

Community Transport Action Plan - Update

To: Audit & Accounts Committee

Meeting Date: 24th January 2019

From: Duncan Wilkinson, Chief Internal Auditor

Purpose: To provide the Committee with an update on progress with the Community Transport Action Plan, following the previous update to Committee on the 22nd November 2018.

To highlight matters arising as part of the implementation of these actions, and invite the views of Committee members.

Recommendation: Audit & Accounts Committee is requested to note the progress with the Action Plan.

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1. BACKGROUND

- 1.1 There was a major review of Community Transport in Cambridgeshire, culminating in the public meeting on July 31st 2018. A twelve-page Action Plan, presented by the Chief Executive, was reviewed in detail. Additional actions were agreed during the meeting, and these have been added to a final full action plan.
- 1.2 During the meeting it was agreed that Audit & Accounts would maintain oversight of the implementation of recommendations, to ensure they are carried out as planned. The most recent update on Action Plan progress was brought to the meeting of the Committee on the 22nd November 2018.

2. CURRENT PROGRESS

- 2.1 A copy of the Action Plan, showing only actions which were not marked as 'complete' at the previous Committee meeting, is provided at Appendix 1. In this document, the numbering of actions has been retained from the original full Action Plan, to ensure continuity.
- 2.2 At the November meeting of the Committee, of the 66 actions in the full Action Plan, 52 (79%) were marked as complete, with evidence provided.
- 2.3 Of the 14 actions which had not been completed at the time of the previous meeting:
 - 4 are ongoing actions, with no expected end date (29%)
 - 3 actions have been marked as completed (21%)
 - 7 remain in progress (50%)
- 2.4 Committee is requested to note the progress with implementation of the Action Plan.

3. MATTERS ARISING

Key areas for the Committee to be aware of are highlighted below.

3.1 Internal Audit Visit to FACT, HACT & ESACT (FH&E):

Internal Audit undertook a visit to FH&E on the 23rd November 2018. The intention of the visit was to confirm the processes for financial segregation between the commercial and charitable arms of the organisation, including a review of charging for use of vehicles by the commercial arm.

The detailed findings of Internal Audit are set out in the visit report which was provided to FH&E, presented at Appendix 2.

The visit identified a number of issues with the financial segregation between the commercial and charitable arms of the organisation. The weaknesses highlighted in the report have been accepted by the Trustees of FH&E, and Chairman has confirmed that a number of short-term actions have already been put in place to strengthen the organisations' accounting systems, including improvements to accounting for trading

between the charitable and commercial organisations, and payment of interest on the loans used to set up the commercial entities.

The Trustees of FH&E have also recognised that the issues identified in the report represent failings in the initial set-up of the commercial trading subsidiaries and their relationship with the not-for-profit entities. In order to address the issues in full, a plan is being developed for a potential restructure of all the entities within FH&E. The Trustees will be seeking professional advice on the plans as well as consulting with major grant funders, including Cambridgeshire County Council, in the interests of transparency.

The Trustees have committed to share their plans to address these issues, once these are agreed at the next Trustees Meeting on the 14th January.

3.2 Review of Public Funding:

PKF's original report on their investigation into Community Transport concluded that FH&E's commercial fleet had, at least in part, been subsidised from public funds. PKF were subsequently commissioned to provide an independent estimate of the extent to which such funding subsidised the growth of this commercial fleet, to provide a basis for recovery action to be taken by the Council, in line with the request from the Audit & Accounts Committee.

The draft report from PKF on this matter has now been received, and is due to be discussed by senior management at a meeting on 15th January. Updates on progress will be provided to the Chair and Vice Chair of the Audit & Accounts Committee.

3.3 East Cambs Connect Contract:

Internal Audit has identified that, although it was believed that all County Council contracts with FH&E had been re-tendered in 2018, one contract with ESACT for provision of the East Cambs Connect service has not been re-tendered. This was overlooked in the service's reporting on the action to ensure that all commercial transport providers were operating under a Public Service Vehicle Operator's License ("O License") or taxi license (Action 19 in the Community Transport Action Plan). This contract is currently delivered by the ESACT charity, under a Section 22 Licence issued by the Traffic Commissioner.

At the time that FH&E contracts were being re-tendered, senior management agreed that it was appropriate to exempt this contract from being re-tendered. The contract had been awarded on the 18th August 2016, with a contract start date of April 2017, and had therefore been tendered more recently than some of the other affected contracts. The contract related to provision of the government-funded Total Transport project, and it was felt that the trial period of the project should be completed to allow for an initial evaluation of the project.

The current contract expires in 2022 and requires six months' notice to break, which has now been given. Evaluation of the Total Transport project has taken place, and the contract will therefore be re-tendered, with an expected start date in July.

The new contract will require the service provider to operate with a full PSV Operator's Licence ("O Licence"), and successful re-tender of this contract will therefore ensure that all

commercial transport providers to Cambridgeshire County Council are operating under an O License or taxi license.

3.4 External Officer Review of Freedom of Information (FOI) Requests:

An officer from Peterborough City Council was asked to investigate issues highlighted in the PKF report, regarding problems with inaccurate responses to FOI requests. This report has now been provided to the Chief Executive. Several recommendations have been made as part of the report, and the intention is that the Council will produce an agreed action plan to address the report's findings, which can be appended to the existing Community Transport Action Plan. The full detail of these actions will be reported to the next meeting of Audit & Accounts Committee and in the interim, updates will be provided to the Chair and Vice Chair of the Committee to evidence progress.

SOURCE DOCUMENTS

Source Documents	Location
Community Transport Action Plan	Internal Audit Octagon 1, Shire Hall, Cambridge