Counsel, the volume of cases remaining within the system indicates an estimated £550k 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>15) Children's Disability Service</b>	<b>6,527</b>	<b>3,294</b>	<b>168</b>	<b>3%</b>
<p>The Children's Disability Service is forecasting a pressure 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 pressure from 2016/17.</p> <p><u>Actions being taken:</u> We will be reviewing the costs of current packages and in particular support levels for our young people.</p>				
<b>16) Safeguarding Hunts and Fenland</b>	<b>4,994</b>	<b>2,510</b>	<b>122</b>	<b>2%</b>
<p>The Hunts and Fenland Safeguarding service is reporting an over spend of £122k. This is an increase of £47k on last month.</p> <p>Pressures within the Safeguarding Units have now been quantified and a £101k pressure forecast. This is mainly due to the volume of cases within the Unit model and the need to provide accommodation whilst placements are being identified and the limited capacity of the Contact team to take on contact support.</p> <p>Interpreter costs (+£46k) continue to remain high as a result of the volume of cases that are in the system and a higher than expected number of requests due to No Recourse to Public Funds- NRPF (+£25k) has also added to the pressure.</p> <p>The above pressures are offset by a £50k underspend in the Head of Service budget.</p> <p><u>Actions being taken:</u> We have undertaken analysis on our use of interpreters which has led to the use of another Local Authority's in house provision. We are also proposing recruitment of bilingual practitioners and an internal pool of workers to interpret and translate as a way of addressing this. We are liaising with the Home Office to manage our NRPF cases as well as reviewing support arrangements for these families whilst in our care.</p>				
<b>17) Executive Director</b>	<b>211</b>	<b>162</b>	<b>219</b>	<b>103%</b>
<p>It is not likely that the £219k Business Support saving will not be achieved in 17/18 through efficiencies identified within the business support functions. As such, there is a pressure of £219k being reported. However, work is ongoing to identify strategies to realise this saving.</p>				
<b>18) Financing DSG</b>	<b>-39,991</b>	<b>-19,995</b>	<b>-662</b>	<b>-2%</b>
<p>Within P&amp;C, spend of £40.0m is funded by the ring fenced Dedicated Schools Grant. The DSG pressure of £662k is made up from SEN Placements (£500k); Commissioning Services (£100k); Early Years Specialist Support (£44k); SEND Specialist Services (£48k); offset slightly with savings within Early Help District Delivery Service (-£30k). For this financial year will be met by DSG reserve carry forwards.</p>				

Appendix 4- Savings Tracker 2017-18

				Planned £000						Forecast £000									
				4,073	-15,785	-5,775	-4,830	-6,974	-33,364	-11,380	-4,263	-5,958	-6,012	-27,613	5,751				
Reference	Title	Description	Committee	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	RAG	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.	Adults, C&YP	0	-100	0	0	0	-100	-100	0	0	0	-100	0	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.	Adults	87	-98	-99	-99	-99	-395	0	0	0	0	0	395	Red	Expecting to achieve direct payment clawbacks totalling £1.65m, which is short of the baseline target and therefore making none of the savings. This is based on monitoring after first 6 months of the year. This could also reflect progress in setting updated (lower) personal budgets in response to clients where there is a recurring underspend.  This position will be kept under close review as direct payments are monitored each month.	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	Adults	0	120	0	0	0	120	120	0	0	0	120	0	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.	Adults	128	-377	-138	-138	-138	-791	-27	-254	-255	-255	-791	0	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.	Adults	0	-80	-80	-80	-80	-320	-66	-84	-85	-85	-320	0	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.	Adults	50	-18	-18	-18	-18	-72	-6	-6	-7	-7	-26	46	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.	Adults	750	-2,307	-74	0	0	-2,381	-904	-984	-493	0	-2,381	0	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.	Adults	0	-63	-63	-102	-103	-331	-71	0	0	0	-71	260	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.	Adults	186	-53	-53	-54	-54	-214	-53	-53	-54	-54	-214	0	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.	Adults	0	-58	-47	-35	0	-140	0	0	0	0	0	140	Red	Saving has been postponed to 2018/19 pending additional resource from the Transformation Fund.	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.	Adults	0	-500	0	0	0	-500	-500	0	0	0	-500	0	Green	On track	NHS funding to pooled budget	

				Planned £000						Forecast £000									
				4,073	-15,785	-5,775	-4,830	-6,974	-33,364	-11,380	-4,263	-5,958	-6,012	-27,613	5,751				
Reference	Title	Description	Committee	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	RAG	Forecast Commentary	Links with partner organisations	
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.	Adults	0	-100	0	0	0	-100	-100	0	0	0	-100	0	Green	Budget reduced - delivered	0	
A/R.6.122	Transforming In-House Learning Disability Services	We will review and make necessary changes to in house services focussed on ensuring that resource is appropriately targeted to provide intensive short term support aimed at increasing independence. We will also identify where we can work with the independent sector to provide for assessed needs in a different way and consider whether any under-utilised services are required for the future.	Adults	0	-375	0	-55	0	-430	-287	0	-35	0	-322	108	Red	A saving of £265k delivered from restructure implemented in May 2017. Phase two of restructure to deliver additional savings has been designed and will be implemented in the second half of the year. The time taken to design and implement phase two means that an element of this saving will be delivered in 2018/19 instead of 2017/18.	0	
A/R.6.123	Rationalisation of housing related support contracts	In 2016-17 we completed a review of contracted services which support individuals and families to maintain their housing. A contract was terminated in November 2016, with the full-year effect of the associated budget reduction affecting 2017-18.	Adults	0	-58	0	0	0	-58	-58	0	0	0	-58	0	Green	Delivered through change to contract in 2016/17.	0	
A/R.6.125	Supporting people with learning disabilities to live as independently as possible in adult life	This work has two elements which are focused on managing demand for long term funded services. 1. Work in children's services and in the Young Adults Team will ensure that young people transferring to the LDP will be expected to have less need for services. 2. Working proactively with people who are living at home with carers who are needing increased support to maintain their caring role for whatever reason.	Adults	0	-181	-181	-182	-182	-726	-27	-37	-37	-37	-138	588	Red	The circumstances of the young people as they reach 18 years old is monitored closely to confirm the level of funding required to meet their needs and to try to anticipate the sustainability of the arrangements. This includes both the home circumstances and the educational arrangements for the young person. This work has led to the forecast overspend.	Pooled budget - learning disability partnership	
A/R.6.132	Promoting independence and recovery and keep people within their homes by providing care closer to home and making best use of resources for adults and older people with mental health needs	Reducing the cost of care plans for adults and older people with mental health needs will lead to savings. We aim to reduce residential and nursing care costs and increase the availability of support in the community.	Adults	0	-353	-252	-52	-19	-676	-66	-31	-98	-39	-234	442	Red	Demand for residential and nursing care is increasing across Mental Health services, and although a number of actions have been put in place to increase pace of delivery, there is expected to be a significant shortfall against the target.	0	
A/R.6.134	Increase in income from Older People and Older People with mental health's client contributions from increased frequency of reassessments	Older people and those receiving elderly mental health services are not always being financially reassessed every year. The council will therefore reassess all clients more regularly to ensure that the full contributions are being collected. This programme has begun in 2016-17 and will continue into 2017-18 to complete.	Adults	46	-121	-139	-87	-34	-381	-155	-105	-87	-34	-381	0	Green	On track. Automatic (annual) uplifts in place for a growing number of clients using Abacus software. Staff in place working through more complex assessments. Monitored and reported through OP Management team.	0	
A/R.6.140	Helping older people to take up their full benefits entitlements	The council will work with service users to make sure they receive all the benefits to which they are entitled and this is expected to increase service user contributions.	Adults	0	-72	-82	-51	-21	-226	0	0	-126	-100	-226	0	Green	Monitoring process in place and supplied to OP management team. Welfare benefits advisor team to be re-organised between the Adult Early Help team (CFA) and Financial Assessment team (LGSS) this has only recently been completed creating a delay. Financial Assessment staff have access to DWP database.	0	

		Planned £000										Forecast £000							
		4,073	-15,785	-5,775	-4,830	-6,974	-33,364	-11,380	-4,263	-5,958	-6,012	-27,613	5,751						
Reference	Title	Description	Committee	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	RAG	Forecast Commentary	Links with partner organisations	
A/R.6.143	Savings from Homecare: re-tendering of home care to develop the market through a number of best practice initiatives including the expansion of direct payments	<p>This proposal will focus specifically on piloting an alternative but complementary approach to home-based care that would try and find alternative and local solutions to traditional homecare - whilst still improving outcomes for service users, promote independence, and achieve savings to the Council.</p> <p>Through the tendering process for home care, the Council will engage potential providers within a price range consistent with achieving this saving. The model also envisages greater efficiency through working across all service user groups including those that that are the responsibility of the CCG.</p>	Adults	0	0	0	-306	0	-306	0	0	-306	0	-306	0	Green	DPS selected for procurement exercise which aims to secure savings through price ceilings and floors for new work, manage current and future cost pressures through a managed and formulaic approach and reduce the number of homecare transition cars. Tender is running according to schedule in line with financial recommendations.	0	
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>	Adults	110	-187	-134	-27	-10	-358	-166	-155	-27	-10	-358	0	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>	Adults	0	-201	-143	-29	-11	-384	-201	-143	-29	-11	-384	0	Green	On track. Work underway to be able to demonstrate avoid costs as a result of service's involvement.	0	

				Planned £000						Forecast £000									
				4,073	-15,785	-5,775	-4,830	-6,974	-33,364	-11,380	-4,263	-5,958	-6,012	-27,613	5,751				
Reference	Title	Description	Committee	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	RAG	Forecast Commentary	Links with partner organisations	
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.	Adults	0	-150	0	0	0	-150	-150	0	0	0	-150	0	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.	Adults	0	-150	-150	-80	-40	-420	-45	3	-215	-163	-420	0	Green	Delivery of this saving has been re-profiled over the second 6 months of the financial year to accommodate on-going work with the CCG in relation to section 117 and the Joint Commissioning Tool which has taken place over the first 6 months of the year and was completed in September. It should also be noted that the savings will not be achieved equitably over the next 6 months, for example, 70% of the savings may be achieved in month 11 etc.	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.	Adults	0	-53	-38	-22	-6	-119	-53	-38	-22	-6	-119	0	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.	Adults	0	-25	-25	-25	-25	-100	0	-16	-16	-16	-48	52	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	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. Several cases has been identified where potentially health funding should be included or increased based on a review of needs.	Adults	0	-196	-143	-89	-36	-464	-106	0	-138	-130	-374	90	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 decision support tool that save £1.541m this year. Savings to date are £651k across the OP&MH directorate. Our progress is constrained by the pace and effectiveness of the CCG in completing the CHC process. Pace of delivery is expected to increase as these constraints are resolved.	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.	Adults	0	-163	0	0	0	-163	-163	0	0	0	-163	0	Green	On-track. The contract has already been let and so the savings has been 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.	Adults	0	-75	-75	-60	-40	-250	-38	-28	-35	-12	-113	137	Red	Savings delivery is behind profile, and although actions are being put in place to increase the pace of delivery, there is expected to be a shortfall against target at year end.	0	
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.	Adults	0	-93	-67	-42	-17	-219	-93	-67	-42	-17	-219	0	Green	On track. Likely efficiencies which are being made as a result of a number of service based innovations ('in touch' etc.) which should increase throughput of the service. Work underway to ensure that the service can measure the avoided cost as a result of the involvement and to avoid double counting with AEH. Key risk around pull towards mainstream provision.	0	

				Planned £000						Forecast £000									
				4,073	-15,785	-5,775	-4,830	-6,974	-33,364	-11,380	-4,263	-5,958	-6,012	-27,613	5,751				
Reference	Title	Description	Committee	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	RAG	Forecast Commentary	Links with partner organisations	
A/R.6.165	Enhanced Occupational Therapy Support to reduce the need for double-handed care	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"><li>• Reduce existing double-up packages of care to single-handed care OR</li><li>• Prevent single-handed care packages being increased to double-up</li></ul> <p>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.</p> <p>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.</p>	Adults	90	-132	-94	-19	-7	-252	-42	-124	-39	-17	-222	30	Amber		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	Adults	0	-130	0	0	0	-130	-130	0	0	0	-130	0	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).	Adults	0	-20	-25	-15	-9	-69	-4	-1	-9	-2	-16	53	Red	Savings delivery is behind profile, and although actions are being put in place to increase the pace of delivery, there is expected to be a shortfall against target at year end.	0	
A/R.6.169	Better Care Fund improvement	<p>Each year the Council and the local NHS agree a Better Care Fund plan, this includes an element for social care services.</p> <p>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.</p>	Adults	0	-930	0	0	0	-930	0	0	-930	0	-930	0	Green	On track	The Better Care Fund is a pooled budget with the NHS	
A/R.6.170	OP contractual & demand savings (including respite beds) 6.170	<p>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.</p> <p>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.</p>	Adults	0	-450	0	0	-100	-550	-450	0	0	0	-450	100	Red	Full delivery of respite block saving resulting from 2016/17 retendering, but demand pressures across OP locality budgets means that full delivery of this saving is not expected.	0	
A/R.6.201	Staffing reductions in Commissioning Enhanced Services	Review of Commissioning across CFA.	C&YP	0	0	0	-107	0	-107	0	0	-107	0	-107	0	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.	C&YP	0	-619	0	0	0	-619	-619	0	0	0	-619	0	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.	C&YP	0	-50	0	0	0	-50	-50	0	0	0	-50	0	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.	C&YP	497	0	-135	-181	-243	-559	0	-51	-192	-100	-343	216	Red	Current forecasting shortfall in 2017/18 due to delayed start of The Hub but still forecasting ability to meet total savings over the next two years.	0	

		Planned £000					Forecast £000											
		4,073	-15,785	-5,775	-4,830	-6,974	-33,364	-11,380	-4,263	-5,958	-6,012	-27,613	5,751					
Reference	Title	Description	Committee	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	RAG	Forecast Commentary	Links with partner organisations
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 pupils. This is subject to Member approval.</p>	C&YP	0	-124	-123	-123	-123	-493	-104	-93	-371	-253	-821	-328	Green	On Track – we are anticipating that this savings target will be surpassed, with savings already made due to a successful tender round, demography savings and an ongoing scrutiny of contract services to ensure that Council delivers the most efficient and cost effective school transport services. This over-achievement offsets pressures due to under achievement in A/R.6.214 and A/R.6.222	0
A/R.6.213	LAC Inflation Savings	Award inflation at 0.7% rather than 1.7%	C&YP	0	-31	-31	-31	-31	-124	-124	-23	-23	-22	-192	-68	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.	C&YP	0	-58	-58	-58	-58	-232	0	0	0	0	0	232	Red	Not on track to deliver savings this financial year. While some parents have taken up the option of a PTB, a focused, strictly time-limited review will be undertaken to determine whether a greater level of savings could be achieved in future years by making changes to the scheme and relaunching it. Additional savings, outlined in A/R.6.210 are on track to be achieved and will offset this pressure.	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.	C&YP	0	-141	-140	-141	-140	-562	0	-19	-54	-55	-128	434	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 the homes slipped from April 17 to August 17. 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 -£92k is currently forecast to be delivered in 18/19). Not all the beds are occupied currently and the team continue to review placements in order to identify suitable young children to move into the properties.	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.	C&YP	0	-185	0	0	0	-185	0	0	0	0	0	185	Red		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.	C&YP	120	-29	-48	-48	-49	-174	-29	-48	-48	-49	-174	0	Green	On-track - Staff appointed, children identified and working within timeframes	0

		Planned £000					Forecast £000													
		4,073	-15,785	-5,775	-4,830	-6,974	-33,364	-11,380	-4,263	-5,958	-6,012	-27,613	5,751							
Reference	Title	Description	Committee	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	RAG	Forecast Commentary	Links with partner organisations		
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.	C&YP	0	-111	0	0	0	-111	0	0	0	0	0	111	Red	Savings deemed as not achievable. Under review.	0		
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.	C&YP	148	-115	-115	-115	-116	-461	-115	-115	-115	-116	-461	0	Green	On-track - Q2 savings quantified against benchmark data.	0		
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.	C&YP	0	-48	-49	-49	-49	-195	-73	-151	-22	-16	-262	-67	Green	On-track and currently forecasting exceeding savings by £78k.	0		
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.	C&YP	84	0	0	0	0	0	0	0	0	0	0	0	0	No savings planned for 17/18	0		
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.	C&YP	0	-24	-24	-24	-24	-96	0	0	0	0	0	96	Red	Not on track to deliver savings this financial year. A small working group will be established to begin work in Autumn 2017 to develop an action and implementation plan to deliver savings in 2018/19. Additional savings, outlined in A/R.6.210 are on track to be achieved and will offset this pressure.	0		
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.	C&YP	0	-13	-13	-12	-12	-50	0	0	0	0	0	50	Red	Management changes for the service have been implemented from 1 July - a recovery plan is being undertaken with support from theTransformation Team.	0		
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.	C&YP	0	-67	-68	-67	-68	-270	-180	-25	-35	-30	-270	0	Green	These savings have been met in full through grant funding and reduction in intervention budget	0		
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.	C&YP	0	-80	0	0	0	-80	-60	0	0	0	-60	20	Green	On-track - Head of Service for CID appointed as interim, permanent role still planned for deletion.	0		
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.	C&YP	0	-70	0	0	-24	-94	-70	0	0	-24	-94	0	Green	On-track	0		
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.	C&YP	0	-51	0	0	0	-51	-51	0	0	0	-51	0	Green	Saving achieved	0		
A/R.6.238	Virtual Beds	Tender for 16 Block Distributed Purchasing (Flexi Beds).	C&YP	0	0	-23	-83	-99	-205	0	0	0	0	0	205	Red	Decision taken not to take this proposal forward. Alternative proposals are being progressed.	0		

Planned £000										Forecast £000								
				4,073	-15,785	-5,775	-4,830	-6,974	-33,364	-11,380	-4,263	-5,958	-6,012	-27,613	5,751			
Reference	Title	Description	Committee	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	RAG	Forecast Commentary	Links with partner organisations
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.	C&YP	0	-81	-81	-81	-81	-324	0	-24	-45	-128	-197	127	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 (-£197k), a further -£286k 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.	C&YP	0	-17	-18	-17	-18	-70	-9	-8	-7	-8	-32	38	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	C&YP	0	0	-22	-65	-65	-152	0	0	-9	-7	-16	136	Red	Shortfall of savings projected based on availability of supported lodgings carers.	0
A/R.6.242	Reducing fees for Independent Fostering Agency placements	Reduce fees for Independent Fostering Agency (IFA) placements	C&YP	0	-30	-30	-3	-3	-66	-17	-12	0	0	-29	37	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).	C&YP	1,595	-1,595	0	0	0	-1,595	-1,595	0	0	0	-1,595	0	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.	C&YP	132	-180	0	-290	-370	-840	0	-134	-336	-370	-840	0	Green	On Track	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.	C&YP	0	-125	0	0	0	-125	-125	0	0	0	-125	0	Green	On-track	0
A/R.7.101	Early Years subscription package	Proposal to develop Early Years subscription package for trading with settings.	C&YP	0	0	0	-28	0	-28	0	0	-28	0	-28	0	Green	On-track	0
A/R.7.103	Education ICT Service	Increase in trading surplus through expanding out-of-county provision.	C&YP	0	-25	-25	-25	-25	-100	-25	-25	-25	-25	-100	0	Green	On-track	0
A/R.7.104	Cambridgeshire Outdoors	Increase in trading surplus through cost reduction and external marketing.	C&YP	0	-12	-13	-13	-12	-50	-8	-8	-8	-9	-33	17	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 resulting in increased income, however it is unlikely that the full target will be reached.	0
A/R.7.105	Admissions Service	Increase in trading surplus through an increased use of automated systems.	C&YP	0	-3	-3	-3	-1	-10	-3	-3	-3	-1	-10	0	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.	C&YP	0	30	30	30	35	125	30	30	30	35	125	0	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.	E&E, H&CI	0	-250	0	0	0	-250	0	0	0	-63	-63	187	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.	E&E, H&CI	0	0	0	-20	0	-20	0	0	0	-5	-5	15	Red	This will follow on from the senior management review so not yet started	N

				Planned £000					Forecast £000										
				4,073	-15,785	-5,775	-4,830	-6,974	-33,364	-11,380	-4,263	-5,958	-6,012	-27,613	5,751				
Reference	Title	Description	Committee	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	RAG	Forecast Commentary	Links with partner organisations	
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.	E&E	0	-25	0	0	0	-25	0	0	0	0	0	25	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.	E&E	0	-25	0	0	0	-25	0	0	0	0	0	25	Red		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	E&E	0	-75	-75	-75	-75	-300	-75	-75	-75	-75	-300	0	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.	H&CI	0	0	-14	0	0	-14	0	0	0	-14	-14	0	Green	LED project plan for accrued street lights has been agreed with Balfour Beatty and Connect Roads. Work will take place in Q3.	N	
B/R.6.203	Rationalise business support in highways depots to a shared service	Move to shared service business support across the highway depots.	H&CI	0	-25	0	0	0	-25	-25	0	0	0	-25	0	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.	H&CI	0	-25	0	0	0	-25	-25	0	0	0	-25	0	Green	Three sites went live in 16/17 (Emmanuel Rd, Bridge St & Regent St). Station Road is due to go live immiently and there is the potential for two further sites in 2017/18 (Silver St, Worts Causeway), both of which are being investigated further.	N	
B/R.6.207	Highways Services Transformation	The Council is replacing its existing contract for highway works such as road maintenance and pot hole filling. This will allow us to achieve greater value for money and reduce costs significantly while improving service quality.	H&CI	0	0	-267	-267	-266	-800	0	-267	-267	-266	-800	0	Green	The new highway contract has been procured, with Skanska the successful bidder. The contract started 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.	H&CI	0	-340	0	0	0	-340	-340	0	0	0	-340	0	Green	The saving has been made	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.	H&CI	0	-84	0	0	0	-84	-84	0	0	0	-84	0	Green	This funding has been removed and therefore this saving achieved. The Road Safety team is utilising opportunities through the PCC To continue certain activities.	N	
B/R.6.213	Move to full cost recovery for non-statutory highway works	Communities and Parish/Town Councils can pay for additional highway works such as traffic calming and yellow lines that are extra to the Council's normal work. The Council delivers these works but has not in the past recovered the full cost of delivery of schemes and officer time in preparing them will be charged.	H&CI	50	-100	0	0	0	-100	0	0	-50	-50	-100	0	Green	The £100k saving this year has been achieved by top slicing the budget. Therefore achievement of savings is not dependent on performance of the new scheme this financial year.	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.	H&CI	0	-32	-32	-32	-33	-129	-32	-32	-32	-33	-129	0	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.	H&CI	0	-17	-17	-18	-18	-70	-17	-17	-18	-18	-70	0	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.	GPC	0	-920	0	0	-80	-1,000	-100	-100	-200	-600	-1,000	0	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	

				Planned £000						Forecast £000									
				4,073	-15,785	-5,775	-4,830	-6,974	-33,364	-11,380	-4,263	-5,958	-6,012	-27,613	5,751				
Reference	Title	Description	Committee	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	RAG	Forecast Commentary	Links with partner organisations	
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.	H&CI	0	-5	0	-15	0	-20	0	-7	-15	0	-22	-2	Green	On track	0	
B/R.7.109	Introduce a charge for commercial events using the highway	Large commercial events that require closures of roads such as cycling and running races currently cost the council money to administer. In future, the cost of the Council's work will be recovered. This will not impact on small community events.	H&CI	0	-2	-3	-3	-2	-10	-2	-3	-3	-2	-10	0	Green	On track	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.	H&CI	0	-1	-1	-1	-2	-5	-1	-1	-1	-2	-5	0	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.	H&CI	0	-100	-40	0	0	-140	-100	-40	0	0	-140	0	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	
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.	Health	0	-50	0	0	0	-50	-50	0	0	0	-50	0	Green	On track	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.	Health	0	-71	0	0	0	-71	-71	0	0	0	-71	0	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.	Health	0	-90	0	0	0	-90	-23	-22	-23	-22	-90	0	Green	On track	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.	Health	0	-13	-12	-13	-12	-50	-13	-12	-13	-12	-50	0	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.	Health	0	-14	-14	-14	-15	-57	-14	-14	-14	-15	-57	0	Green	On track	0	
E/R.6.025	Smoking Cessation : Reduced spend on NRT and GP Payments	After review of smoking cessation spend on nicotine replacement therapy (NRT) and payments to GP practices and pharmacies in the first two quarters of 2016-17, it has been established that this level of saving can be withdrawn while meeting the current level of demand for the smoking cessation service.	Health	0	-28	-27	-28	-27	-110	-28	-27	-28	-27	-110	0	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.	Health	0	-13	-12	-13	-12	-50	-13	-12	-13	-12	-50	0	Green		0 0	

				Planned £000					Forecast £000										
				4,073	-15,785	-5,775	-4,830	-6,974	-33,364	-11,380	-4,263	-5,958	-6,012	-27,613	5,751				
Reference	Title	Description	Committee	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	RAG	Forecast Commentary	Links with partner organisations	
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.	Health	0	-25	0	0	0	-25	-25	0	0	0	-25	0	Green		0 0	
E/R.6.029	Traveller Health Team : Changed ways of working	Reduce value of contract with Ormiston Trust so that it reflects current level of community worker input, while funding additional input from Traveller Health specialist nurse.	Health	0	-5	0	0	0	-5	-5	0	0	0	-5	0	Green	On track	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.	Health	0	-98	0	0	0	-98	-98	0	0	0	-98	0	Green		0 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.	Health	0	56	0	0	0	56	56	0	0	0	56	0	Green	On track	0	
F/R.6.107	Rationalisation of Property Portfolio	Savings generated by the more efficient use of Council properties.	A&I	0	-38	-38	-38	-40	-154	-14	-14	-14	-39	-81	73	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	0	-3	-5	-6	-6	-20	-3	-5	-6	-6	-20	0	Green	On track	N	
F/R.7.103	County Farms Investment (Viability) - Surplus to Repayment of Financing Costs	Increase in County Farms rental income resulting from capital investment. Element surplus to repaying financing costs.	A&I	0	-4	-4	-4	-3	-15	-4	-4	-4	-3	-15	0	Green	Additional income expected to be achieved	N	
F/R.7.104	County Farms Investment (Viability) - Repayment of Financing Costs	Increase in County Farms rental income resulting from capital investment. Links to capital proposal F/C.2.101.	A&I	0	-15	-15	-15	-15	-60	-15	-15	-15	-15	-60	0	Green	Additional income expected to be achieved	N	
F/R.7.105	Renewable Energy Soham - Repayment of Financing Costs	Income generation resulting from capital investment in solar farm at Soham. Element to repay financing costs. Links to capital proposal C/C.2.102 in BP 2016-17.	A&I	0	-160	-240	-240	-236	-876	-160	-240	-240	-236	-876	0	Green	On track	N	
F/R.7.106	Renewable Energy Soham - Surplus to Repayment of Financing Costs	Income generation resulting from capital investment in solar farm at Soham. Element to surplus to repaying financing costs.	A&I	0	-33	-50	-50	-50	-183	-33	-50	-50	-50	-183	0	Green	On track	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	0	0	0	-20	-20	-40	0	0	-20	-20	-40	0	Green	Costs lower than forecast. Following adoption of new policy, telecoms consultants will be appointed to identify sites and negotiate with operators with agreements anticipated later in the year.	N	
F/R.7.120	Income from Rationalisation of Property Portfolio	Income generation from alternative use of major office building(s) to provide ongoing revenue streams.	A&I	0	-98	-98	-98	-99	-393	-98	-98	-98	-99	-393	0	Green	Full year effect for Castle Court income	N	
G/R.7.002	Invest to Save Housing Schemes - Income Generation	Generation of long-term income stream associated with the development of new 'affordable' housing and open market rent housing on Council owned land.	GPC	0	0	0	0	-2,700	-2,700	0	0	0	-1,950	-1,950	750	Red	Loan arrangements to CHIC have begun which will be a key source of the receivable income for the Council. C&I Committee briefed on the possibility of a "portfolio sale" which will bring forward income possibility for CCC to mitigate this	0	
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.	GPC	0	0	0	-250	-250	-500	0	0	0	-30	-30	470	Red	Potential opportunities from insurance re-tender progressing, with premises costs to follow. Savings from contract management within services, however this full corporately held target will not be delivered this year due to timing (partially recognised as pressure in business plan)	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.	GPC	0	-333	-333	-333	-313	-1,312	-386	-300	-200	-100	-986	326	Red	Savings identified via: restructuring following spans of control work, and deletion of longer standing vacant posts. Services have been tasked with delivering the remaining shortfall in this area by year-end via holding further posts vacant where possible and sensible for financial reasons.	0	
C/R.6.103	Courier Contract	A more efficient Council-wide postage service, has generated savings against courier costs.	GPC	0	-35	0	0	0	-35	-35	0	0	0	-35	0	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.	GPC	0	-14	-14	-14	-14	-56	-14	-14	-14	-14	-56	0	Green	It has been identified how these savings will be released from the Contact Centre	N	

			Planned £000							Forecast £000								
			4,073	-15,785	-5,775	-4,830	-6,974	-33,364	-11,380	-4,263	-5,958	-6,012	-27,613	5,751				
Reference	Title	Description	Committee	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	RAG	Forecast Commentary	Links with partner organisations
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.	GPC	0	-62	-62	-62	-61	-247	-62	-62	-62	-61	-247	0	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.	GPC	0	-10	0	0	0	-10	-10	0	0	0	-10	0	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.	GPC	0	-1,000	0	0	0	-1,000	-1,000	0	0	0	-1,000	0	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.	GPC	0	0	-1,293	0	0	-1,293	-1,293	0	0	0	-1,293	0	Green	Accounting adjustment already made	N

**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: 2.00 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
Report on the outcomes of the FACT investigations.	One off	LGSS Chief Internal Auditor	Duncan Wilkinson / Mairead Kelly
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
Outstanding Debt – Monitoring Report – To receive the same report that was going forward to the General Purposes Committee		Chief Finance Officer	T Kelly
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 Jeff Abbotts

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 / Jeff Abbotts
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**