AUDIT AND ACCOUNTS COMMITTEE

Tuesday, 30 July 2024

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

New Shire Hall
Alconbury Weald
Huntingdon
PE28 4YE

14:00

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

AGENDA

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The Audit and Accounts Committee comprises the following members:

Councillor Graham Wilson (Chair) Councillor Nick Gay (Vice-Chair) Councillor David Ambrose Smith Councillor Chris Boden Mr Mohammed Hussain Councillor Geoffrey Seeff Councillor Alan Sharp and Councillor Alison Whelan

Clerk Name:	Richenda Greenhill
Clerk Telephone:	01223 699171
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Audit and Accounts Committee Minutes

Date: 30th May 2024

Time: 2.00pm – 4.05pm

Place: New Shire Hall, Alconbury Weald

Present: Councillors D Ambrose Smith, C Boden, N Gay (Vice-Chair), G Seeff, A Sharp, A Whelan and G Wilson (Chair); M Hussain (via Zoom)

Officers: Dawn Cave, Mairead Claydon, Emma Duncan, Michael Hudson, Stephen Moir; Tom Kelly (relevant items only)
Emma Larcombe (KPMG) and Mark Hodgson (EY)

171. Notification of Appointment of Chair and Vice-Chair

The Committee noted that the Annual Council meeting held on 21st May agreed to appoint Councillor Wilson as the Chair and Councillor Gay as the Vice-Chair for the Municipal Year 2024-25.

172. Apologies for Absence and Declarations of Interest

There were no apologies for absence.

Councillor Boden declared an interest as a member of the Conduct Committee of the Institute of Chartered Accountants of England and Wales (ICAEW).

173. Minutes of the Audit and Accounts Committee held on 28th March 2024 and Action Log

It was resolved unanimously to approve the minutes of the Committee meeting held 28th March 2024.

The following Action Log items were discussed:

Item 159 – it was confirmed that the Service Director for Human Resources had made the required adjustments to the Council's Disciplinary Policy, and was currently consulting with trade unions. If agreed, these changes would enable the continuation of disciplinary investigations and hearings where individuals had left the Council's employment, where there was a genuine public interest.

Item 151 – A briefing note from the Acting Director of Public Health had been circulated to the Committee, which Members commented had been exceptionally helpful and positive. An amendment to the savings indicated in the briefing note was noted. The note confirmed that the necessary actions and processes had commenced and would be completed by a revised deadline of 31st July 2024, and Members stressed the importance of this revised deadline being met. A Member observed that at least £92K savings had been identified as a result of open book accounting on this issue, which demonstrated the value of open book accounting for certain types of transactions. The Chief Executive agreed, and advised that the Corporate Leadership Team would review this, taking into account the Executive Director of Finance and Resources' professional advice. It was also noted that from an organisational perspective, Public Health was now within the Adults, Health and Commissioning Directorate. The Chair commented that he was also reassured by an exchange between the Acting Director of Public Health and the Head of Internal Audit and Risk Management on this matter on the evidence required, and once evidence had been provided, this action could be signed off as complete.

With regard to item 159, providing a "deep dive" on some essential and high risk actions at future meetings, a Member asked how that would be addressed going forward. The Chief Executive advised that following discussions at the Statutory Officers Group on how best to facilitate this action, it had been agreed that Executive Directors would individually be scheduled to attend future meetings of the Committee to provide updates on their assurance statements and outstanding audit actions, enabling Members to scrutinise progress more fully.

Regarding a query raised by a Member on item 169 (Section 106 funding), which would be reported to the July Committee, the Executive Director of Finance and Resources agreed to discuss a confidential matter relating to this item that Member.

The Action Log was noted.

174. Petitions and Public Questions

There were no petitions or public questions submitted.

175. Financial Reporting and Value for Money Report

The Committee received an update on the latest progress with matters related to external audit. This comprised the conclusions of audits related to financial years 2018/19 to 2021/22, the 2022/23 accounts and external audit, and progress with the 2023/24 statement of accounts.

In April, EY finalised closing procedures for audits of the four financial years from 2018-19 to 2021-22 and issued audit certificates. The final audited set of accounts and audit reports had been published on the Council's website. EY also issued a value for money (VFM) opinion alongside the external audit of the financial statements. For 2018-19 and 2019-20, EY had reached an "except for" opinion regarding VFM. The exceptions related to procurement (record keeping/

arrangements for working with partners and third parties) and the Manor Farm tenancy (governance issues).

For the years 2020-21 and 2021-22, there was a change in the form of national reporting arrangements for VFM, and EY's narrative conclusions in those years covered financial sustainability, governance and improving VFM. Receipt of these audit reports and completion certificates was a significant and welcome milestone for the Council.

Whilst the accounts for 2022-23 were published in July 2023, the external audit for 2022-23 was still outstanding, and a disclaimed opinion was expected for that year. However, an interim report on VFM arrangements was appended to the report.

The Council was working towards meeting the deadline of 31 May 2024 for publication of the 2023-24 draft statement of accounts. Officers paid tribute to the tremendous effort of colleagues in the Finance team in meeting this deadline.

Individual Members raised the following points in relation to the report:

A Member suggested that it was important to have appropriate communications in place regarding the disclaimer, as there was scope for this to be misinterpreted: it needed to be made clear that it resulted from broader issues in local government audit. To date, there had not been any notice from the relevant bodies on the form the disclaimer would take, and it was confirmed that this matter had not been considered prior the dissolution of Parliament. It was further noted that wording of the disclaimers would not be uniform, e.g. there were local authorities which had not produced accounts for a number of years, and there were other authorities where accounts had been produced but not audited. The Executive Director of Finance and Resources indicated that he had reviewed the draft set of accounts and was confident they would be published in time for the 31st May 2024 deadline. Mark Hodgson (EY) advised that each firm was working on opinion wording that would accompany disclaimed accounts. However, all firms were looking for a degree of national oversight, and there was currently no common form of wording.

A Member asked if there was any inconsistency between the audit statements considered by the Committee, noting that the External Auditor stated that they were satisfied that the Council has a good system of risk management, whilst the Annual Internal Audit report stated that the Council has moderate assurance in this area. It was noted that there was differing terminology regarding assurance levels: "adequate" from an external audit perspective being similar to, but not the same as, internal audit's "moderate".

Qualifications around 2018-19 and 2019-20 were well known to the Committee, and good progress had been made, especially around Procurement, enabling EY to reflect this position in their narrative. On financial sustainability, it had been concluded was that there were adequate arrangements in place, which was linked to the Going Concern conclusion in the 2021-22 accounts. The legislative position on the 2022-23 accounts was still outstanding.

It was clarified that irrespective of whether there was a disclaimed opinion or not, objections must be determined and concluded in accordance with NAO guidance in full, prior to the audit certificate for that year being concluded. A Member commented that it would be important to distinguish between a disclaimed opinion and adverse opinion.

The Chair commented that whilst it would not be appropriate to undertake any communications prior to the General Election, a press release could be issued following the election to reassure the public on recent developments with regard to external audit opinion on previous years' accounts, and clarify the issues around the disclaimed accounts. The Committee agreed that they were happy to delegate this action to the Chair and Vice Chair. Action required.

The Committee congratulated senior officers and their teams for their work on the accounts.

Mark Hodgson highlighted that the 2021/22 audit opinion covered the Pension Fund account. Councillor Whelan confirmed, as Chair of the Pension Fund Committee, that the Committee was happy with the audit, and reinforced the importance of good communications, noting that the public generally had little understanding of the audit process.

In response to a query, officers advised that they had received some further information from BDO around fees, and BDO would be submitting a fee request to PSAA. The Council would not be supporting this request, in line with the Committee's direction. It would then be a matter for PSAA to determine the appropriateness of the fees. The level of fees was likely to be broadly in line with those previously advised, and officers agreed to circulate this information to Committee. Action required.

It was resolved unanimously to:

a. note the report and the audit results received from the auditor for 2018-22

b. note the very satisfactory report from the auditor in the appendix: Interim Value for Money Arrangements report for the year ended 31 March 2023.

176. External Audit Plan and Strategy 2023-24

The Committee received the draft External Audit Plan and Strategy for the year ended 31 March 2024, which was presented by Emma Larcombe of KPMG. The final version would be considered at a future Committee meeting.

Introducing the report, the External Auditor highlighted:

- Materiality levels, which were based on the outcome of the prior year audit. It was acknowledged that guidance was still being prepared by the NAO, and KPMG were developing procedures to cover the work required over opening balances;
- key risk areas, which included:
  1. Valuation of land and buildings including solar farms. Give the element of subjectivity, a valuation specialist would be engaged by KPMG to assess these;
  2. Valuation of the investment property portfolio;
  3. Management override of controls, including journal controls, key estimates and areas where there was a greater level of judgement involved;
  4. Valuation of post retirement benefit obligations: there were numerous estimates and judgements in valuing pension liabilities. KPMG had a specialist team which would undertake this work.
- other audit areas of heightened focus included the classification of non-capital expenditure; This Land; regulatory compliance, e.g. Guided Busway; and the accuracy and valuation of PFI liabilities;
- the reasons for rebuttal of the risk of revenue recognition, as the nature of the Council's income was predictable and consistent, with minimal exposure to fraud. The same applied to expenditure;
- there had been limited progress with VFM work to date, but the Plan outlined the proposed process and outputs over the coming months.

Arising from the report, Members raised the following questions:

- noting the risk identified relating to litigation, a Member asked about the level of claims that were processed by the Council, and whether the auditor was satisfied that the provision/contingent liability was reasonable? Emma Larcombe advised that materiality applied when reviewing provisions, so low level claims were not a key area of focus. The areas which were reviewed were outlined;
- observing that whilst some of the FRC statements on the regulation of auditors were inconsistent, a Member believed that the FRC may have legitimate concerns with regard to opening balances, gives these would not been subject to independent scrutiny. He asked if significant work would be required in this area? Emma Larcombe advised that guidance was still awaited from the NAO and FRC on this issue. However, it was clear from discussions to date that there was no expectation that an opening balance audit would be undertaken, as the consultation referred to a "recovery phase". A clean audit opening opinion would therefore not be received, and the same would apply for other local authorities. The Member asked that due to this fundamental issue, whether KPMG were working on the assumption that there would be a disclaimer of opinion or whether it would be an "except for" opinion. Emma

Larcombe confirmed that it was likely to be modified rather than fully disclaimed;

- a Member asked about Risk 4, post retirement benefits, and why this was not ranked more highly. Emma Larcombe agreed to review this. Action required;
- noting the reference to the "Modified" audit opinion, a Member asked if this needed to be communicated to the public. Emma Larcombe advised that the modification would be around the opening balance only, and not the closing position. Because of the disclaimer on the 2022-23 accounts, assurances could not be provided on opening balances;
- noting materiality only applied over £1M, a Member asked if there was scope to share values below that with the Committee? Emma Larcombe advised that if the Committee wanted further information below the £1M threshold, she would discuss this with the Service Director for Finance and Procurement. Action required;
- a Member asked if the work in relation to IT systems and automated controls was typical for local authority audits. Emma Larcombe advised that the audit would perform a detailed evaluation of how the Council's IT systems operate. Reliance on automated controls linked to significant risks would also be investigated, but most of those processes within the Council were manual;
- a Member asked about "non capital expenditure", specifically around timing and release of funds in relation to projects, and whether this would be covered as part of testing? Emma Larcombe advised that in relation to finalised projects, the audit would review whether expenditure had correctly been identified as capital;
- a Member commented that it would be useful to see all corrected and uncorrected misstatements, including those under £1M, as it would be helpful in understanding the level of control within the organisation. The Executive Director of Finance and Resources committed to disclose all matters raised by the auditors with the Committee, and make statements where there was disagreement;
- a Member observed that there was reference in the report to the FRC focus on *companies*. Emma Larcombe advised that areas of focus for companies identified by the FRC usually applied to local authorities too. Another Member commented that the FRC often treated PIEs (public interest entities) in the same way as other organisation, and often failed to provide specialised guidance.

It was resolved unanimously to note the draft audit plan and strategy for the year ending 31 March 2024 received from the external auditor.

(Tom Kelly and Mark Hodgson left the meeting)

177. Internal Audit Annual Report 2023-24

The Committee considered the Internal Audit Annual Report for 2023-24. The Public Sector Internal Audit Standards require that the Head of Internal Audit and Risk Management present an annual report to the Authority's Audit & Accounts Committee. It was noted that the Annual Internal Audit Report formed part of the evidence that supported the Authority's Annual Governance Statement 2023-24.

The Head of Internal Audit and Risk Management had given a "moderate" assurance, equivalent to the assurance given in 2022/3, and some control weaknesses had been identified which posed a medium risk to the organisation. The areas where Internal Audit reports in 2023/4 gave limited assurance were mainly related to project management and change, and to procurement, contracts and commissioning. There had been considerable development of the control environment in year. There had also been an improvement in the number of audit actions implemented, with 75% of actions implemented during the year, an improvement on the previous year (62%).

Individual Members raised the following points in relation to the report:

- for key financial systems audits still outstanding from North and West Northamptonshire Councils, the Chair asked whether any actions were required to expedite this process. It was noted that West Northamptonshire Council had previously advised of their resourcing issues, and for this reason the Cambridgeshire team had agreed to undertake the Debt Recovery audit, which remains ongoing. The Executive Director of Finance and Resources reassured the Committee that he was keeping this issue under close review;

- a Member noted that there were a number of actions where the status was listed as "to be confirmed", and asked whether this matter should be addressed by the Chief Executive and senior managers. Officers advised that there had been improvements, but sometimes there were still issues e.g. where a key officer had left the organisation. The Committee was reassured that senior managers were regularly reviewed and held to account;

- Members discussed the overall "Moderate" assurance, and the potential for this to improve in future. Senior officers commented that whilst a better overall assurance would be welcome, the Moderate assurance needed to be seen in the context of the recent wholesale changes to the Corporate Leadership team, reflecting the fundamental change of direction that the Council was taking. There had been significant improvements in the number of audit actions closed. A Member commented that ultimately the Committee's concern was that the Council may be losing money or incurring additional costs as a result of less than optimal systems. The Chair responded that he was reassured by both external and internal reports which indicated that the Council was on the right track;

- the Committee thanked the Head of Internal Audit and Risk Management and her team for their professionalism and independence;

- noting the summary of outstanding recommendations overdue for 12 months in Annex B, a Member noted that one action relating to Fire Risk Assessments was classified as a “high” risk with a target date in excess of twelve months overdue. Officers confirmed that this action had been addressed, but in terms of the audit process, the action completion needed to be formally evidenced and signed off. The Member observed that there were still seven “high” recommendations overdue for more than three months; and seven overdue for more than twelve months. The Chief Executive confirmed that he was not comfortable with that situation, and where officers agreed dates when audit actions should have been completed, very good reasons were required to justify any slippage. He confirmed that he expected to see the number of items ranked High to reduce steadily, and similarly medium and lower rated actions outstanding should also reduce;

- in response to a query on the Insurance Strategy, officers advised that a new Head of Insurance had recently been appointed, and production of a Strategy was one of his priorities. It was anticipated that good progress would have been made by the time of the Autumn Committee. It was confirmed that the Strategy would be considered at an officer meeting, which had oversight of the Insurance function;

- with regard to customer feedback outcomes, a Member asked if the right questions were being asked, given the lack of feedback. The Head of Internal Audit and Risk Management agreed that this was probably a fair challenge, and explained that despite simplifying the survey a few years back, there was still a low rate of return;

- a Member queried the position where actions had been closed, i.e. whether there was any checking that the agreed actions continued to be implemented. Officers confirmed that this would be picked up when an area was re-audited. However, there was a robust process of checking that actions had been implemented in the first instance before they are marked as ‘complete’ by the audit team, and actions were unlikely to be undone except in specific circumstances e.g. where there had been major changes in a service’s processes;

- a Member queried one of the medium risks in 2022-23, under income processing there was a discrepancy in the CCC ZAR10 control account. The order of magnitude and nature of the discrepancy were queried. Officers agreed to provide a written response. Action required.

It was resolved unanimously to:

consider the Annual Internal Audit Report for 2023 – 24 and be made aware of the Head of Internal Audit & Risk Management's opinion on the state of the Internal Control Framework within Cambridgeshire County Council.

178. Draft Annual Governance Statement

The Head of Internal Audit and Risk Management presented the draft Annual Governance Statement (AGS) for 2023-24. The final version of the AGS, reflecting any changes raised by Committee Members, would ultimately be signed off by the Chief Executive, the Leader of the Council and the Chair of the Committee. The AGS was a statutory document, and that final version would eventually form part of the Annual Statement of Accounts.

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

Arising from the report, individual Members:

- raised the issue of the delivery of Cambridgeshire's Local Productivity Plan. The Member believed that this was unnecessary, but queried the governance route given that it was a legal obligation. It was confirmed that Cambridgeshire's Local Productivity Plan would be considered at the Strategy, Resources & Performance Committee on 9th July 2024. The Executive Director for Finance and Resources had been in communication with the relevant government departments about this requirement;

- queried the structure of the report, suggested that the conclusions in section 3 should come towards the end of the report. Officers agreed to pick up on this point. Action required;

- queried the *"implementation of complaints plan in adults, health and commissioning"*, and asked why this was not applied across the Council? Officers advised that this related specifically to additional work being undertaken in Adult Social Care complaints, and had been highlighted as a key area for strengthening governance. It was further noted that there were a broader set of changes being implemented as a result of the Local Government & Social Care Ombudsman guidance. It was confirmed that all corporate complaints procedures were being reviewed and a project plan was in place for delivery of those changes. The Committee agreed that this should be incorporated into the Action Plan. Action required;

- observed that whilst there was no separate scrutiny function, cross party committees should be scrutinising decisions. The Service Director of Legal & Governance agreed that the scrutiny element was encouraged within the committee system, but could be more robust. This would be a focus in the Member induction programme in 2025, and good progress and practice within Health scrutiny were noted;

- noted that many target dates were 31/03/25. It was confirmed that this year end date represented the formal reporting date, and the annual review would be reported at May 2025 Committee meeting. Throughout the year there would be follow up reviews e.g. through CLT;

- queried whether the Council had an appropriate attitude to risk appetite, as risk was not always something that should be mitigated. Officers commented that some parts of the organisation were better placed to manage risk. There was an ongoing process to improve awareness, not only in terms of training, but also culturally.

In respect to a query, Emma Larcombe (KPMG) confirmed that key themes in the AGS were as expected.

It was resolved unanimously to:

> consider whether the draft AGS at Appendix A and the Action Plan at Annex A are consistent with the Committee's own perspective on internal control within the Council and the definition of significant governance and control issues given in paragraph 3.3. Suggested amendments can then be actioned in advance of the AGS's inclusion in the Council's accounts.

179. Audit and Accounts Committee Draft Training Plan

The Committee considered an updated proposed training programme to support Members' awareness and understanding in carrying out their functions.

Some of the previous year's training programme had been deferred. An extended training programme was being proposed, delivered through both in person/hybrid sessions and e-Learning.

A Member observed that there may be substantial changes to Committee membership following the elections in 2025, in which case some of the fundamental items may need to brought forward. It was noted that most of these modules would be included in the e-Learning.

It was resolved to:

i. note the report;

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

180. Audit and Accounts Committee Agenda Plan

Members considered the forward agenda plan.

It was confirmed that each of the Executive Directors would be attending the Committee in future and providing an overview of their Annual Assurance Statement and progress with their outstanding internal audit actions.

In response to a query on FACT/HACT, it was confirmed that a briefing note had previously been circulated to the Committee on this issue.

There was a discussion about Debt Management. The Head of Internal Audit and Risk Management advised that a draft opinion on the relevant internal audit should be available in time for presentation to the July Committee meeting.

A report on Section 106 would be added to the Agenda Plan for the July Committee meeting.

It was resolved to note the Agenda Plan.

Audit and Accounts Committee Minutes - Action Log

This is the updated action log at 22nd July 2024 and captures the actions arising from the most recent Audit and Accounts Committee meeting and updates Members on the progress on compliance in delivering the necessary actions.

Minutes of 28th September 2023					
140.	Financial Reporting and related matters	Tom Kelly/ Stephen Howarth	Officers confirmed there had been progress with VAT reconciliations, but there were other debtor balances relating to an isolated historic issue relating of IT system transfer. It was suggested that the Committee may be interested in looking at this situation in further detail in future, and officers agreed to include a section on this in a future report	Further to progress with this area to enable an audit opinion on the 2021-22 financial statements, we similarly have chosen to stop short of a full reconciliation in producing the 2023-24 accounts (as part of the simplifications required to meet the statutory deadline). The mismatches stem from the migration of balances to the ERP Gold system on implementation in April 2018. The next step is to complete the 2023-24 reconciliation as a basis for further analytical work and issue resolution and isolation. Unfortunately this means it is not possible to provide a fuller update at this Committee meeting, but we will return to this area as team resources allow and in view of prioritisation needed for completion of accounts and external audits.	Ongoing
Minutes of 1st December 2023					
151.	Internal Audit Progress Report	Val Thomas/ Mairead Claydon	If target date on the associated actions (related to contract management) looks likely to slip further, the Director of Public Health will be asked to submit a report to A&AC.	The Acting Director of Public Health has confirmed that the necessary actions and processes have commenced and will be completed by a revised date of the end of July 2024. An update had been circulated to the	In progress

				Committee in May, indicating a revised deadline of 31st July 2024.	
154.	Committee Agenda Plan	Michael Hudson /Clare Ellis	Assets & Procurement Committee report on Contract Risk assessment to be reported on to Audit & Accounts Committee in May or September 2024.	In progress: expected to come to the September meeting.	In progress
Minutes of 6th February 2024					
159	Internal Audit Report	Martin Purbrick	Share results of the Schools Audit (specifically deficit Recovery Plans of schools in qualifying budget deficits) with the CYP Committee.	To be included in the next report in the September 2024 Committee.	In progress
159	Internal Audit Report	Stephen Moir/ Mairead Claydon	Provide a "deep dive" on some essential and high risk actions in future, potentially linking to the Annual Governance Statement.	The Chief Executive and the Head of Internal Audit and Risk Management have held an initial discussion about how to approach this. A further meeting will be convened to agree a way forward for proposed inclusion in the Annual Governance Statement improvements/action plan for the coming year. The Chief Executive discussed this with the Statutory Officer Group on 27 March 2024. It was agreed this will be built into the process next year through the Annual Governance Statement 2023/24. The Chief Executive and the Head of Internal Audit and Risk Management have discussed and agreed a format and approach for Executive	Ongoing

				Director attendance at the Committee to provide assurance updates and progress with internal audit actions in their directorates. These reports are now being added to the Committee's Forward Plan by Democratic Services.	
159	Internal Audit Report	Stephen Moir	Follow up with HR issue of potential disciplinary actions, where appropriate, for individuals who resign.	Following discussion with the Council's recognised Trade Unions, the Disciplinary Procedure was updated in May 2024 with the section on resignation being updated to now make it clear that where someone tenders their resignation following disciplinary allegations being raised against them and there is either a criminal or safeguarding element to the allegations, resignation with immediate effect will not be accepted and the investigation will continue during the employee's contractual notice period and beyond, if required.	Closed
Minutes of 28th March 2024					
169.	Internal Audit Progress Report	Michael Hudson/ Tom Kelly	Raise S106 issues with Strategy, Resources & Performance Committee through Integrated Finance & Monitoring Report.	Following the issues raised at the Audit and Accounts Committee, we will now include section 106 expenditure and balances to SR&P Committee on a half yearly basis (starting from September 2024) through the IFMR. A S106 and CIL Board, chaired by an Executive Director, is also being implemented, further to the internal audit of this area.	Complete

Minutes of 30th May 2024					
175.	Financial Reporting and Value for Money Report	Tom Kelly/ Communications/ Chair/Vice Chair	Chair and Vice Chair to issue a press release could be issued following the General Election to reassure the public on recent developments with regard to external audit opinion on previous years' accounts, and clarify the issues around the disclaimed accounts.	Information has been provided to the public through Committee reports on these matters and through the Council's website. Following discussion with the Chair and the Council's Communications team it has been decided that this makes available the necessary information for users of the accounts.	Complete
175.	Financial Reporting and Value for Money Report	Tom Kelly	Circulate information to Committee regarding BDO's fees.	Email sent to all Members of the Committee 30 May 2024	Complete
176.	External Audit Plan and Strategy 2023-24	KPMG	The Committee asked why Risk 4, post retirement benefits, was not ranked more highly. KPMG agreed to review.		
176.	External Audit Plan and Strategy 2023-24	Tom Kelly/ KPMG	Queried whether there was scope to share information below the £1M materiality threshold: KPMG and Tom Kelly to discuss.	Whilst immaterial items might not be reported in KPMGs ISA260, the Council does (and will continue to) report on these to committee. For example, in the 2021-22 (the last audited year), in the February 2024 report we included an appendix that summarised all of the changes we had (and hadn't) made to the accounts since the draft version, including those immaterial ones not listed in EYs report.	Complete
177.	Internal Audit Annual Report 2023-24	Mairead Claydon	queried the medium risk under income processing - discrepancy in the CCC ZAR10 control account. Officers agreed to provide a written response on	Response emailed to Committee Members on 10/07/24.	Complete

			the order of magnitude and nature of the discrepancy.		
178.	Draft Annual Governance Statement	Mairead Claydon	Restructure report so conclusions at the end.	Incorporated in the final version of the Annual Governance Statement.	Complete
178.	Draft Annual Governance Statement	Mairead Claydon	Noting that all corporate complaints procedures were being reviewed and a project plan was in place for delivery of those changes, agreed that this should be incorporated into the Action Plan.	Incorporated in the final version of the Annual Governance Statement.	Complete

Agenda Item No: 4

Draft Cambridgeshire County Council Statement of Accounts 2023-24

To:	Audit and Accounts Committee
Meeting Date:	30 July 2024
From:	Executive Director of Finance & Resources
Electoral division(s):	All
Key decision:	No
Forward Plan ref:	Not applicable
Executive Summary:	The Committee, on behalf of all Members, as the body charged with governance of the Council, has responsibility to review the Council's unaudited financial statements for the year ending 31 March 2024. This provides a comprehensive analysis of the Council's income, expenditure, assets and liabilities, in the statutory required form.
Recommendation:	To note the Council's draft Statement of Accounts 2023-24

Officer contacts:
Name: Stephen Howarth
Post: Head of Finance
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1. Creating a greener, fairer and more caring Cambridgeshire

1.1 The annual Statement of Accounts is the financial representation of all activities that the Council has been directly or indirectly involved with, over the course of the 2023-24 financial year. The publication of the Statement of Accounts is an essential feature of public accountability and stewardship, as it provides an annual report on how the Council has used the public funds for which it is responsible.

2. Background

2.1 The annual Statement of Accounts is the financial representation of all activities that the Council has been directly or indirectly involved with, over the course of the 2023-24 financial year. The publication of the Statement of Accounts is an essential feature of public accountability and stewardship, as it provides an annual report on how the Council has used the public funds for which it is responsible.

2.2 The full Statement of Accounts includes:

- the accounts related solely to the Council
- group accounts consolidating the accounts of the Council with those of the Council's wholly owned Housing Company, This Land Ltd
- the accounts of the Cambridgeshire Pension Fund and
- the Annual Governance Statement (previously considered by this committee on 30 May 2024)

2.3 Accounts are prepared under the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2023-24, which is based on International Financial Reporting Standards (IFRS) adapted for public sector use.

2.4 The signing, approval and publication of the accounts is set out in Section 9 of the Accounts and Audit Regulations 2015. The accounts will require further certification and approval by this committee at the conclusion of the audit; any material changes arising from the audit will be reported back to future meetings of the Audit Committee, prior to approval. The independent auditor's report (ISA 260 report) will also be provided for this committee to consider.

2.5 The timelines in the Accounts and Audit Regulations 2015 required the publication of these draft accounts by 31 May 2024. Despite the significant challenges in meeting this deadline due to factors already reported to this committee previously, such as the backlog in prior year audits, the Council was one of 41% of authorities who were able to meet this deadline.

2.6 The regulations require publication of final, audited accounts by 30 September 2024; whilst our external auditors, KPMG, intend to complete the majority of their standard work by this deadline, they will be unable to sign off the accounts due to the ongoing issues with the 2022-23 audit which our previous auditors, Ernst & Young LLP (EY), have not commenced (and are not intending to). We have previously reported to committee that DLUHC have consulted on proposals to address the backlog in the publication of audited accounts of local bodies which would have included backstop dates for completing prior year audits; unfortunately, however, these changes were not implemented in time prior to the announcement of the General Election. Therefore, we are still waiting to see if this legislation will be passed under the new Government.

2.7 As the final audited accounts for 2022-23 have not been published in time to meet regulatory deadlines, the Council has published a notice stating that it has not been able to publish the statements of accounts and the reasons for this in line with the regulations.

3. Main Issues

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

Audit & Accounts Committee review

3.2 The final, audited set of accounts ultimately need to be signed by the Chair of this Committee. This draft provides members with the first opportunity to review the accounts in detail and is the draft that has been published by the Council. Committee will have a further opportunity to review the accounts, including any changes or adjustments, following the end of the public inspection period and/or following significant progress through the audit, depending on the scale of any adjustments.

Public inspection and objections

3.3 The Accounts and Audit Regulations 2015, as amended, determine that the accounts and other related documents have to be made available for public inspection for 30 working days.

3.4 During this period local electors may also raise questions to the Council's external auditor, KPMG LLP, on the 2023-24 Statement of Accounts as part of the public inspection process. They may also make objections to the accounts on any items for which the auditor could take action in the form of a report in the public interest or an application to the court to declare that an item is unlawful.

3.5 In relation to objections received for the year ending March 2023, EY has determined which matters to consider and others that it has declined to take forward. During July the Council has responded to an enquiry from the auditor in relation to a matter it is considering. We are hopeful that these objections will be determined by the auditor ahead of the next Committee meeting and will continue to respond proactively to any requests for information from the auditor to support this.

Process for completion of the Accounts

3.6 2023-24 follows on from several years of challenges in the completion of final accounts. The 2020-21 accounts were not audited and finalised until 29 July 2022, the accounts for 2021-22 were not audited and finalised until 29 April 2024, and as stated above, the accounts for 2022-23 have not yet been audited (and are unlikely to be).

3.7 This has created a challenging context for the Finance Team working to produce draft accounts, as there has been minimal "reflection time" to review and improve processes between audits, with an almost continual chain of accounts production and audit work for several years. However, the team has been expanded in the last year and has continued to work hard to implement the high priority changes required, including those with the most significant impact, which has resulted in further significant steps forward in both the efficiency of the production process, as well as the resulting output. This, combined with the lack of audit for 2022-23 to date, has also enabled the team to meet the significantly challenging earlier deadline of delivering draft accounts by 31 May this year.

The Statement of Accounts 2023-24

3.8 The CCC element of the Statement of Accounts is comprised of the following sections:

- Chief Executive Forward
- The Chief Financial Officer's Narrative Report
- Statement of Responsibilities
- The Core Financial Statements:
    - Comprehensive Income and Expenditure Statement (CIES)
    - Balance Sheet
    - Movement in Reserves Statement (MIRS)
    - Cash Flow Statement
- Notes to the Core Financial Statements
- Accounting Policies
- Glossary.

3.9 The Narrative Statement is required by the Code and provides a summary of the most significant matters reported within the accounts, and of the Council's financial position. It is intended to outline the overall context within which the Council is operating by providing commentary on the Council's priorities, its performance in 2023-24 and the medium-term outlook.

3.10 The Core Financial Statements provide the overview in financial terms on an accounting basis of the Council's performance, financial worth, reserves and cash flow as at 31 March 2024. The section below outlines some of the key highlights for the Committee's consideration.

Highlights from the Accounts and Key Considerations

3.11 The draft Statement of Accounts 2023-24 are presented in Appendix A to this report. The following sections set out some of the more significant items in the draft accounts and provide additional commentary.

General Fund Reserves and Earmarked Reserves

3.12 For the year ended 31 March 2024 the Council experienced a revenue budget overspend of £1.2m which was funded from the General Fund to balance the financial position for 2023-24. The Council has a strategy which is applied to restore the General Fund reserve to its planned level as part of its annual business planning process; therefore, the General Fund was also increased by £3.3m as a result of the previous year's outturn position. This has resulted in a net +£2.1m movement during 2023-24.

3.13 The Council's Earmarked Reserves (that is reserves set aside for a specific purpose) decreased by £13m during the year to £172m, once all earmarked reserves are factored in as required by the accounting code. The majority of this movement relates to the transfer of the DSG Safety Valve £10.2m balance to the DSG unusable reserve in line with DLUHC regulations; the remainder relates to the continuing steady decline in the level of school carry forward balances. Many of the earmarked reserve that have been built up in recent years due to the pandemic or other national issues have planned uses built into the medium-term financial plan and are starting to be released.

Balance Sheet

3.14 The Council has Net Assets as at 31st March 2022 of £1.707bn, a 24% increase on the previous year. Much of this is driven by a combination of the valuation of property, plant and equipment (gains which aren't realised by the council unless an asset is sold but represent a real increase in the value of assets under our control) and a decrease in liabilities relating to the pension fund (which is more theoretical in terms of the Council's overall position).

3.15 At year end the cash and cash equivalents available to the Council were £69m, a reduction of £23m compared to the previous year, but resulting in a balance more in line with the target level that the Council aims to hold (the balance at 31 March 2023 was higher than the Council's target level due to an influx of cash at the end of the financial year). The Council's short-term debtor position has improved from £162m to £139m.

3.16 The Council's liabilities (both current and long-term) total £1.0bn with the largest components being borrowing that the Council had at year end to fund the capital programme (£203m of short-term and £574m of long-term borrowing).

3.17 The sum of the total assets and total liabilities provides the net asset position of the Council which is matched by the total reserves comprising Usable Reserves of £286m and Unusable Reserves of £1.4bn. Unusable reserves represents reserves that are not available immediately to the Council, such as the reserves that capture the effects of property valuation changes, and the adjustments required for capital asset accounting required for local authorities.

Pension Fund

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

Disclosure Notes

3.19 It is worth highlighting to committee at this point that the finance team have identified one material error in the accounts since they have been published. Note 34, Capital Expenditure and Capital Financing, should include a new line in the top half of the table for the value of donated assets included within the accounts worth £21m. As a result, the increase in underlying need to borrow should only be £29m rather than £50m.

Audit Fees

3.19 The Council's accounts for 2021-22 have now been signed, however we are still waiting for notification from EY of their additional audit fees for this year, plus value for money fees for previous years (including from the previous auditors, BDO LLP). Ultimately these will go to Public Sector Audit Appointments (PSAA) for determination. Objections up to 2021-22 have also now been determined and the final fees in relation to this will also require consideration by PSAA.

3.20 As a result, the Statement of Accounts shows an estimate for additional fees of only £7k above scale fees for previous years; this is because we have previously already accrued £342k for estimates for scale fee/scale fee variation (2021-22 and 2022-23), value for money work (2017-18 to 2022-23) and costs in relation to determination of objections (2018-19 to 2022-23). The additional increase in accruals during 2023-24 due to revised estimates for these prior year outstanding fees have then been largely offset by an assumption of the main audit scale fee/scale fee variation for 2022-23 no longer being required to be paid to EY.

3.21 The fee payable to our auditors for the audit of the 2023-24 accounts is estimated to be £352k, including an estimated scale fee variation for additional work required on auditing the 2022-23 opening balances due to lack of a 2022-23 audit. Any further work, including the determination of objections, will result in further costs to the Council.

Next Steps

3.22 The importance of the Statement of Accounts to the authority is high and although it is an historical backward-facing document, the closing of the accounts is vital to the financial planning process as it confirms the starting position for the 2024-25 financial year.

3.23 Alongside publication for this committee, the accounts have been formally published on our website, thereby commencing the public inspection period which ends on 25 July 2024.

3.24 It is not possible to say with any certainty when we will be able to update the committee on the conclusion of the audit of these accounts, but we will provide updates on progress when appropriate.

3.25 We now have full audit certificates for the years up to 2021-22; the value for money opinion for 2022-23 is currently being worked on by EY. We will report back to committee once this work is concluded, along with any updates in relation to the determination of the outstanding objection for 2022-23. Similarly, we will report back on any updates to changes to the statutory legislation once these are announced regarding backstop dates and modified or disclaimed opinions for accounts that have not been audited.

4. Significant Implications

4.1 Finance Implications
These accounts set out the financial position of the Council as at 31 March 2024 and are subject to external audit.

4.2 Legal Implications
There are no significant implications within this category.

4.3 Risk Implications
There are no significant implications within this category.

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

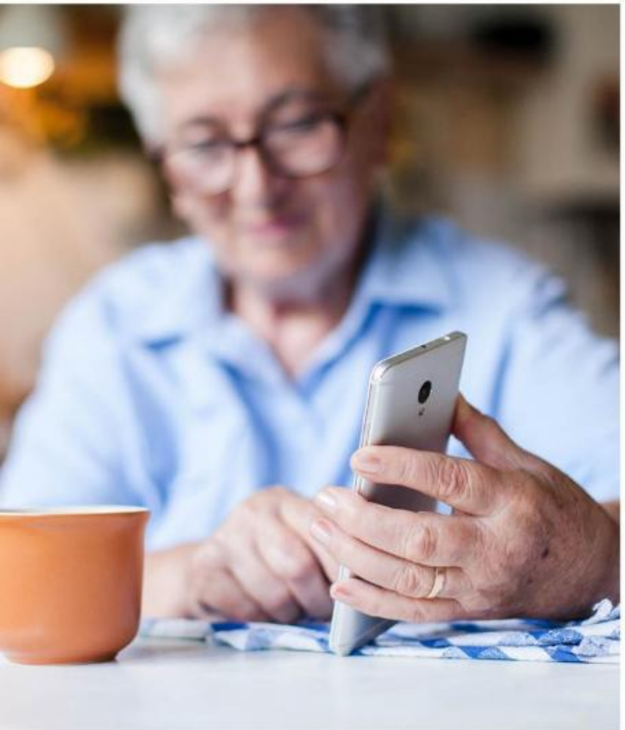
4.5 Climate Change and Environment Implications on Priority Areas
There are no significant implications within this category.

5. Source documents

5.1 The Accounts and Audit Regulations 2015

DRAFT Statement of Accounts

2023-24



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Chief Executive Foreword

Dr Stephen S. Moir
Chief Executive

In my second year as Chief Executive of Cambridgeshire County Council, our Councillors and colleagues have worked tirelessly to deliver and commission essential public services to support people, families, and businesses during the continued cost of living crisis and turbulent economic conditions. I wish to begin by thanking all those people who have contributed to our results for 2023-24. I am incredibly proud and humbled by the work that has been delivered during 2023-24 to strengthen and invest in our employees, many of whom also live and work in the county. This includes:

- Our new People Strategy setting out a road map to invest in and grow our workforce;
- Establishing our Care Academy for children's and adult social services to train and develop both our direct workforce and also the broader adult social care provider workforce (you can hear more from our Executive Director on our Children's Academy and read more here);
- Investment that saw Cambridgeshire become the first County Council to achieve Silver employers' award, which recognises the Council's significant contribution to the continued development of all its employees through "earn and learn" schemes such as apprenticeships, graduate development programmes and sponsored student course placements from the 5% club.
- 54% of our employees providing feedback through an independently delivered survey of our whole workforce, which is now being used to create a range of actions, both within directorates and across the whole Council, to further improve our organisational culture, employee engagement and satisfaction levels.
- Launching our Equality, Diversity, and Inclusion Strategy, covering our role as a policy maker, service provider and as a large employer. This new strategy is supported by a clear action plan and information hub. We also renewed the council's Disability Confident Level 2 award, and we formed a care experience working group and an anti-racism steering group to strengthen our work in these two areas.
- Launching a volunteering policy that outlines how we encourage and support all colleagues to undertake paid volunteering within Cambridgeshire;
- Our first Employee Spotlight Awards to celebrate and recognise the amazing achievements of our colleagues across all parts of the organisation.

Foreword

2023-24 was also a year of successes in terms of service delivery, aligned to the council's vision to become:

- **Greener:** By reducing the council's scope 1 and scope 2 carbon emissions by 32% (from 2018-19 to 2022-23), with 22 council building heating systems replaced with low carbon heating saving an estimated 370 tCO2e per annum at a cost of £6.6 million (£3 million of this coming from successful grant applications). We also spent approximately £8 million on 14 major carriageway maintenance upgrades countywide, and approximately £3 million on 25 individual footpath and cycle path renewals to enable safer, more sustainable travel for highway users across the county.

- **Fairer:** We paid our employees the real living wage and increased our funding to commissioned care providers so that they can pay their employees the real living wage. We extended access to libraries and achieved Libraries of Sanctuary status in recognition of our work to support those who are seeking refuge in our county.

- **More Caring:** We delivered more than £7m in direct support to households who are struggling financially (mainly funded through the Household Support Fund grant) and focussed upon improving our children's social care, as well as agreeing to treat being care experienced, at any age, with the same status as other 'protected characteristics'.

We also delivered our first Quality of Life Survey with over 5,500 responses from across the county highlighting what residents value most about living in Cambridgeshire and what also concerns them. This included areas where the council is performing well against our ambitions, and areas to focus on continued improvement, such as highways.

2024-25 will be another year of relentless focus on delivering the County Council's Strategic Framework Vision and Ambitions and driving improvements across a range of our services. We will also continue to evolve the organisation in response to our emerging Change Strategy and future sustainability challenges. Importantly, this will also be the final, full financial and performance year prior to full County Council Elections in May 2025, and we will therefore spend time planning and preparing for these, working with our partners.

Dr Stephen S. Moir
Chief Executive

Chief Financial Officer’s Narrative Report

Michael Hudson
Executive Director of
Finance & Resources

Introduction

This document presents the statutory financial statements for Cambridgeshire County Council for the financial year 1 April 2023 to 31 March 2024, providing a comprehensive summary of the overall financial position of the council. These accounts are presented in the format recommended through the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2023-24.

Planning for the 2023-24 financial year was undertaken in the context of challenging national economic conditions, with weak growth, high inflation and rising interest rates. Delivering on our corporate strategy and prioritising our resources needed to be planned for with an uncertain, and insufficient, funding position from central government and unpredictable demand for council services.

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

Despite the level of uncertainty, the Council achieved a nearly balanced outturn position with a small 0.2% (£1.2m) overspend reported in our management accounts. Ringfenced budgets saw a larger overspend (£14.4m) due to spend on high needs education services for which we receive the Dedicated Schools Grant (DSG) but where demand is outstripping that funding source. The table below shows the outturn position for each Council directorate. The outturn position varies from the total net expenditure in our comprehensive income and expenditure statement due to the different accounting basis on which these financial accounts are prepared.

Service	Gross Budget £m	Net Budget £m	Outturn £m	Variance £m
Children, Education & Families (non-DSG)	167.153	132.095	143.444	11.349
Adults, Health & Commissioning	345.480	215.263	211.392	(3.871)
Place & Sustainability	105.587	68.957	73.029	4.072
Strategy & Partnerships	27.637	20.102	20.495	0.393
Finance & Resources	48.749	15.129	14.017	(1.113)
Subtotal - core funded services	**694.606**	**451.546**	**462.377**	**10.830**
Public Health	40.088	0.000	(0.126)	(0.126)
Children, Education & Families (DSG)	159.258	0.000	14.560	14.560
Subtotal - ringfenced services	**199.346**	**0.000**	**14.434**	**14.434**
Corporate & Funding Items	12.053	11.342	10.256	(6.094)
Capital Financing	58.884	38.141	34.642	(3.499)
Adjustments for Public Health & DSG ring-fence	(199.346)	0.000	(14.434)	(14.434)
Total	**765.543**	**501.029**	**507.275**	**1.237**

Notes: the 'Corporate & Funding Items' budget is primarily the levies paid by the Council to the Cambridgeshire & Peterborough Combined Authority and the Environment Agency. Its outturn includes grant and other funding that was in addition to budgeted levels.

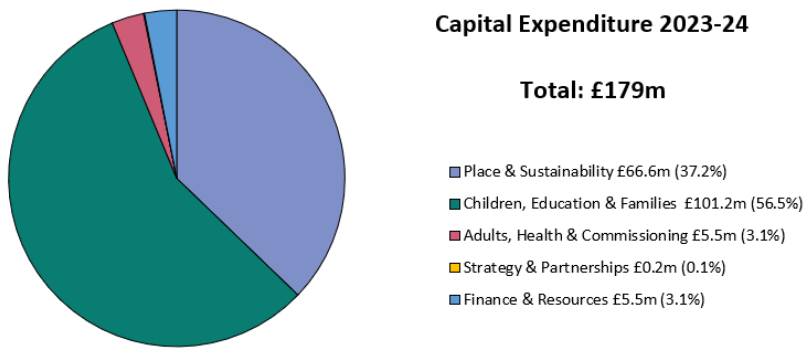
To enable risks to be pro-actively managed in a time of increased economic turbulence and unclear future government funding, the Council maintains prudent reserve balances. For 2022-23, the Council continued its policy for maintaining a general reserve to 4% of gross budget (excluding schools), and we have maintained several reserves earmarked for specific risks. Alongside doing this, we have ensured one off funding is available for delivering Council priorities and to enable pump-priming for future changes. We have used the Just Transition Fund and Business Change Reserve to provide funding to deliver on our strategic ambitions and deliver change. At the same time, our risk reserves have enabled us to mitigate ongoing risks around demand for services and our funding levels, as well as specific risks around contractual disputes and legal proceedings which otherwise may have needed to be drawn from the general reserve. Our medium-term financial plan is partly funded by a sustainable and tapering draw-down from some corporate reserves.

We continue to share services with neighbouring councils. Certain enabling functions are undertaken on a lead authority model with Milton Keynes City Council, North Northamptonshire Council and West Northamptonshire Council (covering services like accounts payable, payroll and pensions). In addition, in 2023-24 a number of services continued to be shared with Peterborough City Council though fewer than in the past with many previously shared services being de-coupled to enable us to focus on delivering for Cambridgeshire. This review of shared services continues into the new year.

Narrative Report

Looking ahead into 2024-25, we will review and update our medium-term financial strategy including our level of reserves, to ensure we have the plans in place to deliver a sustainable medium-term budget and continue to deliver on priorities. To ensure the long-term success and sustainability of the council, it is imperative that we put effective financial governance and competence at the centre of all of our decision making.

The council also has a large capital programme, with funding particularly allocated to a large-level school building and expansion works, road and transport delivery, and energy generation schemes. This is an ambitious programme that is continually reviewed to ensure it is focussing on our key statutory duties and our own priorities. This level of capital budget, funded extensively by borrowing, has a large revenue cost each year that we need to bear in mind. The graph below shows the council's capital expenditure in 2023-24 by directorate, excluding £38m of capital expenditure within our accounts that relates to the Greater Cambridge Partnership.



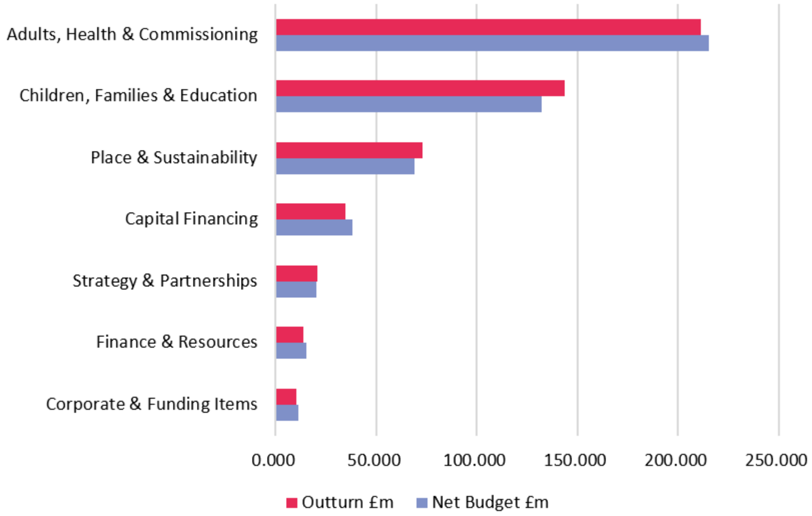
The financial accounts are complex and prepared in line with standardised international accountancy requirements. The council's monthly finance reports to its committees provide more summarised financial information, and this narrative report provides highlights of the full statement of accounts. Further summary information can be found in the following 'Financial Performance Review' section.

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

Michael Hudson LLB (Hons), LLM, CPFA
Chief Financial Officer

Financial Performance Review

The council's overall net revenue budget £501m in 2023-24 overspent by £1.2m (0.2%). The graph below gives a summary of each directorate's performance against budget, and the subsequent sections give some more detailed information for each of them.



Adults, Health & Commissioning

These services underspent overall, but that masks variances across different service user groups and significant underlying demand increases. We continue to see cost pressures for services for working age adults, particularly in the Learning Disability Partnership, but again saw an underspend on services for older people. We were provided with grant funding from government that in part was able to meet the cost of these demand increases on a one-off basis. We will closely monitor growth projections for these services in the coming months. Care providers saw cost pressures from inflation, particularly due to the increasing minimum wage, that is passed onto the council. We are continuing to work with the local NHS to ensure integrated working focussing on hospital discharge, but notice has been given to end the large pooled budget for learning disability services. The position on adult social care debt has worsened, resulting in an overall increase the council's bad debt provision.

Children, Education & Families

The national issue of a shortage of placements for children in care who have high needs has resulted in a large overspend in this directorate. While in part this is driven by high levels of inflation, it is predominantly due to the lack of supply in the market driving up prices. Dedicated Schools Grant funded services overspent by £14.6m in year due to sustained high levels of demand, bringing the cumulative deficit to £40m, which is contrary to the safety valve deficit reduction agreement with central government. This is also having a knock onto our home to school transport services through increased demand for SEND transport.

Place & Sustainability

The overspend in this directorate was due to delays on generation of income from renewable energy schemes. The council has an ambitious programme to build solar energy infrastructure which provides green electricity and a financial return to the council. Due to delays in construction and connection to the national grid, income has not been received this year in line with budget. The ongoing closure of a waste treatment plant due to odour regulations is another key financial variable.

Strategy & Partnerships

Some staffing costs expected to be funded by capital receipts under the flexibility provided by government were instead funded by revenue due to the level of capital receipts received overall. The directorate otherwise came in close to budget.

Finance & Resources

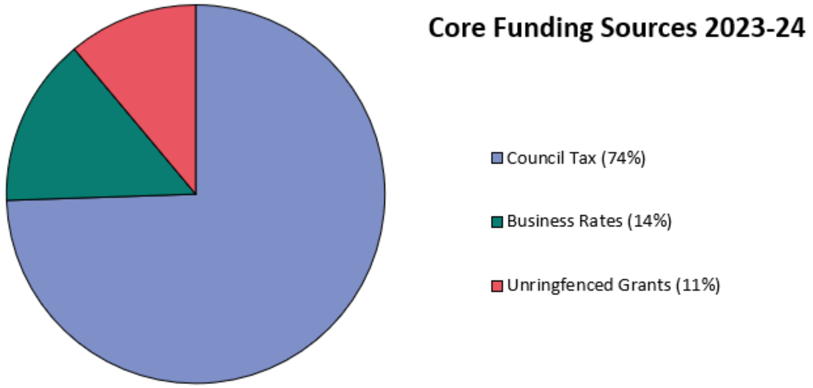
There were returns above the budgeted level on our treasury investments and company dividends, while IT services delivered contract savings ahead of time, resulting in an underspend overall for the directorate. Property Services continue to have pressures around maintenance and farms income.

Public Health

This service was close to breakeven at year end, but the anticipated level of spend funded by reserves was lower than expected. These services are funded by the ring-fenced Public Health Grant, which has a grant reserve that is available to commit to eligible activity going forward.

Funding

The council's net budget of £501m was funded through a combination of locally collected taxation and general central government grants. The remainder of the council's gross budget comes from specific government grants, contributions from other bodies and charges paid for services.



We recognised more funding than was budgeted for this year, predominantly due to higher than expected business rates (and business rates compensation grants). Note 12 below (taxation and grant income) shows the actual funding level that was received, and includes the final position on collection funds for council tax and business rates.

The full end of year management accounts will be considered by Strategy, Resources & Performance Committee in July 2024.

Financial resilience and reserves

We hold a general reserve balance for unforeseen risks – the target level for that is set during business planning before the start of the year and is based on the Chief Financial Officer's assessment of the risks facing the council balanced against specific reserve mitigations that are in place. For 2023-24, the target general reserve balance was £28.9m and for 2023-24 that balance was maintained, and at the end of the year stood at £29.4m. This balance is also sufficient for 2024-25 based on the reserves assessment carried out in February 2024. We also hold other reserves to deliver our strategic priorities, to enable change, to mitigate other risks or to reflect ringfenced contributions that we have not yet been able to spend. The following table shows these types of revenue reserves and their year-end balances (these balances have decreased from £197m at the end of 2022-23 due to planned, sustainable draw-downs of reserves and use of ringfenced funding).

Item	2023-24 closing balance £m
General reserve	**29**
Usable earmarked reserves:	
Strategic priority reserves	62
Corporate risk reserves	70
Grant reserves	14
Insurance reserves	5
High needs block offset reserve	8
Subtotal usable earmarked reserves	**160**
Total	**189**

Earmarked reserves reported below in Note 20 include further items such as reserves held by our maintained schools that are not readily available for the council to use for other purposes. There is considerable variability between maintained schools in the level of reserves held, and the school sector is under financial pressure from funding not keeping pace with inflation and other cost increases. At the end of the year, 31 maintained schools were in deficit (almost double the previous year).

As well as revenue reserves we have capital reserves resulting from unspent capital grants and developer contributions. These reserves are committed over the medium-term within the capital programme. At the end of 2023-24 these total £76.3m, down from £111m at the end of 2022-23.

Where the council holds grant reserves, either revenue or capital, these will be ring-fenced for a specific purpose and will only be available to use within the conditions set out for each specific grant. From an accounting perspective, however, the grants may have been recognised already as income due to the lack of technical grant conditions; in this case any carry-forward by the council is discretionary and done as an earmarked reserve.

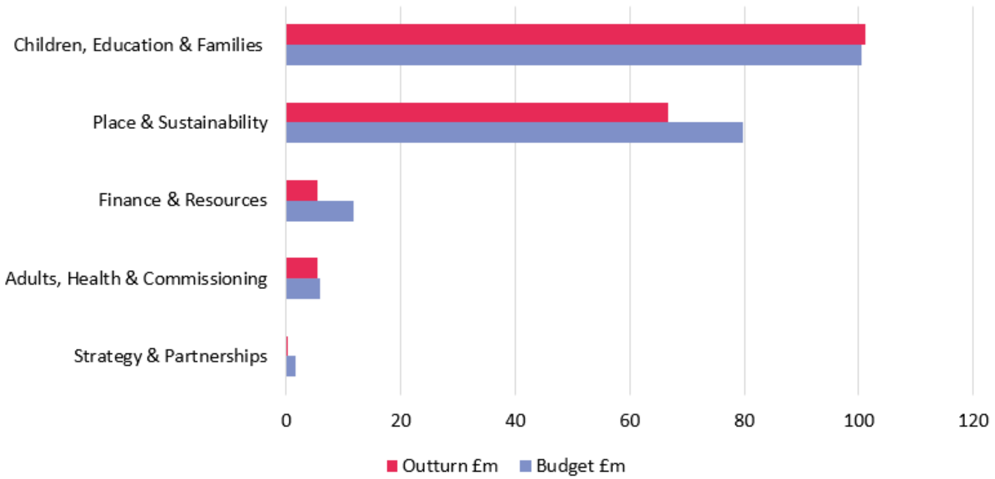
As well as this, our accounts show £1,400m of 'unusable reserves'. These are reserves the council is not able to utilise to provide services, such as the revaluation reserve which cannot be realised until revalued assets have been sold, and the pensions reserve.

The council's senior officer leadership regularly review the directorate and corporate risk registers and performance reports. There are mitigating measures in place for each risk, and they factor into decisions around the level of reserves held. The council also has a scheme of delegation to officers and a scheme of financial management within its constitution, providing a framework within which officers can act in relation to financial matters.

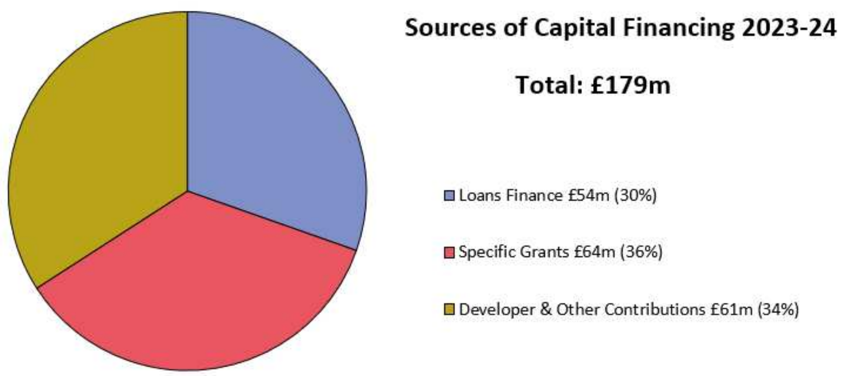
Capital

The council's capital programme for 2023-24 and beyond totals over £1.2b, with £199.5m of that budgeted to be spent in 2023-24. On top of this, the Greater Cambridge Partnership capital programme of £677m and 2023-24 budget of £44m form part of the council's overall capital position. Actual capital expenditure financed from capital resources for the year was £217.5m (of which £38.4m related to the Greater Cambridge Partnership), leaving £26.4m (11%) of the capital budget unspent at the year end. This was largely due to the timing of spending and in most cases does not represent underspends on schemes. Many capital projects span a number of years, so this simply means that expenditure has not been incurred as had been profiled with the business plan. In 2023-24 the key areas where spend varied from planned budgets were highways and transport schemes (£9.1m), property schemes (£3.0m), IT schemes (£2.6m), Waste management schemes (£2.6m) and energy generation schemes (£1.3m).

The chart below shows net capital budgets and outturns for 2023-24 of the council's directorates:



The following chart outlines how the £179.1m of the council's directorates' capital expenditure was financed this year:



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

Our revenue capital financing budget for 2023-24 underspent as a result of three factors. Firstly, we borrowed less in year and generally at a lower rate than expected due to delayed capital spend and having a higher level of cash than projected and so incurred lower borrowing costs. Secondly, high interest rates during the year meant that we were receiving a greater return on those higher cash balances. Thirdly, we were able to capitalise more interest on borrowing than expected.

External Borrowing & Investment

Total debt outstanding at 31 March 2023 was £777.5m (consisting of £574.2m long-term borrowing and £203.2m short-term borrowing), which was well within the Authorised Limit of £1,290.0m determined in accordance with legislation. Long-term borrowing increased by £9.3m during the year, and short-term borrowing increased by £31.5m, reflecting the council minimising long-term exposure to rising interest rates by taking out shorter-term debt.

Our treasury management activities are reported on quarterly to Strategy, Resources and Performance Committee and formally twice per year to Full Council, in line with our Treasury Management Strategy. The primary objective is to ensure that funds are invested prudently, with priority given to security and liquidity.

The council's external borrowing includes loans advanced to the council's wholly-owned housing company This Land. The council receives a revenue return from interest paid by the company on these loans, and the company continues to deliver houses and land development that benefits the county. Following changes in management of the company and reflecting on the current economic outlook, the council is considering its options as to how to best support the company in the future and ensure that its loans to the company are repaid; this is to draw on advice from sector specialists as part of the council's shareholder oversight of the company.

Assets & Liabilities

The council's cash and cash equivalents position decreased in the year by £23.0m from £91.5m at 31 March 2023 to £68.5m at 31 March 2024, in order to reduce the amount of external borrowing required.

During 2023-24, the net assets of the council and its Balance Sheet value increased by £328.4m (a 24% increase), from an opening balance of £1,378.4m to a closing balance of £1,706.8m at 31 March 2024. The net increase was largely driven by a combination of an increase in the amount of borrowing off-set by a reduction in liabilities relating to the pension fund and an increase in the value of Property, Plant and Equipment.

Looking ahead

For 2023-24 a revised strategic framework and seven ambitions for the council were set as part of the business plan, to deliver on the Joint Administration's vision for the council. This strategic framework was brought up to date ahead of 2024-25 but otherwise remains the key strategic document for the council underpinning business planning for later years and expected to be in place at least until the next county council elections in 2025.

The council's revised corporate leadership and directorate structures fully came into place in 2023-24, enabling clearer accountabilities and a sharper focus on delivering services for the people of Cambridgeshire. The final stages of these changes and the decoupling of most services from other councils will take place in the coming year.

There is still work to be done in ensuring we have a fully sustainable medium-term financial strategy with the resilience and capacity to address the identified budget gaps in the context of uncertain local government funding levels. The council has made prudent assumptions over the medium-term about funding and taxation.

The Statement of Accounts

The purpose of these accounts is to present a true and fair view of the financial results of the council's activities for the year ended 31 March 2024, and to summarise the overall financial position of the council as at that date by bringing together the major financial statements for the council. The various sections, and their contents, are as follows:

Statement of Responsibilities, Certificate and Approval of Accounts

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

Independent Auditor's Report to Members

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

Comprehensive Income and Expenditure Statement (CIES)

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

Movement in Reserves Statement (MIRS)

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

Balance Sheet

The Balance Sheet presents the value of the council's current and non-current assets and liabilities at 31 March 2024 with the bottom line effectively being the net worth of the organisation. The net assets of the council (assets less liabilities) are matched by the level of 'usable' and 'unusable' reserves held. Usable reserves are those resources that the council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that the council is not able to use to provide services. Unusable reserves include those that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences as shown by the 'adjustments between accounting basis and funding basis under regulations' line in the Movement in Reserves Statement.

Cash Flow Statement

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

Expenditure and Funding Analysis

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

Notes to the core financial statements

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

Pension Fund accounts (published here)

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

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

Accounting Policies
These are the accounting rules and practices adopted by the council that determine how transactions and events are reflected in the accounts. For 2023-24, these accounting practices principally comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 (the Code) supported by International Financial Reporting Standards (IFRS), and the Service Reporting Code of Practice 2023-24 (SeRCoP).

Annual Governance Statement (published here)
The annual governance statement is a statutory document that explains the processes and procedures in place to enable the council to carry out its functions effectively.

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

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

STATEMENT OF RESPONSIBILITIES, CERTIFICATE AND APPROVAL OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The council is required to:

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

RESPONSIBILIES OF THE EXECUTIVE DIRECTOR OF FINANCE & RESOURCES

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

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

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

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

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

Statement of Responsibilities, Certificate and Approval of Accounts

CERTIFICATE OF ACCOUNTS

I certify that this Statement of Accounts presents a true and fair view of the financial position of the council at 31 March 2024 and its income and expenditure for the year 2023-24 and authorise the accounts for issue.

Michael Hudson
Executive Director of Finance & Resources
Date: 31-May-2024

APPROVAL OF ACCOUNTS

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

Signed on behalf of
Cambridgeshire County Council:

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

INDEPENDENT AUDITOR'S REPORT

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Core Financial Statements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

RESTATED* 2022-23 Gross Expenditure £000	Gross Income £000	Net Expenditure (+) / Income (-) £000		Note	2023-24 Gross Expenditure £000	Gross Income £000	Net Expenditure (+) / Income (-) £000
109,484	-34,012	**75,472**	Place and Sustainability		116,428	-36,223	**80,205**
341,108	-119,027	**108,590**	Children, Education and Families		557,747	-393,637	**164,110**
472,221	-363,631	**222,081**	Adults, Health and Commissioning		347,867	-129,099	**218,768**
40,094	-37,690	**2,404**	Public Health		43,190	-37,186	**6,004**
65,088	-21,737	**43,351**	Finance and Resources		60,350	-41,705	**18,645**
46,105	-34,855	**11,250**	Strategy and Partnerships		47,315	-19,416	**27,899**
1,074,100	**-610,952**	**463,148**	**Cost of Services**		**1,172,897**	**-657,266**	**515,631**
9,235	0	**9,235**	Other operating income and expenditure	**10**	445	-204	**241**
45,016	-30,879	**14,137**	Financing and investment income and expenditure	**11**	42,920	-24,480	**18,440**
0	-624,091	**-624,091**	Taxation and non specific grant income	**12**	0	-623,659	**-623,659**
		-137,571	**Surplus (-) or Deficit (+) on Provision of Services**				**-89,347**
		-77,348	Surplus (-) or deficit (+) on revaluation of property, plant and equipment	**22**			**-135,852**
		17,395	Impairment and revaluation loss charged to the revaluation reserve	**22**			**24,385**
		3,742	Surplus (-) or deficit (+) on financial assets measured at fair value through other comprehensive income	**27**			**1,460**
		-570,824	Remeasurement of net pension benefit/liability	**37**			**-129,082**
		-627,035	**Other Comprehensive Income (-) and Expenditure (+)**				**-239,089**
		-764,606	**Total Comprehensive Income (-) and Expenditure (+)**				**-328,436**

*22-23 comparators restated due to restructure, with Peoples Services split into Adults, Health and Commissioning, and Children, Education and Families

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

MOVEMENT IN RESERVES STATEMENT

	General Fund *	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves Total	Unusable Reserves Total	Reserves Total
	£000	£000	£000	£000	£000	£000
Balance at 1-Apr-22	**200,418**	**13,857**	**32,396**	**246,672**	**367,123**	**613,795**
Movement in 2022-23						
Total comprehensive income and expenditure	137,571	0	0	137,571	627,035	764,606
Adjustments between accounting and funding basis under regulations (note 19)	-126,145	-13,300	77,882	-61,562	61,562	0
Increase (+) or decrease (-) in 2021-22	11,426	-13,300	77,882	76,008	688,597	764,605
Balance at 31-Mar-23	**211,844**	**557**	**110,278**	**322,680**	**1,055,720**	**1,378,400**
Movement in 2023-24						
Total comprehensive income and expenditure	89,347	0	0	89,347	239,089	328,436
Adjustments between accounting and funding basis under regulations (note 19)	-99,933	338	-26,731	-126,325	126,325	0
Increase (+) or decrease (-) in 2022-23	**-10,586**	**338**	**-26,731**	**-36,978**	**365,414**	**328,436**
Balance at 31-Mar-24	**201,258**	**895**	**83,547**	**285,702**	**1,421,134**	**1,706,836**

* General Fund balances include earmarked reserves

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

BALANCE SHEET

31-Mar-23 £000		Note	31-Mar-24 £000
1,854,685	Property, plant and equipment	23	2,132,327
19,015	Heritage assets	25	19,016
156,584	Investment property	24	150,188
9,804	Intangible assets		9,146
40,999	Long term investments	27	39,539
144,322	Long term debtors	26	143,557
2,225,409	**Long Term Assets**		**2,493,773**
0	Short term investments	27	10,000
1,023	Assets held for sale	23	1,509
967	Inventories		678
161,841	Short term debtors	29	139,194
91,546	Cash and cash equivalents	30	68,515
255,377	**Current Assets**		**219,896**
-171,688	Short term borrowing	27	-203,237
-171,473	Short term creditors	31	-157,383
-2,234	Provisions		-2,093
-17	Capital grants and contributions received in advance	33	-1,862
-345,412	**Current Liabilities**		**-364,575**
-7,280	Provisions		-7,675
-564,884	Long term borrowing	27	-574,224
-140,620	Other long term liabilities	32	-8,586
-44,187	Capital grants and contributions received in advance	33	-51,770
-756,971	**Long Term Liabilities**		**-642,255**
1,378,403	**Net Assets**		**1,706,839**
322,682	Usable reserves	21	285,705
1,055,721	Unusable reserves	22	1,421,134
1,378,403	**Total Reserves**		**1,706,839**

CERTIFICATE OF ACCOUNTS

I certify that this Statement of Accounts presents a true and fair view of the financial position of the council at 31 March 2024 and its income and expenditure for the year 2023-24 and authorise the accounts for issue.

M. Hudson

Michael Hudson
Executive Director of Finance & Resources (Section 151 Officer)
Date: 31-May-2024

The purpose of this statement is explained in the Narrative Report (pages 18-19).

CASH FLOW STATEMENT

2022-23 £000		2023-24 £000
-137,571	**Net Surplus (-) or Deficit (+) on the Provision of Services**	**-89,347**
-36,922	Depreciation	-44,856
40,167	Impairment and downward valuations	34,430
-2,664	Amortisation	-2,296
-33,316	Increase(-)/Decrease in Creditors	2,757
57,057	Increase/Decrease (-) in Debtors	-22,770
-420	Increase/Decrease (-) in Inventories	-289
-56,888	Movement in Pension Liability (difference between employer's contributions paid and IAS19 adjustments)	-1,275
-12,772	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	-488
9,907	Other non-cash items charged to the deficit on the provision of services	17,241
-35,851	**Adjustments to the net deficit on the provision of services for non-cash movements**	**-17,546**
0	Proceeds from short-term and long-term investments	0
3,968	Proceeds from the sale of property, plant and equipment	691
148,266	Grants for financing capital expenditure	100,612
1,465	Any other items for which the cash effects are investing or financing activities	-28,435
153,699	**Adjustments for items included in the deficit on the provision of services that are investing and financing activities**	**72,868**
-19,723	**Net Cashflows from Operating Activities**	**-34,025**
127,321	Purchase of Property, Plant and Equipment	179,053
0	Purchase of short-term and long-term investments	10,000
209	Other payments for investing activities	852
0	Proceeds from short-term and long-term investments	0
-3,968	Proceeds from the Sale of Property, Plant and Equipment	-691
-148,266	Capital Grants Received	-100,612
-21,148	Other receipts from investing activities	-25,066
-45,852	**Investing Activities**	**63,536**
-114,000	Cash Receipts of short and long-term borrowing	-248,000
2,351	Cash Payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (principal)	3,777
155,493	Repayments of short and long-term borrowing	207,188
23,886	Other payments for financing activities	30,555
67,730	**Financing Activities**	**-6,480**
2,155	**Net Increase (-) or Decrease (+) in cash and cash equivalents**	**23,031**
93,701	Cash and Cash equivalents at the beginning of the reporting year	91,546
91,546	**Cash and Cash equivalents at the end of the reporting year**	**68,515**

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

DISCLOSURE NOTES

General Accounting Policies and Judgements

1. ACCOUNTING POLICIES

For the Accounting Policies refer to Appendix 1.

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

The Code of Practice on Local Government Accounting in the United Kingdom 2023-24 (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The standards introduced by the 2024-25 Code where disclosures are required in the 2023-24 financial statements, in accordance with the requirements of the Code, are:

a) IFRS 16 Leases (replaces the current standard IAS 17 Leases)
b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
d) Non-current Liabilities with Covenants (Amendments to IAS 1)
e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)
f) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

Items b), c), d), e) and f) are not expected to have a material impact for CCC.

Item a) IFRS 16 Leases is implemented from 1 April 2024, so will have no impact on the 2023-24 accounts; however, there will be a significant impact on the 2024-25 accounts. The impact on lease accounting will only be significant for leases where CCC is the lessee (“tenant / customer”); accounting for the leases where CCC is the lessor (“landlord / supplier”) remains fundamentally unchanged. IFRS 16 removes the current classification of Finance and Operating leases, when accounting for leases where CCC is the Lessee; instead, most leases will now be recognised on the council's balance sheet as a matching “Right of Use” (“RoU”) asset and lease liability.

General Accounting Policies and Judgements

The Code sets out transition arrangements for current lessee Operating and Finance leases. For current operating leases, a lease liability and matching RoU asset will be created at the present value of future lease payments, discounted using the council's incremental borrowing rate at 31 March 2024. The estimated impact of this on CCC's future core financial statements are in the region of the figures shown below:

Balance sheet impact of IFRS 16 on current Operating Leases	01-Apr-24 £000
Total additional Right-of-Use assets	9,100
Total additional liabilities	-9,100
Net balance sheet impact	**0**

CIES impact of IFRS 16 on current Operating Leases	Year ending 31 March 2025 £000	Total subsequent years £000	Total £000
Cost of Services - principal payments now capital	-1,300	-7,800	-9,100
Cost of Services - depreciation	1,400	7,700	9,100
Cost of Services - interest now charged to Financing and Investment expenditure	-400	-4,300	-4,700
Cost of Services - net impact	**-300**	**-4,400**	**-4,700**
Financing and investment income and expenditure (interest payable)	400	4,300	4,700
Total Financing and investment income and expenditure - net impact	**400**	**4,300**	**4,700**
Total impact of IFRS 16 on CIES:	**100**	**-100**	**0**

Finance leases are transitioned to IFRS 16 at their current carrying value – therefore there is no immediate impact resulting from the transition to IFRS 16. IFRS 16 does represent a change in finance lease accounting, as any time lease payment amounts change the liability will have to be remeasured. There will therefore be changes in lease liability amounts during the 2024-25 financial year; however, this is not expected to be significant.

PFI accounting is also impacted by the transition to IFRS 16. Similarly to Finance leases, the current PFI assets and liabilities are transitioned at their current carrying value, and then will be remeasured when payment amounts change. As PFI payment amounts change from the start of each financial year, CCC have elected to disclose the estimated impact of transition to IFRS 16 upon current PFI arrangements, as this is expected to be material. Where PFI assets are carried at current value, the increase in the value of the liability cannot be applied to the PFI assets, and so is instead applied to the relevant unusable reserve.

The estimated impact on CCC's future core financial statements is in the region of the figures shown in the following tables:

Balance Sheet impact of IFRS 16 on PFIs	Street Lighting £000	BSF £000	Waste £000	Total £000
Increase in total liability as at 1 April 2024:	-900	-5,100	-19,200	**-25,200**
Increase in PFI assets as at 1 April 2024:	900	0	0	**900**
Decrease in Capital Adjustment Account to net liability increase:	0	5,100	12,600	**17,700**
Decrease in Revaluation Reserve to net liability increase:	0	0	6,600	**6,600**
Increase in Capital Adjustment Account - reversal of additional depreciation:	-900	0	0	**-900**
Decrease in Capital Adjustment Account - additional MRP charge:	900	5,100	19,200	**25,200**
Total balance sheet impact:	**0**	**5,100**	**19,200**	**24,300**

General Accounting Policies and Judgements

CIES impact of IFRS 16 on PFIs	Street Lighting £000	BSF £000	Waste £000	Total £000
Year ending 31 March 2025:				
Revenue saving - no contingent rents:	-100	-700	-3,400	**-4,200**
Revenue cost - increased future interest:	100	500	2,700	**3,300**
Revenue cost - increased future depreciation:	100	0	0	**100**
Total impact on CIES in 2024-25:	**100**	**-200**	**-700**	**-800**
Total all years (including 2024-25):				
Revenue saving - no contingent rents:	-3,000	-13,100	-60,000	**-76,100**
Revenue cost - increased future interest:	800	4,400	22,200	**27,400**
Revenue cost - increased future depreciation:	900	0	0	**900**
Total impact on CIES across all years:	**-1,300**	**-8,700**	**-37,800**	**-47,800**

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- The Council currently has 3 PFI contracts with private sector partners. These are as follows:
  - Thalia WB SPV Limited – to provide waste treatment and household waste facilities for the county until 2036;
  - Balfour Beatty plc. – to replace elements of Cambridgeshire’s existing Street Lighting network (those elements beyond their useful life), and subsequent maintenance until 2036; and
  - Equitix Learning Community Partnerships – for the construction of Thomas Clarkson Academy (with a concession period until January 2037) as part of the Building Schools for the Future programme.

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

- Heritage Assets held on deposit to the value of £19m have been included within the Council's Heritage Asset balance. Many of these deposits have been made without any kind of formal agreement that states who retains ownership, and for how long the deposit has been made. The Council has reviewed these items to determine when they were placed on deposit, and for the vast majority of items the deposits were made between 1934 and 1989. As such, given the long-term nature of the deposits, the Council has concluded that it effectively retains control of all assets on deposit and has therefore included these values within the Heritage Assets balance.

- The Council has judged that the stipulation in its Section 106 agreements regarding a requirement for it to use funds within a set timeframe, is a condition attached to the provision of the funding. However, where there is a clear plan in place to use this funding within the stipulated timeframes by means of a funding commitment within the Council's Business Plan, the conditions are regarded as having been met and the funding is recognised within unapplied contributions. The Council has therefore applied the judgement of there being a condition attached across all Section 106 agreements not included in the Council's Business Plan, which results in £36.3m being recognised in Capital Grants and Contributions unapplied as at 31 March 2024.

- The Council judges that the appropriate accounting treatment for the City Deal funding from Central Government to the Greater Cambridge Partnership (GCP) of £40m per year from 2020-21 to 2024-25 is to treat the funding as a series of separate grants, and therefore to recognise each year's individual allocation in the Comprehensive Income and Expenditure Statement annually. To make this judgement, the Council concluded that the substance of the arrangement with GCP for the City Deal grant effectively gave it control of the grant, even if the legal form of the arrangement does not. The Council also considered whether any conditions existed at the Balance Sheet date with regard to the receipt of the £40m of funding from Central Government. The Council concluded that no conditions exist regarding the receipt of the £40m (using the definition of 'conditions' required by 2.3.2.1 of the Code in relation to grants), therefore, in accordance with paragraph 2.3.1.2 of the CIPFA Code of Practice, £40m grant income should be recognised in 2023-24.

- As set out in Property, Plant and Equipment (Note 23), Infrastructure Assets have a net book value of £1.1bn at 31 March 2024. In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits for the years 2010-11 to 2013-14 mean that this would not faithfully represent the asset position to the users of the financial statements.

  The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

4. GOING CONCERN ASSUMPTION

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

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year, which has been seen with several local authorities who have had financial difficulties and have received additional support, flexibility and direction from government ensuring continuity of statutory services. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. The Council's accounts are therefore produced under the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24 and have been prepared on the going concern basis.

In carrying out its assessment that this basis is appropriate, made for the going concern period to 31st May 2025, management of the Council have undertaken forecasting of both income and expenditure, the expected impact on reserves, and cashflow forecasting.

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

Date	General Fund £m	Earmarked Reserves £m
31/3/2024	29.4	171.8 (Note 20)
31/3/2023	27.3	184.5 (Note 20)

The forecast level of general reserves and earmarked reserves at 31 May 2025 is £26m and £116.0m respectively, which were assessed as adequate by the Chief Financial Officer in his financial sustainability report to Strategy, Resources & Performance Committee on 30 January 2024. Council approved a balanced budget for 2024-25 on 13 February 2024.

Liquidity

The Council has undertaken cash flow modelling through the going concern period to 31 May 2025 which demonstrates the Council's ability to work within its Capital Financing Requirement (CFR) and cash management framework throughout the period. The only expectation of external borrowing is to support the Capital Programme and to compensate for a reduction in internal borrowing, which is consistent with our plans and normal practice.

The key assumption within this forecast includes the achievement of £18.8m of savings in 2024-25, following the setting of the Council's 2024-25 budget. The Council does not expect any potential inability to achieve these savings to significantly affect either the level of reserves or the remaining liquidity throughout the period.

The Council has also assessed the cashflow forecasts of its significant subsidiaries, mainly the This Land Group. The Council liaises closely with This Land, in its role as shareholder and exercising its powers under the loan agreement as Lender, to monitor the company's financial position. In February 2022, the company exchanged contracts on the disposal of property it owns at Burwell, leading to the receipt of £21.5m on 18 March 2022 with a further £10m over the period January to July 2023. Similarly in August 2023, the company exchanged contracts on the disposal of property at Worts Causeway, leading to a receipt of £6.75m and three further agreed amounts of £6.75m due for payment according to contractual terms at future dates (subject to delivery of enabling infrastructure works). The company has also sold all but two plots at the development site in Over. As a result, This Land is in a reasonable cash position, with a current cash balance as at 31st March 2024 of £6.1m. Looking forward, the economic outlook for housebuilders generally and site-specific contingencies suggest a more restricted liquidity position than in previous years for This Land. The company's financial obligations are overwhelmingly towards the Council (intra-group). As part of regular and enhanced liaison with This Land the

Council is reviewing longer term strategic options, which can be accommodated within the Council's available resources, where this is in the overall economic interests of the Council group as a whole.

Conclusion

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

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

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

The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value Measurements	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where Level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value. Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in Notes 27 and 28 below.	The Council uses the Discounted Cash flow model to measure the Existing Use Value of some of its investment properties, surplus properties, Assets Held for Sale and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and discount rates – adjusted for regional factors. Significant changes in any of the unobservable inputs would result in significantly lower or higher fair value measurement for the investment properties, surplus properties, Assets Held for Sale and financial assets.
Pension Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effect on the pension's liability of changes in individual assumptions can be measured. For instance: • 1 year increase in member life expectancy would result in an increase in the liability of approximately 3%-5%; • 0.1% decrease in the Real Discount Rate would result in an increase in the liability of approximately £27m (2%); and • 0.1% increase in the Pension Increase Rate would result in an increase in the liability of approximately £26m (2%).

6. EVENTS AFTER THE BALANCE SHEET DATE

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

'Non-adjusting' Events after The Balance Sheet Date

Schools converting to Academy status

Three further schools are expected to convert to Academy status during 2024-25, and further conversions are expected to take place in future years. By the end of the 2024-25 financial year, local authority-maintained schools and CE schools with a current net book value totalling £8.5m will have converted to Academy status since the Balance Sheet date.

Guided Busway safety

In May 2024, the County Council was served with a court summons following a Health and Safety Executive (HSE) investigation into three deaths and a serious injury on a section of the busway in Cambridge. The Council will consider the evidence presented in the prosecution, the offences listed in the summonses and is preparing for the first court hearing date. There is insufficient information at this stage to quantify any financial impact in the event of conviction. Safety on the busway remains a priority for the County Council and the operators who use the busway.

7. EXPENDITURE AND FUNDING ANALYSIS

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

The "Other income and expenditure" line relates to all income and expenditure outside of the Net cost of services. This includes the following lines within the Comprehensive Income and Expenditure Statement; Other operating income and expenditure, Financing and investment income and expenditure, Taxation and non-specific grant income and expenditure.

Comprehensive Income and Expenditure Statement Supporting Notes

2022-23 Net Expenditure Chargeable to the General Fund £000	2022-23 Adjustments between Funding and Accounting Basis £000	2022-23 Net Expenditure in the Comprehensive Income and Expenditure Statement £000		2023-24 Net Expenditure Chargeable to the General Fund £000	2023-24 Adjustments between Funding and Accounting Basis £000	2023-24 Net Expenditure in the Comprehensive Income and Expenditure Statement £000
72,063	3,409	**75,472**	Place and Sustainability	62,731	17,474	**80,205**
93,239	15,351	**108,590**	Children, Education and Families	155,658	8,452	**164,110**
210,537	11,544	**222,081**	Adults, Health and Commissioning	218,680	88	**218,768**
1,792	612	**2,404**	Public Health	6,018	-14	**6,004**
53,723	-10,372	**43,351**	Finance and Resources	41,341	-22,696	**18,645**
5,988	5,262	**11,250**	Strategy and Partnerships	27,940	-41	**27,899**
437,343	**25,805**	**463,148**	**Net Cost of Services**	**512,368**	**3,263**	**515,631**
-448,771	-151,948	**-600,719**	Other Income and Expenditure	-501,786	-103,192	**-604,978**
-11,428	**-126,143**	**-137,571**	**Surplus (-) or Deficit**	**10,582**	**-99,929**	**-89,347**
-200,418			Opening General Fund Balance at 31 March	-211,846		
-11,428			Plus: Deficit on General Fund Balance In Year	10,582		
-211,846			**Closing General Fund Balance at 31 March**	**-201,264**		

*2022-23 comparators restated due to restructure, with Peoples Services split into Adults, Health and Commissioning and Children, Education and Families

8. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Place and Sustainability	17,558	-101	17	**17,474**
Children, Education and Families	6,818	-284	1,918	**8,452**
Adults, Health and Commissioning	331	-191	-52	**88**
Public Health	0	-10	-4	**-14**
Finance and Resources	-22,808	127	-15	**-22,696**
Strategy and Partnerships	37	-99	21	**-41**
Net Cost of Services	**1,936**	**-558**	**1,885**	**3,263**
Other Income and Expenditure	-106,272	1,834	1,246	**-103,192**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**-104,336**	**1,276**	**3,131**	**-99,929**

Adjustments for Capital purposes

- In the **service lines** this column records adjustments in respect of depreciation, Revenue Expenditure Funded from Capital Under Statute (REFCUS), revaluation gains / losses, and Private Finance Initiative and lease movements.
- **Other Operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

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

Net Change for the Pensions Adjustments

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

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

Other Differences

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

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

9. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2022-23 £000		2023-24 £000
	Expenditure	
370,175	Employee Benefits Expenses	357,436
704,506	Other Services Expenses	802,938
-581	Depreciation, amortisation, impairment	12,723
45,016	Interest Payments	36,524
432	Precepts and Levies	445
8,803	Loss on the disposal of assets	0
0	Loss in relation to investment properties and changes in their fair value	6,396
1,128,351	**Total Expenditure**	**1,216,462**
	Income	
-103,653	Fees, charges and other service income	-158,884
0	Gain on the disposal of assets	-204
-30,878	Interest and Investment Income	-24,480
-418,776	Income from Council Tax and Non-domestic rates	-446,213
-712,612	Government Grants and Contributions	-676,028
-1,265,919	**Total Income**	**-1,305,809**
-137,568	**Surplus (-) or Deficit (+) on the Provision of Services**	**-89,347**

10. OTHER OPERATING INCOME AND EXPENDITURE

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

2022-23 £000		2023-24 £000
432	Levies	445
8,803	(Gains)/losses on the disposal of non-current assets	-204
9,235	**Total**	**241**

11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

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

2022-23 £000		2023-24 £000
29,547	Interest payable and similar charges	34,690
15,469	Net interest on the net defined benefit liability	1,834
-12,383	Interest receivable and similar income	-15,054
-17,266	Income and expenditure in relation to investment properties and changes in their fair value	-1,437
0	Trading accounts	0
-1,230	Other investment income	-1,594
14,137	**Total**	**18,439**

12. TAXATION AND NON-SPECIFIC GRANT INCOMES

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

2022-23 £000		2023-24 £000
-349,438	Council Tax Income	-372,589
-69,338	Non-Domestic Rates	-73,624
-45,124	Non-Ringfenced Government Grants	-64,982
-160,191	Capital Grants and Contributions	-91,308
0	Donated Assets	-21,156
-624,091	**Total**	**-623,659**

13. POOLED BUDGETS

Better Care Fund

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

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

The partners planned expenditure together through the fund including:

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

Comprehensive Income and Expenditure Statement Supporting Notes

The financial information for the Better Care Fund in 2022-23 and 2023-24 is as follows:

2022-23 £000	Better Care Fund	2023-24 £000
	Funding provided to the pooled budget by:	
	Original BCF:	
-20,241	the Council	-20,683
-48,953	NHS Cambridgeshire and Peterborough ICB	-51,374
-69,194		**-72,057**
	ASC Discharge Fund:	
-1,937	the Council	-2,127
-2,512	NHS Cambridgeshire and Peterborough ICB	-2,462
-4,449		**-4,589**
-73,643	**Funding Total**	**-76,646**
	Expenditure met from the pooled budget:	
39,183	the Council	40,697
30,011	NHS Cambridgeshire and Peterborough ICB	31,360
69,194		**72,057**
	ASC Discharge Fund:	
1,937	the Council	2,127
2,512	NHS Cambridgeshire and Peterborough ICB	2,462
4,449		**4,589**
73,644	**Expenditure total**	**76,646**
0	**Net Surplus (-) or Deficit (+) on the Pooled Budget**	**0**
0	**Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget**	**0**
-18,942	Funding received from Cambridgeshire and Peterborough ICB	-20,014
0	Funding accrued for from Cambridgeshire and Peterborough ICB	0
-18,942	**Total funding transfer from ICB to the council**	-20,014

In accordance with the section 75 agreement, NHS funded services which are commissioned directly by the Integrated Care Board, do not require transactions to be via the County Council. Consequently, the actual transfer of funding from the NHS to the County Council related to 2023-24 through the original BCF is £20.0m (£18.9m in 2022-23).

Other pooled budgets

The Council also has pooled budget agreements with the following bodies:

- NHS Cambridgeshire and Peterborough ICB, for the provision of an Integrated Community Equipment Service (ICES) in Cambridgeshire, with the partner organisation contributing 52% of the budget:

2022-23 £000	Integrated Community Equipment Service	2023-24 £000
	Funding provided to the pooled budget by:	
-2,224	the Council	-2,368
-2,390	NHS Cambridgeshire and Peterborough ICB	-2,545
-4,614		**-4,913**
	Expenditure met from the pooled budget:	
2,059	the Council	2,662
2,213	NHS Cambridgeshire and Peterborough ICB	2,861
4,272		**5,523**
-342	**Net Surplus (-) or Deficit (+) on the Pooled Budget**	**610**
-165	**Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget**	**294**
-2,390	Funding received from Cambridgeshire and Peterborough ICB	0
177	Funding accrued for to/from Cambridgeshire and Peterborough ICB	-2,861
-2,213	**Total funding transfer from ICB to the council**	-2,861

- NHS Cambridgeshire and Peterborough ICB, for the provision of integrated health and social services for Learning Disability Partnership (LDP) clients in Cambridgeshire, with the partner organisation contributing 23% of the budget:

2022-23 £000	Learning Disability Partnership	2023-24 £000
	Funding provided to the pooled budget by:	
-81,859	the Council	-93,708
-24,756	NHS Cambridgeshire and Peterborough ICB	-28,339
-106,616		**-122,047**
	Expenditure met from the pooled budget:	
83,758	the Council	95,435
25,331	NHS Cambridgeshire and Peterborough ICB	28,862
109,089		**124,296**
2,473	**Net Surplus (-) or Deficit (+) on the Pooled Budget**	**2,250**
1,899	**Council Share of the Net Surplus (-) or Deficit (+) on the Pooled Budget**	**1,727**
-24,792	Funding received from Cambridgeshire and Peterborough ICB	-20,503
-538	Funding accrued for from Cambridgeshire and Peterborough ICB	-8,360
-25,330	**Total funding transfer from ICB to the council**	-28,863

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

Comprehensive Income and Expenditure Statement Supporting Notes

14. MEMBERS' ALLOWANCES

The allowances paid to members of the Council in 2023-24 were £993,738 (£934,613 in 2022-23) and expenses totalled £17,159 (£13,900 in 2022-23).

15. OFFICERS' REMUNERATION

Senior Employees

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

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

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

Prior to 2022-23 the majority of the senior employee roles were shared with Peterborough City Council (PCC). Full remuneration is shown for all employees; however, Cambridgeshire County Council pays only an agreed proportion for its share of any shared posts.

Comprehensive Income and Expenditure Statement Supporting Notes

The Council's senior employee remuneration for 2023-24 is as follows:

Postholders at 31 March 2024:	Note		Salary, Fees & Allowances	Expenses (Taxable) & Benefits in Kind	Compensation for Loss of Employment	Employer Pension Contribution	Total Remuneration Including Employer Pension Contributions
			£	£	£	£	£
Chief Executive (S Moir)		2023-24	192,850	0	0	0	**192,850**
		2022-23	190,000	8,000	0	0	**198,000**
Executive Director of Finance and Resources (S151 Officer) (M Hudson)		2023-24	158,264	0	0	28,013	**186,277**
		2022-23	7,964	0	0	1,394	**9,358**
Executive Director of Strategy and Partnerships (S Grace)	1	2023-24	153,189	0	0	27,114	**180,303**
		2022-23	85,123	242	0	14,896	**100,261**
Executive Director: Public Health #	2	2023-24	135,934	0	0	19,955	**155,889**
		2022-23	127,903	0	0	18,776	**146,679**
Executive Director for Children, Education and Families	3	2023-24	132,419	0	0	23,438	**146,679**
Executive Director for Adults, Health and Commissioning	4	2023-24	132,419	0	0	23,438	**146,679**
Executive Director of Place and Sustainability (F Jordan)		2023-24	158,264	0	0	28,009	**186,273**
		2022-23	2,096	0	0	370	**2,466**
Service Director: Legal and Governance (Monitoring Officer)	5	2023-24	122,739	0	0	21,722	**144,461**
		2022-23	1,625	0	0	287	**1,913**

Previous Postholders:	Note		Salary, Fees & Allowances £	Expenses (Taxable) & Benefits in Kind £	Compensation for Loss of Employment £	Employer Pension Contribution £	Total Remuneration Including Employer Pension Contributions £
Service Director: Adults & Safeguarding *	**6**	**2023-24**	27,340	0	0	4,757	**32,097**
		2022-23	24,157	0	0	4,203	**28,360**
Interim Executive Director of Children's Services # ^ (E Redding)	**7**	**2023-24**	69,580	0	0	0	**69,580**
		2022-23	153,360	0	0	0	**153,360**
Director: Customer and Digital Services #	**1**	**2022-23**	54,131	264	0	9,473	**63,868**
Total		**2023-24**	**1,282,998**	**0**	**0**	**176,447**	**1,459,444**
Total	**8**	**2022-23**	**646,359**	**8,506**	**0**	**49,400**	**704,265**

	Note		Salary, Fees & Allowances £	Expenses (Taxable) & Benefits in Kind £	Compensation for Loss of Employment £	Employer Pension Contribution £	Total Remuneration Including Employer Pension Contributions £
Chief Executive: Greater Cambridgeshire Partnership (R Stopard)	**9**	**2023-24**	163,339	0	0	28,911	**192,250**
		2022-23	158,145	0	0	27,675	**185,820**

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

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

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

Notes:

1. The Executive Director of Strategy and Partnerships commenced this role on 01/09/2022. The post holder previously held the post of Director of Customer and Digital Services which was removed on 31/08/2022.
2. The Executive Director for Public Health will be leaving the council in May 2024.
3. The Executive Director for Children, Education and Families commenced this role on 12/06/2023 and their remuneration is shown from this date.
4. The Executive Director for Adults, Health and Commissioning commenced this role on 12/06/2023 and their remuneration is shown from this date.
5. The Service Director: Legal and Governance commenced their role on 27/03/2023 and their remuneration is shown from this date. There were two previous postholders, the first vacated the position on 30/11/2022 and the second was employed on an interim basis between 01/12/2022 and 12/03/2023.
6. The Service Director: Adults & Safeguarding vacated this position on 09/06/2024. The previous postholder held the post of Executive Director of People & Communities which was removed on 21/02/2023.
7. The Interim Executive Director of Children's Services vacated this position on 16/06/2024.
8. Total remuneration for all senior officers in 2023-23 (including those who vacated those posts during 2022-23 and so are not included in this disclosure) was £1,356,127 - a breakdown of this total can be found in the corresponding disclosure note to the 2022-23 accounts
9. This postholder is employed by Cambridgeshire County Council as the accountable body for the Greater Cambridgeshire Partnership. The partnership is a formal collaboration with ring-fenced funding and separate governance from the Council reporting to an Executive Board also comprising representatives from Cambridge City Council and South Cambridgeshire District Council. The postholder retired from this role in May 2024, after the balance sheet date.

Employee remuneration above £50,000

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

2022-23 No.		2023-24 No.
153	£50,000 - £54,999	274
88	£55,000 - £59,999	117
65	£60,000 - £64,999	66
45	£65,000 - £69,999	64
23	£70,000 - £74,999	33
23	£75,000 - £79,999	31
17	£80,000 - £84,999	18
10	£85,000 - £89,999	9
7	£90,000 - £94,999	12
3	£95,000 - £99,999	7
6	£100,000 - £104,999	5
2	£105,000 - £109,999	4
0	£110,000 - £114,999	2
0	£115,000 - £119,999	2
2	£125,000 - £129,999	2
0	£130,000 - £134,999	2
2	£135,000 - £139,999	0
1	£140,000 - £144,999	3
0	£160,000 - £164,999	1
447		**652**

Around 39% (2022-23: 38%) of the employees referred to in the above table are employed in Cambridgeshire schools (excluding academies). Much of the growth in the £50k-£54.99k band is due to the local pay award for the council in 2023-24 pushing a further professional and management pay band above £50k for the first time.

Exit Packages

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

2022-23					2023-24			
Compulsory Redundancies	Other Departures with Exit Package	Total Exit Packages	Total Cost of Exit Packages		Compulsory Redundancies	Other Departures with Exit Package	Total Exit Packages	Total Cost of Exit Packages
No.	No.	No.	£000		No.	No.	No.	£000
8	18	26	186	£0 - £20,000	27	25	52	222
1	7	8	221	£20,001 - £40,000	4	3	7	179
0	1	1	53	£40,001 - £60,000	1	1	2	98
0	1	1	64	£60,001 - £80,000	0	2	2	128
0	0	0	0	£80,001 - £100,000	1	0	1	99
0	0	0	0	£150,001 - £200,000	0	1	1	169
0	1	1	231	£200,001 - £250,000	0	0	0	0
9	**28**	**37**	**755**	**Total**	**33**	**32**	**65**	**895**

16. TERMINATION BENEFITS

The Council terminated the contracts of a number of employees in 2023-24, incurring costs of £895k (£755k in 2022-23). See Note 15 above for the number of exit packages and total cost per band that has been paid during the year.

17. EXTERNAL AUDIT COSTS

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

2022-23 £000		2023-24 £000
147	Fees payable with regard to external audit services carried out by the appointed auditor	352
0	Fees payable in respect of other services provided by the appointed auditor	8
0	Additional fees payable with regard to external audit services carried out by the appointed auditor in the prior year	7
147		**367**

18. DEDICATED SCHOOLS GRANT

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

Details of the deployment of DSG receivable for 2022-23 and 2023-24 are as follows:

2022-23 Central Expenditure £000	2022-23 Individual Schools Budget (ISB) £000	2022-23 Total £000		2023-24 Central Expenditure £000	2023-24 Individual Schools Budget (ISB) £000	2023-24 Total £000
		560,453	Final DSG before Academy recoupment			601,444
		-307,418	Academy figure recouped			-331,420
		253,035	**Total DSG after Academy Recoupment**			**270,024**
		0	Brought forward from previous financial year			10,160
		0	Correction of rounding difference occurring in 2019-20			0
		0	Carry forward to next financial year agreed in advance			0
84,152	**168,882**	**253,035**	**Agreed Initial Budgeted Distribution**	**103,597**	**176,587**	**280,184**
19,600	-621	18,979	In year adjustments	1,960	-128	1,832
103,752	**168,261**	**272,014**	**Final Budget Distribution**	**105,557**	**176,459**	**282,016**
-97,004	0	-97,004	Less: actual central expenditure	-109,849	0	-109,849
0	-167,350	-167,350	Less: actual ISB deployed to schools	0	-174,614	-174,614
2,500	0	2,500	Plus: local authority contribution	1,750	0	1,750
9,248	**911**	**10,160**	**Carry Forward**	**-2,542**	**1,845**	**-697**
		0	Plus/Minus: Carry-forward to next financial year agreed in advance			0
		10,160	Carry-forward to next financial year			0
		-39,319	DSG unusable reserve at the end of previous financial year			-39,319
		0	Addition to DSG unusable reserve			-697
		-39,319	**Total of DSG unusable reserve at year end**			**-40,016**
		-29,159	**Net DSG position at year end**			**-40,016**

As a result of the original Safety Valve Agreement entered into with the Secretary of State for Education in 2022-23, the local authority received an initial payment of £19,600k in March 2023, and further payment of £1,960k in July 2023 to support the reduction of the overall DSG deficit. Alongside this, a further local authority contribution of £1,750k has been applied during 2023-24, resulting in a revised cumulative deficit of £40,016k to be carried forward into 2024-25.

However, the continuing pressures within the High Needs Block of the DSG funding, due to overall numbers, complexity of need and unit costs of funding educational provision for children and young people with additional needs, have resulted in the need for the Council to reset the transformation programme. Once completed a revised Safety Valve intervention programme submission will be made to the Department for Education for agreement.

DLUHC has made regulations regarding the accounting treatment of DSG deficits, which affect the financial years beginning on 1 April 2020, 1 April 2021 and 1 April 2022. These are the Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2020, SI 2020 No 1212. Local Authorities must charge the amount of the deficit to an unusable reserve established, charged and used solely for the purpose of recognising deficits in respect of its schools' budget. This is now the accounting treatment that local authorities must follow while those regulations are in force. DLUHC have announced that they are extending these regulations up to and including the accounts for 2025 to 2026.

19. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

Movements in balances in 2023-24:

2023-24	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments Involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	39,884	0	0	-39,884
Revaluation losses on Property Plant and Equipment	-29,457	0	0	29,457
Movements in the fair value of Investment Properties	6,396	0	0	-6,396
Amortisation of intangible assets	2,296	0	0	-2,296
Capital grant and contributions applied	-85,892	0	0	85,892
Revenue Expenditure funded from Capital under Statute	15,476	0	0	-15,476
Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	487	0	0	-487
Donated assets	-21,156	0	0	21,156
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory Provision for the Repayment of debt - Minimum Revenue Provision (MRP)	-25,773	0	0	25,773
Capital expenditure charged against the general fund balance	-1,094	0	0	1,094
Other Adjustments				
Adjustments involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-5,416	0	5,416	0

Movement In Reserves Statement Supporting Notes

2023-24	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	-32,147	32,147
Adjustments involving the Capital Receipts Reserve:				
Capital Receipts received in year but not applied	-707	707	0	0
Capital Receipts used to fund capital expenditure	264	-16	0	-248
Flexible use of capital receipts	353	-353	0	0
Capital Receipts used to fund revenue (Revenue Expenditure funded from Capital under Statute)	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:	0	0	0	
Finance lease deferred capital receipt adjustment	0	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:	0	0	0	
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-47	0	0	47
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	41,185	0	0	-41,185
Employer's pension contributions and direct payments to pensioners payable in the year	-39,910	0	0	39,910

Movement In Reserves Statement Supporting Notes

2023-24	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	1,293	0	0	-1,293
Adjustment involving the Dedicated Schools Grant Adjustment Account:				
Amount of which the accumulated Dedicated Schools Grant deficit charged to the Comprehensive Income and Expenditure Statement is different from that chargeable in the year in accordance with statutory requirements	697	0	0	-697
Adjustment involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	1,188	0	0	-1,188
Total Adjustments	**-99,933**	**338**	**-26,731**	**126,326**

Movement In Reserves Statement Supporting Notes

Movements in balances in 2022-23:

2022-23	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments Involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	26,567	0	0	-26,567
Revaluation losses on Property Plant and Equipment	-29,812	0	0	29,812
Movements in the fair value of Investment Properties	-10,309	0	0	10,309
Amortisation of intangible assets	2,664	0	0	-2,664
Capital grant and contributions applied	-76,547	0	0	76,547
Revenue Expenditure funded from Capital under Statute	8,222	0	0	-8,222
Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	12,772	0	0	-12,772
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory Provision for the Repayment of debt - Minimum Revenue Provision (MRP)	-18,983	0	0	18,983
Capital expenditure charged against the general fund balance	-5,444	0	0	5,444
Other Adjustments				
Adjustments involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-83,644	0	83,644	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	-5,762	5,762

Movement In Reserves Statement Supporting Notes

2022-23	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Receipts Reserve:				
Capital Receipts received in year but not applied	-3,969	3,969	0	0
Capital Receipts used to fund capital expenditure	133	-16,311	0	16,178
Flexible use of capital receipts	958	-958	0	0
Capital Receipts used to fund revenue (Revenue Expenditure funded from Capital under Statute)	0	0	0	0
Adjustments involving the Deferred Capital Receipts Reserve:				
Finance lease deferred capital receipt adjustment	0	0	0	0
Adjustments involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-47	0	0	47
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	93,736	0	0	-93,736
Employer's pension contributions and direct payments to pensioners payable in the year	-36,848	0	0	36,848

Movement In Reserves Statement Supporting Notes

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

20. TRANSFERS TO / FROM EARMARKED RESERVES

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

	Balance at 31-Mar-22 £000	Transfers Out 2022-23 £000	Transfers In 2022-23 £000	Balance at 31-Mar-23 £000	Transfers Out 2023-24 £000	Transfers In 2023-24 £000	Balance at 31-Mar-24 £000
Carry forward - schools	**16,785**	-3,849	2,032	**14,968**	-4,677	1,792	**12,083**
Carry forward - other	**14,732**	-18,974	34,013	**29,771**	-28,369	12,670	**14,072**
DSG Safety Valve	**0**	0	10,160	**10,160**	-10,160	0	**0**
Insurance reserve	**4,718**	-7	307	**5,018**	-2,233	2,424	**5,209**
Other earmarked reserves	**117,828**	-55,749	62,503	**124,582**	-48,325	64,213	**140,470**
Total	**154,063**	**-78,579**	**109,015**	**184,499**	**-93,764**	**81,099**	**171,834**

The 'DSG Safety Valve' line listed above reflects the usable DSG reserve following central government's initial Safety Valve contribution received in 2022-23. As a result of the in-year overspend in 2023-24 this reserve has now been transferred to the DSG unusable reserve which contains the cumulative DSG deficit as required by DLUHC regulations (see Note 22).

The schools' reserves listed above typically consist mainly of revenue balances held by individual maintained schools only as part of their overall delegated funding. This funding remains in individual school bank accounts, but is consolidated into the overall accounts for reporting purposes. The reserves also contains other small elements of school funding in relation to Pupil Premium, Universal Infant Free Schools Funding and the pooled absence scheme for primary schools. These balances are subject to conditions of grant or local schemes and as such will be applied as per these arrangements during 2024-25.

21. USABLE RESERVES

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

The Council's usable reserves are as follows:

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

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

22. UNUSABLE RESERVES

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

31-Mar-23 £000		31-Mar-24 £000
379,795	Revaluation Reserve	482,329
739,068	Capital Adjustment Account	878,735
-949	Financial Instruments Adjustment Account	-902
-2,717	Financial Instruments Revaluation Reserve	-4,177
-38,910	Pensions Reserve	88,897
3,327	Collection Fund Adjustment Account	2,033
-6,161	Accumulated Absences Account	-7,349
-39,319	Dedicated Schools Grant Adjustment Account	-40,016
21,586	Deferred Capital Receipts Reserve	21,585
1,055,720		**1,421,135**

Revaluation Reserve

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

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

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

2022-23 £000		2023-24 £000
325,036	**Balance at 1 April**	**379,795**
77,348	Upward revaluation of assets	135,852
-17,395	Downward revaluation of assets and impairment losses not charged to the surplus or deficit on the Provision of Services	-24,385
384,989	**Surplus or Deficit on Revaluation of Long Term Assets not Posted to the Surplus or Deficit on the Provision of Services**	**491,262**
-6,139	Difference between fair value depreciation and historical cost depreciation	-8,764
945	Accumulated gains on assets sold or scrapped	-169
-5,194	**Amount Written Off to the Capital Adjustment Account**	**-8,933**
379,795	**Balance at 31 March**	**482,329**

Capital Adjustment Account

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

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

Movement In Reserves Statement Supporting Notes

2022-23 £000		2023-24 £000
621,065	**Balance at 1st April**	**739,069**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
-26,567	Charges for depreciation or impairment of long-term assets	-39,884
29,812	Revaluation gains reversing previous losses on Property, Plant and Equipment	29,457
-2,664	Amortisation of intangible assets	-2,296
-8,222	Revenue expenditure funded from capital under statute	-15,476
-12,773	Amounts of long-term assets written off on disposal or sale as part of the loss on disposal to the Comprehensive Income and Expenditure Statement	-488
5,194	Adjusting amounts written out of the Revaluation Reserve	8,933
-15,220	**Net written out amount of the cost of non-current assets consumed in the year**	**-19,754**
	Capital financing applied in the year	
16,179	Use of the capital receipts reserve to finance new capital expenditure	-247
76,547	Capital Grants and contributions credited to the Comprehensive Income and Expenditure statement that have been applied to capital financing	85,891
5,762	Application of grant to capital financing from the capital grants unapplied account	32,147
18,983	Statutory Provision for the financing of capital investments charged to the general fund	25,774
5,444	Capital expenditure charged against the general fund	1,094
10,309	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	-6,396
0	Movement in the donated assets account credited to the Comprehensive Income and Expenditure Statement	21,156
739,069	**Balance at 31 March**	**878,734**

Pensions Reserve

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

2022-23 £000		2023-24 £000
-552,846	**Balance at 1st April**	**-38,910**
570,824	Re-measurement of net pension liability	129,082
-93,736	Reversal of items relating to retirement benefits debited or credited to the deficit on the provision of services in the comprehensive income and expenditure statement	-41,185
36,848	Employer's pensions contributions and direct payments to pensioners payable in the year	39,910
-38,910	**Balance at 31st March**	**88,897**

Deferred Capital Receipts Reserve

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

2022-23 £000		2023-24 £000
21,587	**Balance at 1 April**	**21,586**
-1	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-1
21,586	**Balance at 31 March**	**21,585**

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools' budget. Where the authority has incurred a deficit on its schools' budget in the years beginning from 1 April 2020 to 1 April 2025, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account. As set out above in Note 18 (Dedicated Schools Grant), the carried forward deficit in this area has increased to £40.015m in 2023-24.

2022-23 £000		2023-24 £000
-39,318	**Balance at 1 April**	**-39,318**
0	School budget deficit transferred from General Fund in accordance with statutory requirements	-697
-39,318	**Balance at 31 March**	**-40,015**

23. PROPERTY, PLANT AND EQUIPMENT

Movements in balances in 2023-24:

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets * See separate NBV disclosure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Plant, Property & Equipment £000	PFI Assets included in PPE £000
Cost or Valuation								
At 1st April 2022	**748,468**	**43,219**		**2,767**	**37,092**	**104,199**	**935,745**	**66,176**
Additions	34,805	6,250		0	0	53,470	94,525	0
Donations	0	0		0	0	0	0	0
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	99,575	0		0	-642	0	98,933	1,048
Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	24,348	0		0	-32	0	24,316	0
De-recognition and Disposals	-54	0		0	0	0	-54	0
Assets reclassified to (-)/from Held for Sale	-1,107	0		0	-178	-17	-1,302	0
Assets reclassified to (-)/from PPE	16,640	8,541		27	11	-25,220	-1	0
Assets reclassified to (-)/from Investment Properties	0	0		0	0	0	0	0
Assets reclassified to (-)/from Intangible Assets	0	-30		0	0	0	-30	0
Other Movements in Cost or Valuation	0	0		0	0	0	0	0
At 31st March 2023	**922,675**	**57,980**		**2,794**	**36,251**	**132,432**	**1,152,132**	**67,224**

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets * See separate NBV disclosure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Plant, Property & Equipment £000	PFI Assets included in PPE £000
Accumulated Depreciation and Impairment								
At 1st April 2022	**-12,373**	**-41,095**		**0**	**-199**	**-35,612**	**-89,279**	**-26,421**
Depreciation Charge	-17,032	-1,472		0	-584	0	-19,088	-3,058
Depreciation written out of the Revaluation Reserve	12,321	0		0	554	0	12,875	591
Depreciation written out to the Surplus/Deficit on the Provision of Services	5,179	0		0	37	0	5,216	2,420
Impairment losses/reversals (-) recognised in the surplus/deficit in the Revaluation Reserve	0	0		0	0	0	0	0
Impairment losses/reversals (-) recognised in the surplus/deficit on the provision of services	4,973	0		0	0	0	4,973	4,973
Assets reclassified to (-)/from Held for Sale	2	0		0	1	0	3	0
Assets reclassified to (-)/from PPE	0	0		0	0	0	0	0
Assets reclassified to (-)/from Investment Properties	0	0		0	0	0	0	0
De-recognition and Disposals	0	0		0	0	0	0	0
Other Movements in Cost or Valuation	0	0		0	0	0	0	0
At 31st March 2023	**-6,930**	**-42,567**		**0**	**-191**	**-35,612**	**-85,300**	**-21,495**
Net Book Value								
At 31st March 2023	**915,745**	**15,413**		**2,794**	**36,060**	**96,820**	**1,066,832**	**45,729**
At 31st March 2022	**736,095**	**2,124**		**2,767**	**36,893**	**68,587**	**846,466**	**39,755**

Balance Sheet Supporting Notes

Movements in balances in 2022-23:

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets * See separate NBV disclosure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Plant, Property & Equipment £000	PFI Assets included in PPE £000
Cost or Valuation								
At 1st April 2022	**710,921**	**40,558**		**2,724**	**4,220**	**80,691**	**839,114**	**61,651**
Additions	5,990	2,661		88	0	33,841	42,580	0
Donations	0	0		0	0	0	0	0
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	50,266	0		-45	2,180	0	52,401	4,525
Revaluation increases/decreases (-) recognised in the Surplus/Deficit on the Provision of Services	14,925	0		0	-213	0	14,712	0
De-recognition and Disposals	-12,309	0		0	0	0	-12,309	0
Assets reclassified to (-)/from Held for Sale	0	0		0	-697	0	-697	0
Assets reclassified to (-)/from PPE	-21,325	0		0	31,658	-10,333	0	0
Assets reclassified to (-)/from Investment Properties	0	0		0	-56	0	-56	0
Assets reclassified to (-)/from Intangible Assets	0	0		0	0	0	0	0
Other Movements in Cost or Valuation	0	0		0	0	0	0	0
At 31st March 2023	**748,468**	**43,219**		**2,767**	**37,092**	**104,199**	**935,745**	**66,176**

	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets * See separate NBV disclosure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Plant, Property & Equipment £000	PFI Assets included in PPE £000
Accumulated Depreciation and Impairment								
At 1st April 2022	**-33,677**	**-40,545**		**0**	**-1**	**-35,612**	**-109,835**	**-49,060**
Depreciation Charge	-11,012	-550		0	-600	0	-12,162	-911
Depreciation written out of the Revaluation Reserve	6,843	0		0	418	0	7,261	705
Depreciation written out to the Surplus/Deficit on the Provision of Services	15,067	0		0	33	0	15,100	12,490
Impairment losses/reversals (-) recognised in the surplus/deficit in the Revaluation Reserve	0	0		0	0	0	0	0
Impairment losses/reversals (-) recognised in the surplus/deficit on the provision of services	10,355	0		0	0	0	10,355	10,355
Assets reclassified to (-)/from Held for Sale	0	0		0	0	0	0	0
Assets reclassified to (-)/from PPE	0	0		0	0	0	0	0
Assets reclassified to (-)/from Investment Properties	0	0		0	0	0	0	0
De-recognition and Disposals	2	0		0	0	0	2	0
Other Movements in Cost or Valuation	49	0		0	-49	0	0	0
At 31st March 2023	**-12,373**	**-41,095**		**0**	**-199**	**-35,612**	**-89,279**	**-26,421**
Net Book Value								
At 31st March 2023	**736,095**	**2,124**		**2,767**	**36,893**	**68,587**	**846,466**	**39,755**
At 31st March 2022	**677,244**	**13**		**2,724**	**4,219**	**45,079**	**729,279**	**12,591**

Balance Sheet Supporting Notes

Infrastructure Assets Net Book Value Disclosure:

2022-23 £000	Infrastructure Assets	2023-24 £000
958,699	**Net Book Value 1st April**	**1,008,212**
74,501	Additions	83,030
-237	De-recognition and Disposals	0
-24,751	Depreciation Charge	-25,754
1,008,212	**Net Book Value 31st March**	**1,065,488**

Infrastructure Assets Balance Sheet Reconciliation:

2022-23 £000	Reconciliation: Total Plant, Property & Equipment	2023-24 £000
1,008,212	Infrastructure Assets	1,065,488
846,466	Other PPE Assets	1,066,832
1,854,678	**Total PPE Assets 31st March**	**2,132,320**
1,854,685	**Value of PPE in Balance Sheet**	**2,132,327**

Infrastructure Assets

As set out in this note, Infrastructure Assets have a net book value of £1.1bn. In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits for the years 2010-11 and 2013-14 mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Capital commitments

At 31 March 2024 the Council has entered into a number of significant contracts for the construction or enhancement of Property, Plant and Equipment in 2024-25 and future years, budgeted to cost £354.1m. The figures included within the table below represent the remaining contract value.

Contracts with major commitments are:

Expenditure approved and contracted		31-Mar-24 £000
Schools		
Alconbury secondary	New construction	15,961
Kennett Primary School	New construction	5,089
Samuel Pepys Special School	Expansion	4,961
Temporary Accommodation	Mobile buildings	2,577
Highways		
Highways Contract	To cover structural work, surfacing, road works and capital schemes for highways	292,525
Greater Cambridge Partnership schemes	Various schemes	5,616
St Neots Future High St Fund	Construction scheme delivering public realm improvements to St Neots town centre	3,301
Property		
Building Maintenance	Building, Mechanical and Electrical Services	4,051
Energy		
Energy Projects	To cover solar farm, landfill energy and smart energy grid projects along with any other design and build capital energy projects	12,893
IT		
Connecting Cambridgeshire	Superfast broadband rollout	3,313
Total		**350,287**

Capitalisation of Borrowing Costs

In accordance with the Council's accounting policy, the Council capitalised £2,103k of borrowing costs in year in relation to qualifying assets (£1,514k in 2022-23). This was calculated using the Council's average borrowing rate of between 2.5% and 3.3% for the 4 quarters of 2023-24.

Balance Sheet Supporting Notes

Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. In order to ensure that carrying values are kept in line with current values in the interim, all assets are revalued via desktop valuation in year two and by indexation in years three to five. For 2023-24, the valuations were carried out externally by Royal Institution of Chartered Surveyors (RICS) registered valuers, Bruton Knowles LLP. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the RICS Valuation. The effective date of revaluation for the rolling programme, desktop valuations and all Surplus Assets is 30 November 2023.

The significant assumptions applied in estimating current values are:

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

Valuation of long-term assets

	Carried at Historical Cost	Valued at Current Value as at:					
		2018-19	2019-20	2020-21	2021-22	2022-23	Total
	£000	£000	£000	£000	£000	£000	£000
Land and Buildings	0	11,398	317,859	206,092	1,880	385,446	**922,675**
Vehicles, Plant, Furniture and Equipment	57,980	0	0	0	0	0	**57,980**
Community Assets	0	575	2,133	0	87	-1	**2,794**
Surplus Assets	0	0	0	1,125	-2	35,128	**36,251**
Assets Under Construction	132,432	0	0	0	0	0	**132,432**
	190,412	**11,973**	**319,992**	**207,217**	**1,965**	**420,573**	**1,152,132**
Assets Held for Sale	0	0	0	0	89	1,420	**1,509**
Investment Properties	0	0	0	0	0	150,188	**150,188**
Total Held at Cost or Revaluation	**190,412**	**11,973**	**319,992**	**207,217**	**2,054**	**572,181**	**1,303,829**

24. INVESTMENT PROPERTIES

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

2022-23 £000		2023-24 £000
-6,956	Rental income from investment property	-7,832
-6,956	**Total**	**-7,832**

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

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

2022-23 £000		2023-24 £000
130,162	**Balance Outstanding at Start of Year**	**156,584**
16,057	Additions (purchases)	0
0	Disposals	0
10,309	Net Gains (+)/Losses (-) from Fair value adjustments	-6,396
56	Transfers to/from PPE	0
156,584	**Balance outstanding at year end**	**150,188**

Balance Sheet Supporting Notes

25. HERITAGE ASSETS

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

Valuation or Cost	Archives £000	Art Collection £000	Total Assets £000
31-Mar-22	**19,001**	**11**	**19,012**
Additions during 2022-23	3	0	**3**
31-Mar-23	**19,004**	**11**	**19,015**
Revaluations during 2023-24	1	0	**1**
31-Mar-24	**19,005**	**11**	**19,016**

The Archives also includes the Council's items of civil regalia (£1k in 2023-24), where cost/valuation is known. The Council's collections are valued in the Balance Sheet at insurance valuation. The most recent valuation of archives was carried out by Bonhams on 13th March 2020 and the Vice-Chair's Consort Badge was valued for the first time in January 2024. Valuations are repeated periodically. The Council has considered the collections during 2023-24 for possible impairments and does not believe it is economic to conduct revaluations on a more frequent basis.

26. LONG-TERM DEBTORS

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

2022-23 £000		2023-24 £000
113,851	This Land Group	113,851
21,584	Long term finance lease receivable	21,583
8,887	Other	8,123
144,322		**143,557**

Balance Sheet Supporting Notes

27. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	Long-term		Current	
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
	£000	£000	£000	£000
Investments:				
Financial assets through other comprehensive income	34,633	**33,173**	0	**0**
Financial assets at amortised cost	6,366	**6,366**	0	**10,000**
Total investments	**40,999**	**39,539**	**0**	**10,000**
Cash and cash equivalents:				
Cash and cash equivalents	0	**0**	91,546	**68,515**
Total cash and cash equivalents	**0**	**0**	**91,546**	**68,515**
Debtors:				
Financial assets at amortised cost	144,322	**143,557**	143,119	**130,636**
Total debtors	**144,322**	**143,557**	**143,119**	**130,636**
Borrowings:				
Financial liabilities at amortised cost	-564,884	**-574,224**	-171,688	**-203,237**
Total borrowings	**-564,884**	**-574,224**	**-171,688**	**-203,237**
Other liabilities:				
Other liabilities	-101,709	**-99,336**	-155,313	**-142,967**
Total other liabilities	**-101,709**	**-99,336**	**-155,313**	**-142,967**

Income, Expense, Gains and Losses

	2023-24			
	Financial Liabilities at amortised cost	Financial Assets at amortised cost	Financial Assets: Through Other Comprehensive Income	Total
	£000	£000	£000	£000
Interest expense	34,690	0	0	**34,690**
Total expense in (Surplus)/ Deficit on the Provision of Services	**34,690**	**0**	**0**	**34,690**
Interest income	0	-15,054	0	**-15,054**
Total income in (Surplus)/ Deficit on the Provision of Services	**0**	**-15,054**	**0**	**-15,054**
Net gains(-)/losses(+)	0	0	1,460	**1,460**
Total income and expenditure in Other Comprehensive Income and Expenditure	**0**	**0**	**1,460**	**1,460**
Net (gain) / loss for the year	**34,690**	**-15,054**	**1,460**	**21,096**

Fair Values

The Code requires some financial assets and liabilities to be subject to recurring fair value assessments using the following hierarchy of measurement techniques:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.

- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

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

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

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

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

Balance Sheet Supporting Notes

Fair value hierarchy for financial liabilities

	31-Mar-23		31-Mar-24	
	Total Carrying amount	Fair value	Total Carrying amount	Fair value
	£000	£000	£000	£000
PWLB borrowing	-452,339	-370,169	-583,651	-488,157
Non-PWLB borrowing	-284,233	-203,409	-193,810	-102,651
Short term creditors/payables	-151,536	-151,536	-138,740	-138,740
Short term finance lease & PFI liability	-3,777	-3,777	-4,227	-4,227
Long term finance lease & PFI liability	-101,709	-101,709	-99,336	-99,336
Total financial liabilities	**-993,594**	**-830,600**	**-1,019,764**	**-833,111**

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the Balance Sheet date. This shows a notional gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

The fair value of PWLB loans of £488.2m measures the economic effects of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the reduction in interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates. However, if the Council were to realise the notional gain by repaying loans early to the PWLB, the PWLB would raise a penalty charge for early redemption.

Fair value hierarchy for financial assets

	31-Mar-23		31-Mar-24	
	Carrying amount	Fair value	Carrying amount	Fair value
	£000	£000	£000	£000
Fixed term investments	0	0	10,000	10,000
Cash and cash equivalents	91,546	91,546	68,515	68,515
Debtors	143,119	143,119	130,636	130,636
Long-term debtors	144,322	144,322	143,557	143,557
Total financial assets	**378,987**	**378,987**	**352,708**	**352,708**
Long Term Equity Investments	34,633	34,633	33,173	33,173
Financial assets through other comprehensive income (FVOCI)	**34,633**	**34,633**	**33,173**	**33,173**

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

Balance Sheet Supporting Notes

28. FAIR VALUE HIERARCHY

Details of the Council's Surplus Assets, Assets Held for Sale and Investment Properties and information about the fair value hierarchy as at 31 March 2024 and 31 March 2023 are as follows:

Fair value measurements for:	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair value as at 31/03/2024 £000
Surplus Assets	1,837	34,222	**36,059**
Assets Held for Sale	0	1,509	**1,509**
Investment Assets: Commercial	147,529	0	**147,529**
Investment Assets: Residential	0	114	**114**
Investment Assets: Land	0	2,545	**2,545**
Total	**149,366**	**38,390**	**187,756**

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

Valuation Techniques

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

Significant Observable Inputs – Level 2

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

Significant Observable Inputs – Level 3

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

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

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

Balance Sheet Supporting Notes

Highest and Best Use

In estimating the fair value of the Council's Surplus Assets, Assets Held for Sale and Investment Properties, the highest and best use is their alternative use for 19 assets (15 assets in 2022-23). In most cases, this alternative use is for commercial or residential development – however, the Council cannot realise that alternative value until planning permission is granted (although this is not guaranteed) and / or the asset is sold. As such, in the meantime these assets are either not in use (and therefore their current existing use is their previous use) or they have been put to an alternative use in the meantime whilst they await disposal or future development.

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

Fair value movements for assets categorised within level 3:	31-Mar-23 £000	31-Mar-24 £000
Opening balance	47,622	9,862
Transfers into level 3	3	30,677
Transfers out of level 3	-40,574	-1,627
Reclasses between PPE, AHFS and Investment Properties	9	1,122
Total gains [or losses] for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	-175	-33
Total gains [or losses] for the period included in Surplus or deficit on revaluation of long-term assets	3,233	-630
Additions	0	0
Disposals	-227	-382
Depreciation	-29	-599
Closing Balance	**9,862**	**38,390**

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

29. SHORT-TERM DEBTORS

31-Mar-23 £000		31-Mar-24 £000
48,649	Trade debtors	54,962
74,588	Central government bodies	64,516
12,069	NHS bodies	14,439
7,281	Collection fund debtors	7,976
19,254	Other	-2,699
161,841	**Total Short-Term Debtors**	**139,194**

30. CASH AND CASH EQUIVALENTS

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

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

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

	31-Mar-23 £000	31-Mar-24 £000
Cash held by the Council	33,552	29,506
Cash equivalents	57,994	39,009
	91,546	**68,515**

31. SHORT-TERM CREDITORS

31-Mar-23 £000		31-Mar-24 £000
-70,978	Trade creditors	-81,282
-44,418	Central government bodies	-33,144
-6,246	NHS bodies	-5,767
-8,810	Collection fund creditors	-8,459
-6,161	Accumulated absences accrual	-7,349
-3,777	Finance lease liabilities	-4,227
-31,083	Other	-17,155
-171,473	**Total Short-Term Creditors**	**-157,383**

32. OTHER LONG-TERM LIABILITIES

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

31-Mar-23 £000		31-Mar-24 £000
-38,910	Pensions liabilities	88,897
-77	Long term finance lease (non-PFI)	-77
-101,633	Long term finance lease (PFI)	-97,407
-140,620		**-8,587**

33. GRANT INCOME

The following is a list of all grants and contributions received in excess of £4 million during 2023-24 where the grant / contribution has been recognised as income:

2022-23 £000		2023-24 £000
	Credited to taxation and non specific grant income	
39,962	Greater Cambridge City Deal Grant	40,000
23,549	A14 Cambridge to Huntingdon Improvement Scheme – De-trunking settlement	-14,000
13,621	Local Transport Plan funding passported via Combined Authority	13,508
18,885	Adult Social Care Support Grant	31,623
11,291	High Needs Provision Grant	10,128
10,738	Business Rates Compensation Grant	16,156
8,329	Pothole Funding passported via Combined Authority	11,661
7,832	Cambridgeshire and Peterborough Combined Authority contributions	18,411
2,096	New Homes Bonus	10,835
42,567	Other grants	12,200
26,444	S106, CIL and other capital contributions	5,767
205,315	**Credited to taxation and non specific grant income**	**156,289**

Balance Sheet Supporting Notes

2022-23 £000		2023-24 £000
	Credited to services	
247,534	Dedicated schools grant (DSG)	267,315
26,813	Learning Disability Partnership (NHS pooled budget contribution)	29,852
28,384	Public Health grant	28,139
20,324	Homes for Ukraine (Tariff)	4,825
15,171	Improved Better Care Fund (DLUHC Grant)	15,171
18,942	Better Care Fund (NHS pooled budget contribution)	14,293
1,201	A14 Cambridge to Huntingdon Improvement Scheme – De-trunking settlement	14,000
9,262	Pupil Premium	8,899
7,492	Household Support Fund	7,163
5,113	Unaccompanied asylum seekers grant	5,652
1,569	Adult Social Care Market Sustainability and Improvement Fund	5,442
5,070	Better Care Fund Disabled Facilities Grant (REFCUS)	5,512
4,853	Building Schools for the Future PFI Credits	4,853
3,858	Universal Infant Free School Meals funding	4,136
3,611	Schools Supplementary Grant	4,387
75,646	Other Grants	61,121
33,655	Other Contributions	38,979
507,297	**Total Credited to services**	**519,739**
712,612	**Grant Total**	**676,028**

Capital grants and contributions received in advance

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

2022-23 £000		2023-24 £000
	Current	
17	Grants	1,862
0	Section 106 contributions and Community Infrastructure levy	0
17		**1,862**
	Long Term	
44,012	Section 106 contributions	51,594
175	Other contributions	175
44,187		**51,769**
44,204	**Total**	**53,631**

34. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The closing CFR at 31 March 2024 was £1,095.7m (£1,045.9m at 31 March 2023).

2022-23 £000		2023-24 £000
	Expenditure funded from capital:	
117,081	Property, Plant and Equipment	177,555
16,057	Investment Properties	0
1,021	Intangible Assets	1,660
8,222	Revenue Expenditure Funded from Capital under Statute	15,476
	Sources of finance:	
-16,179	Capital receipts	247
-82,309	Government grants and other contributions	-118,038
-222	Long-term Capital Debtors Repayments	-191
	Sum set aside from revenue:	
-5,444	Direct revenue contributions	-1,094
-18,983	MRP/loans fund principal	-25,774
19,244	**Increase in Capital Financing Requirement**	**49,841**
	Explanation of movements in year:	
19,244	Increase in underlying need to borrowing (unsupported by government financial assistance)	49,841
19,244	**Increase in Capital Financing Requirement**	**49,841**

Balance Sheet Supporting Notes

35. LEASES

Council as Lessee:

Finance Leases

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

31-Mar-23 £000		31-Mar-24 £000
35,916	Other land and buildings	**43,634**

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

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

31-Mar-23			31-Mar-24	
MLP £000	**FLL £000**		**MLP £000**	**FLL £000**
8	3	Not later than 1 year	8	4
34	10	Later than 1 year and not later than 5 years	34	14
597	54	Later than 5 years	588	82
639	**67**	**Total**	**630**	**100**

Balance Sheet Supporting Notes

Council as Lessor:

(i) Finance Leases

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

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

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

31-Mar-23			31-Mar-24	
MLP	GI		MLP	GI
£000	£000		£000	£000
1,489	872	Not later than 1 year	1,412	722
5,954	2,980	Later than 1 year and not later than 5 years	5,649	2,447
151,734	10,549	Later than 5 years	157,874	7,875
159,177	**14,401**	**Total**	**164,935**	**11,044**

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

(ii) Operating Leases

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

31-Mar-23 £000		31-Mar-24 £000
5,397	Not later than 1 year	5,829
16,663	Later than 1 year and not later than 5 years	21,123
22,504	Later than 5 years	20,069
44,564	**Total**	**47,021**

36. PRIVATE FINANCE INITIATIVES AND SIMILAR CONTRACTS

Waste PFI

On 17 March 2008, the Council contracted with Thalia WB SPV Limited (formerly AmeyCespa WM (East) Limited and Donarbon Waste Management Limited) to provide waste treatment and household waste facilities for the County. At the time the contract was signed, the total estimated contract payments were £730m over the 28-year contract period (termination due in 2036). An element of this payment relates to financing the construction of a Mechanical Biological Treatment (MBT) plant, with a total cost of £42m. PFI credits of £2.6m per year are received in relation to this contract.

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

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

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

For 2023-24, the following figures have been recognised in the Council's financial statements:

2022-23 £000	Comprehensive Income and Expenditure Statement	2023-24 £000
14,797	Fair value of services provided	15,173
5,694	Interest payable on the finance lease liability	6,203
-3,613	Repayment of capital	1,853
500	Contingent rents	3,436
9,692	Lifecycle replacement costs	1,063
911	Depreciation	3,058
-2,570	PFI credits	-2,570
-22,845	Impairment reversal recognised in the surplus/ deficit on the provision of services	-7,393
-5,230	OCI - Revaluation increase recognised in the Revaluation Reserve	-1,639

31-Mar-23 £000		31-Mar-24 £000	Movement £000
	Assets		
39,757	Land and buildings	45,729	5,972
0	Plant and equipment	0	0
	Liabilities		
-1,853	Short term finance lease liability	-1,632	221
-42,144	Long term finance lease liability	-40,512	1,632
	Reserves		
6,145	Revaluation Reserve	6,603	458
-10,385	Capital Adjustment Account (Depreciation and Debt Provision)	-3,018	7,367

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

	Cost of Services £000	Capital replacement £000	Liability repayment £000	Interest costs & contingent rents £000	Total £000
Within 1 year	15,560	1,824	1,632	9,390	**28,406**
Within 2 to 5 years	66,323	10,343	7,795	36,292	**120,753**
Within 6 to 10 years	92,961	10,552	19,101	45,829	**168,443**
Within 11 to 15 years	37,475	578	13,616	17,178	**68,847**
Total	**212,319**	**23,297**	**42,144**	**108,689**	**386,449**

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

2022-23 £000		2023-24 £000
40,384	**Balance outstanding at start of year**	**43,997**
3,613	Payments during the year	-1,853
0	Historic adjustment to the outstanding balance	0
43,997	**Balance outstanding at end of year**	**42,144**

Street Lighting PFI

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

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

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

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

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For 2023-24, the following figures have been recognised in the Council's financial statements:

2022-23 £000	Comprehensive Income and Expenditure Statement	2023-24 £000
2,593	Fair value of services provided	3,347
3,438	Interest payable on the finance lease liability	3,305
1,432	Repayment of capital	1,050
109	Contingent rents	-57
2,245	Depreciation	2,245
-3,944	PFI credits	-3,944

31-Mar-23 £000		31-Mar-24 £000	Movement £000
	Assets		
35,640	Infrastructure	33,395	-2,245
	Liabilities		
-1,050	Short term finance lease liability	-1,487	-437
-34,645	Long term finance lease liability	-33,159	1,486
	Reserves		
-55	Capital Adjustment Account (Depreciation and Debt Provision)	-1,251	-1,196

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

	Cost of Services £000	Capital replacement £000	Liability repayment £000	Interest costs & contingent rents £000	Total £000
Within 1 year	2,963	656	1,487	3,274	**8,380**
Within 2 to 5 years	11,710	2,818	8,137	11,839	**34,504**
Within 6 to 10 years	16,870	3,990	14,659	10,028	**45,547**
Within 11 to 15 years	7,789	212	10,362	3,093	**21,456**
Total	**39,332**	**7,676**	**34,645**	**28,234**	**109,887**

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

2022-23 £000		2023-24 £000
37,127	**Balance outstanding at start of year**	**35,695**
-1,432	Payments during the year	-1,050
0	Historic adjustment to the outstanding balance	0
35,695	**Balance outstanding at end of year**	**34,645**

Balance Sheet Supporting Notes

Building Schools for the Future (BSF)

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

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

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

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

For 2023-24, the following figures have been recognised in the Council's financial statements:

2022-23 £000	Comprehensive Income and Expenditure Statement	2023-24 £000
930	Fair value of services provided	953
2,836	Interest payable on the finance lease liability	2,739
919	Repayment of capital	873
656	Contingent rents	700
237	Lifecycle replacement costs	380
-725	Contribution from school	-792
-4,853	PFI credits	-4,853

31-Mar-23 £000	Balance Sheet	31-Mar-24 £000	Movement £000
	Liabilities		
-873	Short term finance lease liability	-1,108	-235
-24,930	Long term finance lease liability	-23,822	1,108
	Reserves		
-25,803	Capital Adjustment Account	-24,930	873

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

	Cost of Services £000	Capital replacement £000	Liability repayment £000	Interest costs & contingent rents £000	Total £000
Within 1 year	977	237	1,108	3,390	**5,712**
Within 2 to 5 years	4,158	1,059	5,631	12,724	**23,572**
Within 6 to 10 years	5,809	2,014	10,316	13,086	**31,225**
Within 11 to 15 years	3,846	1,372	7,875	5,085	**18,178**
Total	**14,790**	**4,682**	**24,930**	**34,285**	**78,687**

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

2022-23 £000		2023-24 £000
26,722	**Balance outstanding at start of year**	**25,803**
-919	Payments during the year	-873
25,803	**Balance outstanding at end of year**	**24,930**

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37. RETIREMENT BENEFITS

DEFINED BENEFIT PENSION SCHEMES

Participation in pension schemes

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

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Cambridgeshire County Council – this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

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

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e., large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note (see Appendix 1, page 163).

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Discretionary post-retirement benefits

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

Transactions relating to post-employment benefits

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

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

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

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

2022-23 £000	Local Government Pension Scheme	2023-24 £000
	Comprehensive Income and Expenditure Statement:	
	Cost of services - service cost comprising:	
78,426	Current service cost	39,153
26	Past service cost	488
-185	Gain (-) or loss (+) from settlements	-290
	Financing and investment income and expenditure:	
15,469	Net interest expense	1,834
93,736	**Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services**	**41,185**
	Other post-employment benefits charged to the comprehensive income and expenditure statement:	
	Remeasurement of the net defined benefit liability comprising:	
69,883	Return on plan assets (excluding the amount included in net interest)	-84,088
-9,936	Actuarial gains (-) and losses (+) arising on changes in demographic assumptions	-7,494
-742,790	Actuarial gains (-) and losses (+) arising on changes in financial assumptions	-82,748
112,019	Other actuarial remeasurement experience	45,248
-477,088	**Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement**	**-87,897**
	Movement in Reserves Statement:	
56,888	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post employment benefits in accordance with the Code	1,275
	Actual Amount Charged Against the General Fund Balance for Pensions in the Year:	
-36,848	**Employers' contributions payable to scheme**	**-39,910**
47,392	**Retirement Benefits payable to pensioners**	**58,142**

Balance Sheet Supporting Notes

Pensions assets and liabilities recognised in the Balance Sheet

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

2022-23 £000		2023-24 £000
-1,354,667	Present value of the defined benefit obligation	-1,365,855
1,315,756	Fair value of plan assets	1,454,751
-38,911		**88,896**

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

2022-23 £000		2023-24 £000
1,349,787	**Opening Fair Value of Schemes**	**1,315,757**
36,408	Interest income	62,323
	Remeasurement gains (+) or losses (-):	
-69,883	Return on plan assets (excluding the amount included in the net interest expense)	84,088
-270	Effect on settlements	-327
0	Other	0
36,848	Contributions from employer	39,910
10,259	Contributions from employees into the scheme	11,143
-47,392	Benefits paid	-58,142
1,315,757		**1,454,752**

Balance Sheet Supporting Notes

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

2022-23 £000		2023-24 £000
1,902,633	**Opening Defined Benefit Obligation**	**1,354,667**
78,426	Current service cost	39,153
51,877	Interest cost	64,157
10,259	Contribution by scheme participants	11,143
	Remeasurement gains (-) or losses (+):	
-9,936	Arising from changes in demographic assumptions	-7,494
-742,790	Arising from changes in financial assumptions	-82,748
112,019	Other	45,248
26	Past service costs (including curtailments)	488
-47,392	Benefits paid	-58,142
-455	Liabilities extinguished on settlements	-617
1,354,667		**1,365,855**

Balance Sheet Supporting Notes

Local Government Pension Scheme assets comprise:

2022-23 £000		2023-24 £000
31,786	Cash and Cash Equivalents	31,582
163,278	Private equity	177,296
44,534	Debt securities (bonds) - Government	123,677
	Equity instruments (by industry type):	
0	Consumer	16,578
0	Manufacturing	16,897
0	Energy and utilities	1,753
0	Financial institutions	16,186
0	Health and care	13,631
0	Information technology	31,944
0	Other	1,601
0		98,590
	Investment funds and unit trusts:	
726,968	Equities	593,003
142,046	Bonds	208,788
115,674	Infrastructure	104,292
0	Other	0
984,688		906,083
	Derivatives:	
0	Inflation	0
0	Interest rate	0
0	Foreign exchange	8
5,524	Other	0
5,524		8
	Property:	
85,944	UK	117,515
2	Overseas	0
85,946		117,515
1,315,756		**1,454,751**

Balance Sheet Supporting Notes

Basis for estimating assets and liabilities

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

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

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

2022-23		2023-24
Years	**Mortality assumptions:**	**Years**
	Longevity at 65 for current pensioners:	
22.0	Men	21.8
24.5	Women	24.3
	Longevity at 65 for future pensioner:	
22.7	Men	22.5
26.0	Women	25.8
%	**Other assumptions:**	**%**
3.2	Rate of inflation	3.1
3.5	Rate of increase in salaries	3.3
3.0	Rate of increase in pensions	2.8
4.8	Rate for discounting scheme liabilities	4.9

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

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

	Impact on the Defined Benefit Obligation in the Scheme £000
0.1% decrease in inflation/discount rate	26,694
0.1% increase in salary rate	872
0.1% increase in pension increase rate	26,324
1 year increase in member life expectancy	54,634

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

The Council is anticipated to pay £35.9m employer contributions to the scheme in 2024-25.

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

PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers’ pension schemes costs

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

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

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

In 2023-24, the Council paid £16.1m to Teachers’ Pensions in respect of teachers’ retirement benefits (2022-23 £15.9m). There were £1.9m contributions remaining payable at the year-end. Contributions in 2024-25 are expected to be at a similar level.

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

2022-23 £000	Teachers' Pension Scheme	2023-24 £000
15,936	Employer's contributions	16,180
6,092	Employee contributions	6,101
22,028		**22,281**

38. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key risks

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

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

Overall Procedures for Managing Risk

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

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

Credit risk

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

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

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

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

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

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

The Council's maximum exposure to credit risk in relation to its investments cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk to recovery applies to all of the Council's deposits, but there was no evidence at the 31 March 2024 that this was likely to crystallise.

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

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

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

Liquidity risk

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

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

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

Refinancing and Maturity risk

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

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

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

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

31-Mar-23	Debt maturity (lower/upper limits as % of debt)	Approved limit	31-Mar-24	
£000		%	%	£000
171,394	Less than 1 year	0 – 80	**26%**	**202,953**
80,100	1-2 years	0 – 50	**10%**	**80,361**
53,410	2-5 years	0 – 50	**14%**	**111,414**
111,470	5-10 years	0 – 50	**13%**	**102,477**
320,199	10 years and above	0 – 100	**37%**	**280,226**
736,573	**Total**		**100%**	**777,431**

The maturity analysis above is based on the earliest date the loans can be repaid. For Lender Option Borrower Option (LOBO) loans this is considered to be the next options date (balance at 31 March 2024 £0m).

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

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

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

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

39. RELATED PARTIES

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

Central Government

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

Member and Senior Officer Declarations

All Members and Senior Officers of the Council have been requested to detail any related party transactions insofar as they affect them. No significant interests have been disclosed.

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

Entities controlled or significantly influenced by the Council

Under partnership working arrangements, the Council has interests in the following bodies at 31 March 2024:

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

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

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

Pathfinder Legal Services Ltd

Pathfinder Legal Services Ltd is the Council's primary legal advisor and operates as a limited company and Alternative Business Structure (regulated by the Solicitors Regulation Authority). Following local government reforms in Northamptonshire and revisions to the ownership structure in 2023-24, the company is now owned jointly (50% each) by Cambridgeshire County Council and Central Bedfordshire Council, with each council owning 475,000 £1 shares each.

Throughout 2023-24 the Service Director of Finance & Procurement served as non-executive director of Pathfinder Legal Services Ltd on the nomination of Cambridgeshire County Council.

During 2023-24 the Council made payments of £4.5m to Pathfinder Legal Services Ltd as payment for legal services received in the year (£4.3m in 2022-23). At 31 March 2024 there was a debtor balance of £294k (£328k at 31 March 2023) and a creditor balance of £39k (£209k at 31 March 2023) with Pathfinder Legal Services Ltd.

Annual Statement of Accounts for Pathfinder Legal Services Ltd are published separately (not consolidated into the Group Accounts) and lodged at Companies House.

Pensions

Administrative and other recharges made by the Council to the Pension Fund totalled £3.4m (£2.9m in 2022-23).

The Council is also the single largest employer of members of the Pension Fund and contributed £35.2m to the Fund in 2022-23 (£31.7m in 2022-23). At 31 March 2024 there was £4.4m (£7.1m at 31 March 2023) due to the Fund by the Council.

Cambridge and Counties Bank

Cambridge and Counties Bank (CCB) specialises in providing lending and deposit products to UK- based SMEs. Its key products include business deposits, loans secured on property, secured pension lending and asset finance. The bank has a unique structure being jointly owned by the Cambridgeshire Local Government Pension Fund and Trinity Hall (a constituent college of the University of Cambridge), each owning a 50% share. The current market value of the Pension Fund's investment at 31 March 2024 is £69.7m (£69.7m at 31 March 2023).

This Land Group

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

During 2023-24 one elected member of the Council and the Executive Director of Place & Sustainability served as non-executive directors of This Land Limited on the nomination of Cambridgeshire County Council.

At 31 March 2024 there was a debtor balance of £113.9m (£113.9m at 31 March 2023) with the This Land Group, being loans by CCC to the This Land Group. As the Council has control of the entity and there are material transactions with the company, the This Land Group is consolidated in the Group Accounts.

Opus People Solutions (East)

Opus People Solutions (East) (formerly Opus LGSS People Solutions) is a joint venture between Opus People Solutions (a wholly owned subsidiary of Suffolk County Council), Cambridgeshire County Council, Milton Keynes City Council, and West Northamptonshire & North Northamptonshire Councils (as successors to Northamptonshire County Council). The company was set up in July 2016 to meet the temporary and interim recruitment needs of Cambridgeshire County Council and Northamptonshire County Council, and later expanded to cover Milton Keynes Council as well. The Council has a 9.6% shareholding in the company and received a dividend of £35k during 2023-24 (£70k in 2022-23).

Other Supporting Notes

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

During 2023-24, the Council made payments of £18.3m (£11.3m in 2022-23) to Opus People Solutions (East) for agency staff fees and there was an outstanding balance of £353k at 31 March 2024 (£396k at 31 March 2023).

Light Blue Fibre Ltd

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

During 2023-24, the Service Director for Finance & Procurement, the Programme Director for Connecting Cambridgeshire and the Service Director for Planning, Growth & Environment served as non-executive directors of Light Blue Fibre Ltd on the nomination of Cambridgeshire County Council.

Swaffham Prior Community Heat Network Ltd

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

Throughout 2023-24, the Head of Finance served as a director of the company, alongside the Service Director for Highways and Transport (until August 2023) and the Assistant Director for Climate Change & Energy Services (from February 2024). At 31 March 2024 there was no debtor balance (£1.2m at 31 March 2023) with Swaffham Prior Community Heat Network Ltd.

40. CONTINGENT LIABILITIES

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

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

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

This Land Group guarantees

The County Council has entered into a deed of indemnity with a bond provider for the purpose of enabling the This Land Group to undertake infrastructure works to highways or utilities as part of its programme of housebuilding, where a bond is required by the statutory body responsible. This aids the efficiency of This Land's cashflow. In the event that This Land, as a subsidiary of the Council, were unable to complete or fulfil its obligations under the bond, the County Council has agreed to indemnify the bond provider from losses incurred as a result of the bond. In view of This Land's management of its infrastructure obligations, the Council considers there is currently a very low likelihood of the bond provider requiring any financial contribution by the Council in future.

The County Council has also given a guarantee to a housing industry warranty provider and standard setter, whereby the County Council is responsible for any sums owed by This Land under the warranties provided on new homes built by the company (in the event these are unpaid by This Land itself). Taking account of This Land's arrangements for assurance about the quality of homes it has constructed and the company's financial position, the Council considers there is a very low likelihood of a financial contribution being requested under this guarantee.

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

Cambridgeshire Archives

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

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

Governance

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

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

Storage and preservation

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

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

Status of acquisitions

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

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

No market valuations are made at time of accession, as the Council does not consider that reliable valuation information can be obtained given the lack of any comparable market values. The vast majority of other historical documents of comparable scope and importance are already held by other county record offices and therefore do not appear on the market. The only recent acquisitions for which the service has definite valuations are those which have been acquired through purchase, or occasionally through donation where a third party has paid for the cost of purchase.

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

Local Studies

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

Archaeology and Monuments

The archaeology collection principally consists of around 15,300 boxes of material excavated in the county since 1992, with partial coverage from before that date. These archives are transferred to the council’s ownership at time of deposition. The contents of these archives date from all periods of human activity from the late lower Palaeolithic to present day. There are also about 31,000 small finds stored separately.

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

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

The majority of the archaeology collection has been relocated to Deepstore, Winsford, in Cheshire, as it is considered a more suitable and effective storage environment. Access is permitted to scholars and others for research purposes on request. Conservation, retention, preservation and use strategies of the archaeology collections are the responsibility of the Council's Historic Environment Team. This team also arranges safe storage of the collection, and maintains the publicly accessible Cambridgeshire Historic Environment Record, which records 28,500 monuments, 7,000 events and finds within the County.

The cost of preservation of archaeological assets held in store is £28,000 per annum.

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

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

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

Art Collection

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

Other Supporting Notes

Civic regalia

There are chains of office attached to the positions of Chair and Vice Chair of the Council, and their respective consorts, which are worn in the conduct of official duties. There are also a number of other sundry items which decorate the ceremonial areas of New Shire Hall.

Group Accounts and Supporting Notes

GROUP ACCOUNTS

FOREWORD

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

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

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

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

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

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

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2022-23 Gross Expenditure £000	2022-23 Gross Income £000	2022-23 Net Expenditure/ Income (-) £000		2023-24 Gross Expenditure £000	2023-24 Gross Income £000	2023-24 Net Expenditure/ Income (-) £000
109,484	-34,012	**75,472**	Place and Sustainability	116,428	-36,223	**80,205**
341,108	-119,027	**108,590**	Children, Education and Families	557,747	-393,637	**164,110**
472,221	-363,631	**222,081**	Adults, Health and Commissioning	347,867	-129,099	**218,768**
40,094	-37,690	**2,404**	Public Health	43,190	-37,186	**6,004**
90,269	-41,820	**48,449**	Finance and Resources	97,041	-76,787	**20,254**
46,105	-34,855	**11,250**	Strategy and Partnerships	47,315	-19,416	**27,899**
1,099,281	**-631,035**	**468,246**	**Cost Of Services**	**1,209,588**	**-692,348**	**517,240**
9,235	-17	**9,218**	Other operating expenditure	445	-205	**240**
45,016	-22,516	**22,500**	Financing and investment income/ expenditure	42,920	-16,168	**26,752**
0	-624,091	**-624,091**	Taxation and Non-Specific Grant Income	0	-623,659	**-623,659**
		-124,127	**Surplus (-) or Deficit on Provision of Services**			**-79,427**
		-77,348	Surplus on revaluation of Property, Plant and Equipment			**-135,852**
		17,395	Impairment and revaluation losses charged to the Revaluation Reserve			**24,385**
		3,742	Surplus (-) or deficit (+) on financial assets measured at fair value through other comprehensive income			**1,460**
		-570,824	Re-measurement of net pension benefit/ liability			**-129,082**
		-627,035	**Other Comprehensive Income and Expenditure**			**-239,089**
		-751,162	**Total Comprehensive Income (-) and Expenditure**			**-318,516**

*2022-23 comparators restated due to restructure, with Peoples Services split into Adults, Health and Commissioning and Children, Education and Families

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

GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund *	Capital Receipts Reserve	Capital Grants Unapplied	Usable Reserves Total	Unusable Reserves Total	Reserves Total
	£000	£000	£000	£000	£000	£000
Adjusted Balance at 1-Apr-22	**168,194**	**13,857**	**32,396**	**214,448**	**367,122**	**581,570**
2022-23						
Total comprehensive income and expenditure	124,127	0	0	124,127	627,035	751,162
Adjustments between accounting and funding basis under regulations	-126,145	-13,300	77,882	-61,563	61,563	0
Increase (+) or decrease (-) in 2022-23	-2,018	-13,300	77,882	62,564	688,598	751,162
Balance at 31-Mar-23	**166,176**	**557**	**110,278**	**277,012**	**1,055,720**	**1,332,732**
Movement in 2023-24						
Total comprehensive income and expenditure	79,427	0	0	79,427	239,089	318,516
Adjustments between accounting and funding basis under regulations	-99,933	338	-26,731	-126,326	126,326	0
Increase (+) or decrease (-) in 2023-24	**-20,506**	**338**	**-26,731**	**-46,899**	**365,415**	**318,516**
Balance at 31-Mar-24	**145,670**	**895**	**83,547**	**230,113**	**1,421,135**	**1,651,248**

* General Fund balances include earmarked reserves

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

GROUP BALANCE SHEET

31-Mar-23 £000		31-Mar-24 £000
1,854,693	Property, Plant and Equipment	2,132,329
19,015	Heritage Assets	19,016
156,584	Investment Property	150,188
9,804	Intangible Assets	9,146
35,148	Long Term Investments	33,688
30,497	Long Term Debtors	29,732
2,105,741	**Long Term Assets**	**2,374,099**
0	Short Term Investments	10,000
1,023	Assets Held for Sale	1,509
60,569	Inventories/WIP	40,603
163,736	Short Term Debtors	162,760
106,580	Cash and Cash Equivalents	74,584
331,908	**Current Assets**	**289,456**
-171,688	Short Term Borrowing	-203,237
-174,003	Short Term Creditors	-162,858
-2,234	Provisions	-2,093
-17	Capital Grants and Contributions Receipts in Advance	-1,862
-347,942	**Current Liabilities**	**-370,050**
-7,280	Provisions	-7,675
-564,884	Long Term Borrowing	-574,224
-140,620	Other Long Term Liabilities	-8,586
-44,187	Capital Grants and Contributions Receipts in Advance	-51,770
-756,971	**Long Term Liabilities**	**-642,255**
1,332,736	**Net Assets**	**1,651,250**
277,014	Usable Reserves	230,116
1,055,721	Unusable Reserves	1,421,134
1,332,735	**Total Reserves**	**1,651,250**

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

CERTIFICATE OF ACCOUNTS

I certify that this Statement of Accounts presents a true and fair view of the financial position of the Council at 31 March 2024 and its income and expenditure for the year 2023-24 and authorise the accounts for issue.

M. Hudson

Michael Hudson
Executive Director of Finance & Resources (Section 151 Officer)
Date: 31-May-2024

GROUP CASH FLOW STATEMENT

2022-23 £000		2023-24 £000
-124,127	**Net surplus (-) or deficit (+) on the provision of services**	**-79,427**
-36,935	Depreciation	-44,861
40,167	Impairment and downward valuations	34,430
-2,664	Amortisation	-2,296
-21,451	Increase (-)/ decrease in creditors	380
60,774	Increase/ decrease (-) in debtors	-1,667
-8,884	Increase/ decrease (-) in inventories	-20,121
-56,888	Movement in pension liability (difference between employer's contributions paid and IAS19 adjustments)	-1,275
-12,772	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	-488
9,906	Other non-cash items charged to the deficit on the provision of services	17,241
-28,747	**Adjustments to the net deficit on the provision of services for non-cash movements**	**-18,657**
0	Proceeds from short-term and long-term investments	0
3,968	Proceeds from the sale of property, plant and equipment	691
148,266	Grants for financing capital expenditure	100,612
-7,025	Any other items for which the cash effects are investing or financing activities	-28,435
145,209	**Adjustments for items included in the deficit on the provision of services that are investing and financing activities**	**72,868**
-7,665	**Net cash flows from Operating Activities**	**-25,216**
127,321	Purchase of property, plant and equipment	179,052
0	Purchase of short-term and long-term investments	10,000
209	Other payments for investing activities	852
0	Proceeds from short-term and long-term investments	0
-3,968	Proceeds from the sale of property, plant and equipment	-691
-148,266	Capital Grants Received	-100,612
-21,148	Other receipts from investing activities	-24,910
-45,852	**Investing Activities**	**63,691**
-114,000	Cash receipts of short and long-term borrowing	-248,000
2,351	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts (Principal)	3,777
155,493	Repayments of short and long-term borrowing	207,188
23,886	Other payments for financing activities	30,555
67,730	**Financing Activities**	**-6,480**
14,213	**Net increase (-) or decrease (+) in cash and cash equivalents**	**31,995**
120,793	Cash and cash equivalents at the beginning of the reporting year	106,580
106,580	**Cash and cash equivalents at the end of the reporting year**	**74,585**

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

NOTES TO THE GROUP ACCOUNTS

1. GROUP BOUNDARY

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

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

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

2. BASIS OF CONSOLIDATION

The financial statements of This Land Limited have been consolidated with those of the Council on a line-by-line basis, which has eliminated balances, transactions, income and expenses between the Council and the subsidiary. The following documents have been used in the consolidation for the period 1 April 2023 to 31 March 2024:

- An extract of This Land Limited consolidated Financial Statements for the period ended 31 March 2024.

3. BUSINESS ACTIVITIES OF THE SUBSIDIARIES

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

4. ACCOUNTING POLICIES

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

- **Deferred taxation**

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

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5. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

2022-23 £000		2023-24 £000
	Expenditure	
372,321	Employee Benefits Expenses	360,073
727,511	Other Services Expenses	836,987
0	Support Service Recharges	0
-568	Depreciation, amortisation, impairment	12,728
45,016	Interest Payments	36,524
432	Precepts and Levies	445
8,803	Loss on the disposal of assets	0
0	Loss in relation to investment properties and changes in their fair value	6,396
1,153,515	**Total Expenditure**	**1,253,153**
	Income	
-123,736	Fees, charges and other service income	-193,966
0	Gain on the disposal of assets	-205
-22,515	Interest and Investment Income	-16,168
-418,776	Income from Council Tax and Non-domestic rates	-446,213
-712,612	Government Grants and Contributions	-676,028
-1,277,639	**Total Income**	**-1,332,580**
-124,124	**Surplus (-) or Deficit (+) on the Provision of Services**	**-79,427**

6. LONG-TERM DEBTORS

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

2022-23 £000		2023-24 £000
21,584	Long term finance lease receivable	21,583
8,913	Other	8,149
30,497	**Total**	**29,732**

7. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	Long-term		Current	
	31-Mar-23 £000	31-Mar-24 £000	31-Mar-23 £000	31-Mar-24 £000
Investments:				
Financial assets through other comprehensive income	34,633	33,173	0	0
Financial assets at amortised cost	515	515	0	10,000
Total investments	**35,148**	**33,688**	**0**	**10,000**
Cash and cash equivalents:				
Cash and cash equivalents	0	0	106,580	74,584
Total cash and cash equivalents	**0**	**0**	**106,580**	**74,584**
Debtors:				
Financial assets at amortised cost	30,497	29,732	145,014	154,202
Total debtors	**30,497**	**29,732**	**145,014**	**154,202**
Borrowings:				
Financial liabilities at amortised cost	-564,885	-574,224	-171,688	-203,237
Total borrowings	**-564,885**	**-574,224**	**-171,688**	**-203,237**
Other liabilities:				
Other liabilities	-101,709	-99,336	-157,844	-148,442
Total other liabilities	**-101,709**	**-99,336**	**-157,844**	**-148,442**

8. CASH AND CASH EQUIVALENTS

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

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

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

31-Mar-23		31-Mar-24
£000		£000
48,586	Cash	35,575
57,994	Cash equivalents	39,009
106,580	**Total Cash and Cash Equivalents**	**74,584**

9. INVENTORY

2022-23		2023-24
£000		£000
67,962	**Balance Outstanding at Start of Year**	**60,569**
14,053	Additions	12,990
-20,923	Recognised as an expense in year	-30,268
-523	Impairment	-2,685
60,569		**40,606**

10. EXTERNAL AUDIT COSTS

2022-23 £000		2022-23 £000
247	Fees payable with regard to external audit services carried out by the appointed auditor	455
0	Fees payable in respect of other services provided by the appointed auditor	8
0	Additional fees payable with regard to external audit services carried out by the appointed auditor in the prior year	7
247		**470**

APPENDIX 1 - ACCOUNTING POLICIES

GENERAL PRINCIPLES

The Statement of Accounts summarises the Council's transactions for the 2023-24 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2023-24*, supported by *International Financial Reporting Standards (IFRS).* The accounts are prepared on a historical cost basis, i.e., expenditure is included on the basis of the price actually paid rather than any additional allowance being made for changes in the purchasing power of money, modified by the revaluation of certain categories of property, plant and equipment. The accounting policies have been consistently applied where appropriate.

BASIS OF ACCOUNTING

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

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

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

THE DE MINIMIS THRESHOLD

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

ACCRUALS OF INCOME AND EXPENDITURE

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

Recognition

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

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

Infrastructure Asset Additions and De-recognitions

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

Consequently, a de-recognition of the existing asset will occur, writing out the value attributable to the asset that has been enhanced / replaced (including any associated depreciation). As such, the value derecognised will be determined by the cost of the replacement asset, and assuming that the component replaced was at the end of its useful life.

Measurement

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

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

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

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

Land and Building assets and PFI Vehicles, Plant, Furniture and Equipment assets have been included in the Balance Sheet at their current value. Operational Property, Plant and Equipment is valued using Existing Use Value whereas specialised assets are valued using Depreciated Replacement Cost. The valuation of the farms' estate, included within the Land and Building figures, is based on a discounted cash flow of future rental income and capital receipts, which is a type of Existing Use Valuation. Assets identified as surplus to requirements are measured at fair value based on highest and best use. Assets that are subject to part disposals are revalued in the year of disposal. Assets held at current or fair value are split into land and building components, with the building element further subdivided in order to be depreciated over appropriate estimated useful lives. The four building components used are Roof, Structure, Machinery and Equipment, and Externals.

Capitalisation of Borrowing Costs

Where capital expenditure costs are:

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

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

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

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

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

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

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

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

Depreciation

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

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

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

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

FAIR VALUE MEASUREMENT

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

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

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

Appendix 1 – Accounting Policies

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

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

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

CAPITAL ACCOUNTING

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

- **The Revaluation Reserve** - this contains the balance of the surpluses or deficits arising on the periodic revaluation of property, plant and equipment. The Revaluation Reserve contains only gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

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

The above accounts are not available to fund future expenditure.

CAPITAL RECEIPTS

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

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

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

CHARGES TO REVENUE FOR LONG-TERM ASSETS

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

- Depreciation attributable to the assets used by the relevant service (as per the Depreciation policy on page 149).
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible long-term assets attributable to the service.

The Council is not required to raise council tax to cover depreciation, impairment losses, or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (see the Debt Redemption policy on page 164). Depreciation, revaluation and impairment losses, and amortisations are therefore replaced by the contribution in the General Fund Balance by an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

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

HERITAGE ASSETS

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

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

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

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

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

INVESTMENT PROPERTIES

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

INVENTORIES

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

FINANCIAL LIABILITIES

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument (e.g., Public Works Loan Board borrowing). Financial liabilities are initially measured at fair value and subsequently carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus any accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

FINANCIAL ASSETS

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

GOVERNMENT GRANTS

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

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

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

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

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

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

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

COUNCIL TAX AND NON-DOMESTIC RATES

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

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

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

LONG-TERM CONTRACTS

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

PRIVATE FINANCE INITIATIVE (PFI) SCHEMES

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

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

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

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

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

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

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

LEASES

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

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

Council as Lessee

Finance leases

Property, Plant and Equipment assets held under a finance lease are recognised on the Balance Sheet at the commencement of the lease at its fair value at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor and initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability and contingent rents are charged as expenses in the years in which they are incurred. Lease payments are apportioned between a charge for the acquisition of the interest in the property, plant or equipment and a finance charge.

As with other long-term assets, the Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue towards the deemed capital investment in accordance with statutory requirements (see the Debt Redemption policy on page 164). Depreciation, revaluation and impairment losses, and amortisations are therefore replaced by the contribution in the General Fund Balance by an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Council as Lessor

Finance leases

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

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

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

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

Operating leases

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

EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

CASH AND CASH EQUIVALENTS

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

BENEFITS PAYABLE DURING EMPLOYMENT

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

TERMINATION BENEFITS

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

POST EMPLOYMENT BENEFITS

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

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

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

The Teachers' Pension Scheme

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

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

The Local Government Pension Scheme (LGPS)

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

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

Service Cost elements comprise:

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

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

Re-measurements comprise:

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

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

RESERVES

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

- **Usable reserves** - those reserves that contain resources that a council can apply to the provision of services, either by incurring expenses or undertaking capital investment, whether or not there are particular restrictions on exactly what the resources can be applied to. The Council's usable reserves include the General Fund balance and Earmarked reserves.

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

DEBT REDEMPTION

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

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

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

Estimated life periods will be determined under delegated powers. To the extent that expenditures do not create an asset and are of a type that are subject to estimated life periods that are referred to in the guidance, these estimated life periods will generally be adopted by the Council. In view of the variety of types of capital expenditure incurred by the Council, which is not in all cases capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure.

The determination as to which schemes shall be deemed to be financed from available resources, and those which will remain as an outstanding debt liability to be financed by borrowing or other means will be assessed under delegated powers.
The policy will be reviewed annually to ensure prudence is achieved from using the options available and the option to delay charges until the year after the asset comes into operation (the MRP holiday) will be used where applicable.

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

CONTINGENT LIABILITIES

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

VALUE ADDED TAX (VAT)

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

INTERESTS IN COMPANIES AND OTHER ENTITIES

The Council is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and / or joint ventures. The Council is involved with a number of entities, and where the interests are not material the nature and value of the relationship is disclosed within the single entity accounts. In line with the code requirements on group accounts and consolidation, maintained schools within the county are considered to be entities controlled by the Council. The income, expenditure, assets, liabilities, reserves, and cash flows of these schools are recognised within the Council's single entity accounts rather than group accounts.

GLOSSARY

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

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

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

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

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

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

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

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

BID PRICE
The price at which securities are purchased by market makers.

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

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

Glossary of Terms

BUILDING SCHOOLS FOR THE FUTURE (BSF)
A national programme to bring all secondary schools up to modern standards over 15-20 years.

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

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

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

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

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

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

CASH EQUIVALENTS
Assets which are readily convertible into cash.

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

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

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

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

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

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

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

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

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

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

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

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

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

EVENTS AFTER THE BALANCE SHEET DATE
Events occurring between the Balance Sheet date and the date on which the Accounts are signed by the Section 151 Officer, which have a significant impact on the Council’s finances.

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

Glossary of Terms

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

FINANCIAL CONDUCT AUTHORITY (FCA)
The lead UK regulator. A designated agency which is not a government department.

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

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

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

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

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

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

INFRASTRUCTURE ASSETS
Assets such as roads and bridges.

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

Glossary of Terms

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
Accounting Standards, Interpretations and the Framework adopted by the International Accounting Standards Board (IASB).

INVENTORIES
Goods bought but have not been used.

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

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

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

NET BOOK VALUE
The depreciated value of an asset.

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

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

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

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

PRIVATE FINANCE INITIATIVE (PFI)

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

PROPERTY, PLANT AND EQUIPMENT

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

PROVISION

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

PRUDENTIAL BORROWING

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

PUBLIC WORKS LOAN BOARD

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

RECEIVABLES

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

RELATED PARTY

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

RESERVES

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

REVALUATION RESERVE

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

REVENUE CONTRIBUTIONS

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

Glossary of Terms

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)
Expenditure that legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a long-term asset.

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

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

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

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

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

Agenda Item No: 5

KPMG Audit Plan for Cambridgeshire Pension Fund 2023-24

To: Audit & Accounts Committee

Meeting Date: 30th July 2024

From: Ben Barlow – Investments and Fund Accounting Manager - Pensions

Recommendation: That the Audit and Accounts Committee:

1. Note the Audit Plan 2023-24 and the presentation by KPMG

Officer contact: Ben Barlow
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Ben.Barlow@westnorthants.gov.uk
Tel:07896 890375

1. Background

1.1. This is KPMG's first year as the Cambridgeshire Pension Fund's external auditors.

1.2. The Pension Fund's Statement of Accounts (SOA) form part of the Council's Statement of Accounts. These are audited by the Council's external auditor KPMG. The auditor confirms whether, in their opinion, the SOA reflects a true and fair view of the financial position of the authority (and the Fund within it) for the financial year 1st April to 31st March and that the SOA is free from material misstatement.

2. Content, Responsibilities and Timeline

2.1. KPMG have been appointed as Independent External Auditors to provide an audit opinion on:

2.1.1 whether the financial statements of Cambridgeshire Pension Fund give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2024 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2024; and

2.1.2 the consistency of the Pension Fund financial statements within the Pension Fund annual report with the published financial statements of Cambridgeshire County Council.

2.2 KPMG have produced an audit plan, setting out identified audit risks, expected materiality levels, the scope of their audit, the team, and the planned delivery of the audit process.

2.3 Page 5 of the accompanying report identifies the key risks and areas of auditor focus, details the Auditor's planned approach to these risk areas. These, along with the Fund's approach are summarised in the following table.

Risk/area of focus	**Audit approach**	**Fund approach**
Management override of controls	• Evaluate the design and implementation of controls over journal entries and post-closing adjustments • Assess the appropriateness of changes compared to prior year • Assess accounting estimates for biases • Assess the business rationale and the appropriateness of accounting for significant transactions • Evaluate selection and application of accounting policies • Analyse all journals posted through the year	• Ensure process notes include identified risks • Provide written process notes which detail controls • Make copy journals available • Provide working papers demonstrating the value used for the journals •
Cambridge and Counties Bank (CCB) valuation	• Obtain copies of the CCB valuation report • Evaluate the design and implementation of controls in place	• Instruct Grant Thornton to provide a valuation report for Cambridge and Counties Bank and make this, and supporting information, available to the auditor.

Risk/area of focus	Audit approach	Fund approach
	• Test the completeness and accuracy of data underlying the valuation • Engage KPMG specialists to review the valuation methodology and assumptions • Evaluate the design and implementation of controls in place for management to review the valuation.	• Provide working papers demonstrating the value used at the year end and the valuation methodology.
Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded	• Gain an understanding of the control environment at all the investment managers and custodian by reviewing their internal controls • Obtain direct confirmations from the custodian and investment managers • Vouch purchases and sales to investment manager and custodian reports Recalculate change in market value and compare to overall investment return	• Provide working papers demonstrating the value used at the year end and the valuation methodology. • Provide quarterly reconciliation reports and performance reports • Liaise with Investment Managers and custodian to provide information to auditors on a timely basis.
Valuation of Level 1, 2 and other level 3 investments are misstated.	• Use of the in-house investment valuation team, iRADAR – approach differs per investment type and is set out on Page 9 of the audit plan • Obtaining unaudited Net Asset Value (NAV) statements for Level 3 pooled investment vehicles.	• Provide working papers demonstrating the value used at the year end and the valuation methodology. • Provide quarterly reconciliation reports and performance reports • Liaise with Investment Managers and custodian to provide information to auditors on a timely basis.
Contributions into the Fund are not completely identified and recorded, do not exist or are not in compliance with the Regulations and the Fund's Rates and Adjustment Schedule	• Inspecting that deficit contributions received into the Fund in accordance with the Rates and Adjustments certificate • Contributions are received on a timely basis • Develop an expectation of the normal employer and employee contributions receivable in the year reflect changes in active members, pensionable salary and any changes in contribution rates	• Provide working papers demonstrating contributions received and reconciliations between the Rates and Adjustment certificate • Provide analytical assessment of changes in contributions received during the year.

Risk/area of focus	Audit approach	Fund approach
	• Vouch that there are 12 month receipts in the year assessing the trend of receipts	
The actuarial position of the Fund is not appropriately presented in the financial statements	• Understand the processes in place to set the assumptions used in the valuation • Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations • Test the data provided used within the scheme valuation 1. Compare the key assumptions applied with those used by the administering authority.	• Ensure process notes include identified risks. • Provide written process notes which detail controls. 1. Liaise with Hymans to provide information to the auditors on a timely basis,

2.4 Page 3 of the accompanying report sets out the materiality levels for the audit, based on 1% of net assets of £4.3bn, which are planned to be:

Audit Area	Materiality
Materiality for the Financial statements as a whole	£42.3m
Procedure designed to detect individual errors at this level	£27.4m
Audit Differences	£2.1m

2.5 Page 18 of the accompanying report sets out the proposed timeline for delivery of the audit. The key planned milestones are:

Milestone	Planned dates	Status
Planning and Interim fieldwork	March 2024	Completed
Report audit plan	June/July 2024	Completed
Year end Audit	July -September 2024	Ongoing
Audit Results Report	September/October 2024	

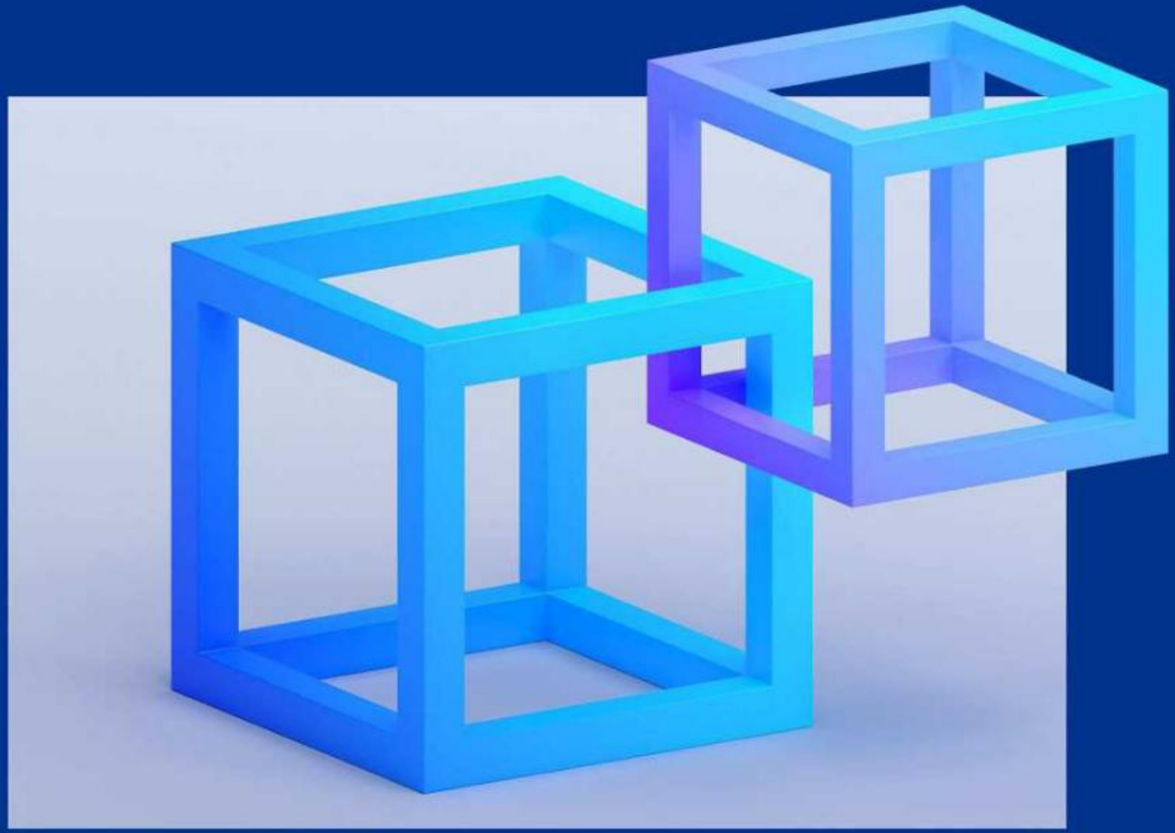
2.6 Page 17 sets out the audit fees for the year. £87,000 is the fee for auditing the financial statements. For comparison, the 2022-23 fee was £26k. The scale fee does not include the impact of ISA315, which may increase audit hours by 10% to 20%. External audit fees are agreed with Public Sector Audit Appointments (PSAA).

3. Source documents

3.1. Appendix 1 Audit Plan 2023/24

KPMG

Cambridgeshire Pension Fund



Draft Report to the Audit and Accounts Committee

Audit plan and strategy for the year ending 31st March 2024

July 2024

Introduction

To the Audit and Accounts Committee of Cambridgeshire Pension Fund

We are pleased to have the opportunity to meet with you to discuss our audit of the financial statements of the Cambridgeshire Pension Fund ('the Fund') for the year ended 31 March 2024.

We have been appointed as your auditors by Public Sector Audit Appointments Ltd. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO Code of Audit Practice. The NAO is consulting on a new Code of Audit Practice for 2023/24.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing and we will communicate any significant changes to the planned audit approach subsequently. Also, we need to complete our review of the predecessor audit file for the 2022/23 year end when that audit is completed.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

Contents **Page**

The engagement team

Sarah Brown, BA (Hons), ACA, is the engagement partner on the audit. She has more than 20 years of public sector audit experience across Healthcare, Local Government and Social Housing. Sarah will lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Asim Iqbal (Senior Manager) and Sudhanshu Dadhich (Assistant Manager) with 14 years and 5 years of audit experience respectively.

Yours sincerely,

Sarah Brown

Partner – KPMG LLP
July 2024

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner. The audit undertaken in the current year is dependent on the finalisation of the previous auditor's work over historical financial statements.

Restrictions on distribution

This report is intended solely for the information of those charged with governance of Cambridgeshire Pension Fund and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

Overview of planned scope including materiality

Our materiality levels

We determined materiality for the Cambridgeshire Pension Fund financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of the Fund's total assets which we consider to be appropriate given the sector in which the Pension Fund operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as the fact that this is our initial audit and the prior year financial statements are not yet signed when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality £27.4m (65% of materiality) driven by our expectations of increased level of undetected or uncorrected misstatements in the period. This is also to factor that the prior period accounts are not yet signed.

We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons, such as officers' remuneration. We will report misstatements to the audit and Accounts committee including:

- Corrected and uncorrected audit misstatements above £2.1m.
- Errors and omissions in disclosure (corrected and uncorrected) and the effect that they, individually and in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

Control environment

The impact of the control environment on our audit is reflected in our planned audit procedures. Our planned audit procedures reflect findings raised by the predecessor auditor and management's response to those findings.

File review

We will undertake an appropriate prior year file review dependent on the final opinion issued by the previous auditors.

Materiality

Materiality for the financial statements as a whole	£42.3m 1% of total assets
Procedure designed to detect individual errors at this level	£27.4m 65% of materiality
Misstatements reported to the Audit and Accounts Committee	£2.1m

Cambridgeshire Pension Fund Materiality

£42.3m

1% of pension fund's total assets £4.3b (FY 22/23 draft total assets)

Overview of planned scope including materiality (cont.)

Timing of our audit and communications

- We will maintain communication led by the engagement partner and senior manager throughout the audit. We set out below the form, timing and general content of our planned communications:
- Kick-off meeting with management in January 2024 where we outlined our audit approach and discuss management's progress in key areas.
- Audit and Accounts Committee meeting scheduled in July 2024 where we present our audit plan outlining our audit approach and discuss management's progress in key areas.
- Status meetings with management will take place through the audit cycle, where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues.
- Due to the work of previous auditors still on-going, we will be communicating dates for audit completion at a future Committee.
- Closing meeting with management where we discuss the auditor's report and any outstanding deliverables.
- Audit and Accounts Committee meeting where we communicate audit misstatements and significant control deficiencies.
- Biannual private meetings can also be arranged with the Audit and Accounts Committee Chair if there is interest.

Given the large amount of consultation happening in regard to the scope and timing of local government audit this schedule is subject to change.

Key developments in the year

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results. Usually, we do not rely on the work of Internal Audit but as part of our risk assessment we will inspect their reports for any issues highlighted.

Key developments	KPMG's response
2022/23 audit We note that the audit of the 2022/23 financial statements are still not signed.	We will revisit the risk assessment procedures completed to date for any changes arising following the completion of the audits. We will complete our predecessor auditor clearance inquiries and review of the predecessor auditor file once the audits for 2022/23 are concluded.

Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
iRADAR	Our in-house investment team, iRADAR, will review the valuation of the equities held to identify any potential material pricing issues.
Actuarial specialist	KPMG will engage Actuarial Specialist, to determine the reasonableness of the assumptions used in the valuation of the promised retirement benefits liability of the pension fund.
Corporate Finance Team	KPMG will engage Corporate Finance team as a valuation specialist to assist in assessing the reasonableness of the key assumptions used in the valuation model for investments made in Cambridge and Counties Bank. The specialist's findings will be considered by the audit team, along with other audit evidence, in forming an overall conclusion on the fair value measurement.
IT specific team member	Given this is a first year audit and we are unfamiliar with the IT environment, we will be utilising our IT team to gain an understanding of the key financial systems and processes within the Fund.

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Significant risks and other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the pension fund, the industry and the wider economic environment in which Cambridgeshire Pension Fund operates.

We also use our regular meetings with senior management to update our understanding and take input from component audit teams and internal audit reports.

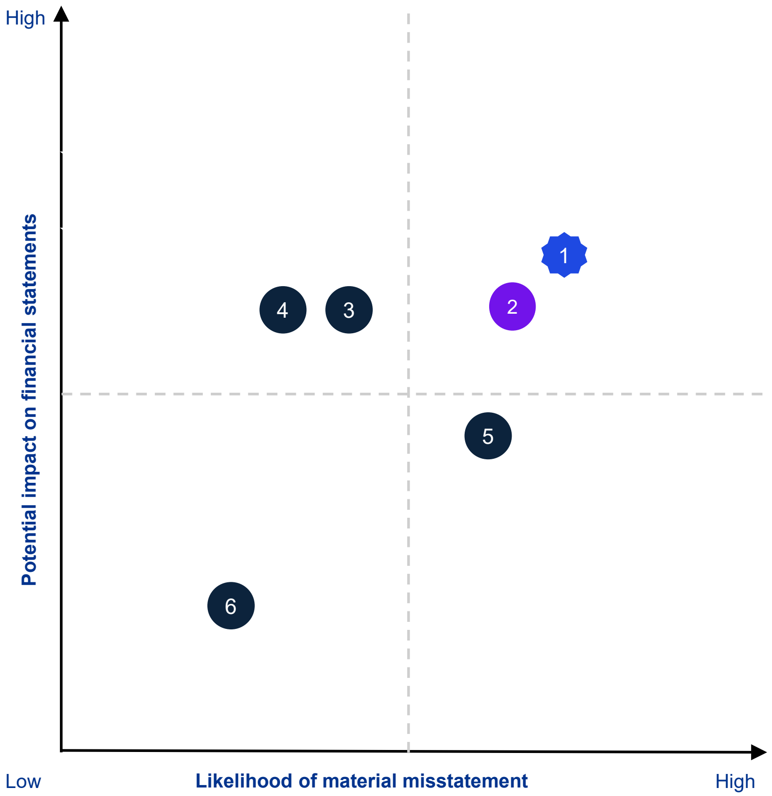
Due to the current levels of economic uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. Where such items are identified we will amend our audit approach accordingly and communicate this to the Audit and Accounts Committee.

Significant risks

1	Management override of controls
2	An inappropriate amount is estimated for the value of investments held under Cambridge & Counties Bank.

Other audit risks

3	Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded
4	Valuation of Level 1, 2 and other Level 3 investments is misstated
5	Contributions into the Fund are not completely identified and recorded, do not exist or are not in compliance with the Regulations and the Fund's Rates and Adjustments Schedule
6	The actuarial position of the scheme is not appropriately presented in the financial statements



KEY

- Presumed significant risk
- Significant financial statement audit risks
- Other audit risks

Audit risks and our audit approach

1 Management override of controls

Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Planned response

As part of our audit procedures we will gain an understanding of the financial reporting process.

- Our audit methodology incorporates the risk of management override of controls as a default significant risk.
- In line with our methodology, we will evaluate the design and implementation of controls over journal entries and post-closing adjustments. We will evaluate the design and implementation of automated controls used in the financial reporting process, where automated controls are in place.
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- We will assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the normal course of business, or are otherwise unusual.
- We will evaluate the selection and application of accounting policies.
- We will analyse all journals through the year using data and analytics and focus our testing on those with a higher risk.
- With regards to the financial reporting and journals process, we will perform the following over journal entries and other adjustments:
  - Evaluate the completeness of the population of journal entries.
  - We will determine high risk criteria and select journals based on this criteria for testing.

Audit risks and our audit approach

2 An inappropriate amount is estimated for the value of investments in Cambridge and Counties Bank

Significant audit risk

- An inappropriate amount is estimated for the value of direct investment in Cambridge and Counties Bank due to inappropriate method and assumptions used for the computation of the valuation estimate.
- The risks of material misstatement relating to fair values of investment in Cambridge and Counties Bank are increased due to the higher degree of estimation uncertainty resulting from current economic conditions.
- The value of investment held under Cambridge and Counties Bank represents 1.5% approx. of total assets portfolio.

Planned response

- Cambridgeshire Pension Fund appoints a third party specialist (Grand Thornton) to value the investments in Cambridge and Counties – Local Bank. We will obtain the valuation reports produced by the third party specialist as at 31st March 2024.
- We will evaluate the design and implementation of controls in place to review the valuation, inputs, methodology and the appropriateness of assumptions used.
- We will test the completeness and accuracy of underlaying data used for the valuation; and
- We will engage KPMG specialists to review the methodology and assumptions underlying the valuations as at 31st March 2023 and 31st March 2024..
- We will evaluate the design and implementation of controls in place for management to review the valuation, inputs, methodology and the appropriateness of assumptions used.

Audit risks and our audit approach (cont.)

3 Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded

Other audit risk

- Level 1, 2 and 3 investments are not complete, do not exist or are not accurately recorded.
- Investments are held to pay benefits of the Fund. They are held with 27 investment managers across a number of asset classes. The investments are material to the financial statements 99.58% of the Statement of Net Assets and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to completeness, existence and accuracy as there has been a number of investment transitions in the year between investment managers.

Planned response

- As part of our audit procedures we will gain an understanding of the processes over the completeness, existence and accuracy of Level 1, 2 and 3 investments. This will include gaining an understanding of the control environment at all the investment managers and custodian by reviewing their internal controls reports to identify any control deficiencies that would impact our audit approach.
- We will obtain direct confirmations from your custodian and all your investment managers to vouch the holdings and valuation of assets at the year end.
- We will vouch purchases and sales to investment manager and custodian reports.
- We will recalculate change in market value and compare this to the overall investment return stated in the Pension Committee's report for consistency with the amounts reported in the financial statements. We will investigate any material deviations.

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Audit risks and our audit approach (cont.)

4 Valuation of Level 1, 2 and other Level 3 investments is misstated

Other audit risk

- Level 1, 2 and 3 investments are fairly valued.
- Investments are held to pay benefits of the Cambridgeshire Pension Fund. They are held with 27 investment managers across a number of asset classes. The investments are material to the financial statements 97% of the Statement of Net Assets and therefore there is a risk of material misstatement.
- There is a risk of material misstatement relating to fair values of level 1 and 2 pooled investments, due to the estimation uncertainty resulting from the pricing of these investments.
- There is an elevated risk of material misstatement relating to fair values of level 3 pooled investments, due to the estimation uncertainty resulting from unobservable inputs to these investments.

Planned response

Our approach in relation to valuation for different types of investments is as follows:

- **Segregated financial instruments:** Our in-house investment valuation team, iRADAR, will be engaged to independently revalue segregated securities and over the counter (OTC) derivative prices and identify stale price issues of directly held financial instruments within the investment portfolio as well as any exposures to hard to value assets.
- **Level 1 & 2 Pooled Investment Vehicles**-We will recalculate the value of the Level 1 and 2 pooled investments using published pricing of the pooled investment vehicles at the year end with the help of iRADAR.
- **Level 3 pooled investment vehicles:** For each Level 3 pooled investment vehicle investment manager, we will obtain the unaudited Net Asset Value ('NAV') Statement at (or closest to) the measurement date and vouch the valuation to this. We will further assess the reliability of the NAV statement by:
  - Obtaining and inspecting the latest audited financial statements for the underlying funds where available;
  - Inspecting the audit report to confirm that it is unqualified and that the audit has been carried out by a reputable audit firm; and
  - Comparing the unaudited pricing information at the year end to the audited financial statements valuation. Where the audited financial statements are not as at the Fund year end date, we will agree them to unaudited pricing information at that date and reconcile significant movements to the Fund year end date agreeing movements to quarterly NAV/transaction statements.

Audit risks and our audit approach (cont.)

5 Contributions into the Fund are not completely identified and recorded, do not exist or are not in compliance with the Regulations and the Fund's Rates and Adjustments Schedule

Other audit risk

- Contributions into the Fund are not completely identified and recorded, do not exist or are not in compliance with the Regulations and the Fund's Rates and Adjustments Schedule
- Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. Revenue in a pension scheme equates to contributions receivable. This revenue is recognized based on specific instructions as set out in the appropriate schedule(s). There are no subjective issues concerning when contributions need to be recognized. Amounts involved cannot easily be manipulated through accounting policies, issue of credit notes, timing or other policies. There is little incentive for the Fund management to manipulate the financial reporting of contributions. Therefore, in the absence of specific fraud risk factors, the presumption that fraudulent revenue recognition is a significant risk is rebutted for pension scheme audits.

Planned response

As part of our audit procedures we will gain an understanding of the processes over the contribution payment arrangements between the admitted and scheduled bodies and administering authority, and also the effectiveness of the Pension Fund's contribution monitoring arrangements.

As part of risk assessment procedures, we will carry out re-performance checks for a selection of members on normal employee and employer contributions by reference to their pensionable salary and rates.

Our audit procedures over contributions will include:

- Inspecting that deficit funding contributions are received into the Fund in accordance with the Fund's rates and adjustments schedule;
- For a risk based sample of admitted bodies we will inspect whether contributions are received into the Fund on a timely basis under the requirements through vouching contributions received to bank statements;
- Develop an expectation of the normal employer and employee contributions receivable in the year reflecting changes in active members in the year, increases in pensionable salary and any changes in the contributions rates in the year and compare these to actual employer and employee contributions received in the year; and
- Vouch that there are 12 months receipts in the year and assessing the trend of such receipts.

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Audit risks and our audit approach (cont.)

6 The actuarial position of the Fund is not appropriately presented in the financial statements

Other audit risk

- The actuarial position of the Fund is not appropriately presented in the financial statements.
- The actuarial position is not recognised on the Statement of Net Assets but is disclosed in the Notes.
- The value of the liability is an estimate involving the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective.

Planned response

We will perform the following procedures:

- Understand the processes in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Test the data provided used within the calculation of the scheme valuation; and
- Compare the key assumptions applied with those used by the administering authority and inquire of the administering authority audit team if there are any matters arising from their evaluation of the assumptions.

Other significant matters related to our audit approach

Additional reporting

The audit is undertaken to comply with the Local Audit and Accountability Act 2014, which places additional responsibilities on auditors, as well as further requirements to report to the National Audit Office.

Our audit responsibilities under the Code of Practice in respect of the Pension Fund, are as follows:

We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.

We consider our other duties under legislation and the Code, as and when required, including: ·

- Giving electors the opportunity to raise questions about your 2023/24 financial statements, consider and decide upon any objections received in relation to the 2023/24 financial statements;
- Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
- Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or ·
- Issuing an advisory notice under Section 29 of the Act.

As part of our procedures on other information, we will obtain and read your pension fund annual report and climate change disclosures. We will consider whether there is a material inconsistency between this information included in the annual report and the financial statements, or with our knowledge obtained in the audit; or whether this information appears to be materially misstated.

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Mandatory communications - additional reporting

Going concern

Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the financial statements should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.

Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily (OK)	We have identified issues that we may need to report	Work is completed at a later stage of our audit so we have nothing to report

We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence	OK	No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

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Mandatory communications

Type	Statements
Management's responsibilities (and, where appropriate, those charged with governance)	Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error. Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.
Auditor's responsibilities	Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities 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 or those charged with governance of their responsibilities.
Auditor's responsibilities – Fraud	This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.
Auditor's responsibilities – Other information	Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.
Independence	Our independence confirmation at page 19 and 20 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm's independence and the integrity and objectivity of the audit engagement partner and audit staff.

Appendices

Audit team and rotation

Your audit team has been drawn from our Public sector and Pensions Centre of Excellence and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit partner and firm.

Sarah is the partner responsible for our audit. She will lead our audit work, attend the Audit and Accounts Committee and be responsible for the opinions that we issue.

Asim Iqbal is the senior manager responsible for our audit. Asim will co-ordinate our audit work, attend the Audit and Accounts Committee and ensure we are co-ordinated across our accounts and use of funds work.

Sudhanshu Dadhich is the in-charge responsible for our audit for the year. He will be responsible for our on-site fieldwork. He will complete work on more complex section of the audit.

To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:

KPMG Specialist – Please refer to Page 4 for further details on all the KPMG specialist involved as part of our audit.

This will be Sarah's first year as your engagement lead.

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Fees

Audit fee

Our proposed fees for the year ended 31 March 2024 have been agreed with management.

Pension Fund	2023/24 (£'000)	2022/23 (£'000)
Financial statements	87	26
ISA 315 (R) *	TBC	-
TOTAL	**87**	**26**

*The scale fees agreed with the PSAA do not take into account the impact of ISA315 (Revised). We expect compliance with ISA315R to increase audit hours by between 10% and 20% for our pension fund audits. We will agree a fee variation in respect of ISA351R with you once we have a clearer idea of the impact for your audit.

Billing arrangements

Fees will be billed in accordance with a billing schedule agreed with the PSAA.

Also, "*the Code of Audit Practice also sets the expectation that local auditors will co-operate where it is possible and efficient to do so. As part of this, auditors have agreed a voluntary protocol with each other and the NAO that covers the agreement of timescales for requesting and providing assurances and keeping auditors informed of potential delays. Consistent with this principle, the provision of IAS 19 assurances to auditors of relevant authorities under the Act and in accordance with the protocol should be considered work undertaken under the Code of Audit Practice.*" If we are requested by other schedule/ admitted bodies auditors to provide these IAS 19 assurance letters, fee for these letters will be charged as per the PSAA fee variation arrangements.

Basis of fee information

In line with our standard terms and conditions the fee is based on the following assumptions:

- The Cambridgeshire Pension Fund audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory financial statements are presented to us for audit subject to audit;
- Supporting schedules to figures in the financial statements are supplied;
- A trial balance together with reconciled control financial statements are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

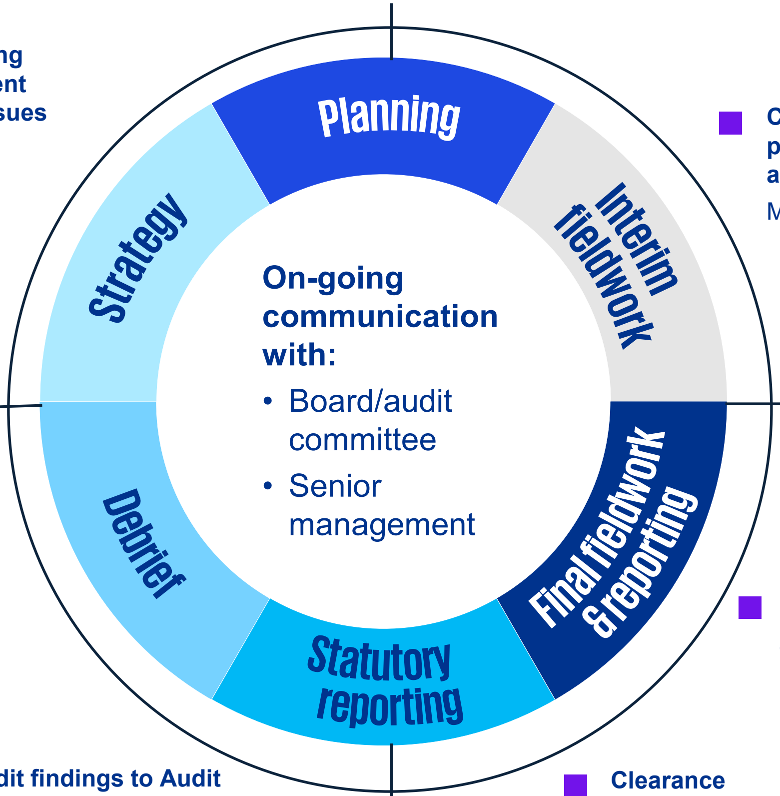
If there are any variations to the above plan, we will discuss them with you and agree any additional fees before costs are incurred wherever possible.

Indicative Audit cycle & timetable

Our schedule
Jan 2024 – Dec 2024

Key:
- Timing of A&RC communications
- Key events

March



June

September

December

Planning meeting with management for key audit issues
February

Commence year end planning including IT and other specialists
March

Audit plan discussion and approval
June/ July

Final fieldwork
July/ August/ September

Clearance meetings
September

Presenting audit findings to Audit and Risk Committee and approval of accounts
September

Finalization of annual report
October

Audit strategy discussions based on debrief of audit
October

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

To the Audit and Accounts Committee members

Assessment of our objectivity and independence as auditor of Cambridgeshire Pension Fund

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed. This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement is subject to review by an engagement quality control reviewer, who is a director not otherwise involved in your affairs.

We are satisfied that our general procedures support our independence and objectivity

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

No non-audit services have been provided to the Fund during the year ended 31 March 2024 and we have not committed to providing any such services.

Application of the FRC Ethical Standard 2019

We communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Accounts Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Accounts Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

Commitment to continuous improvement

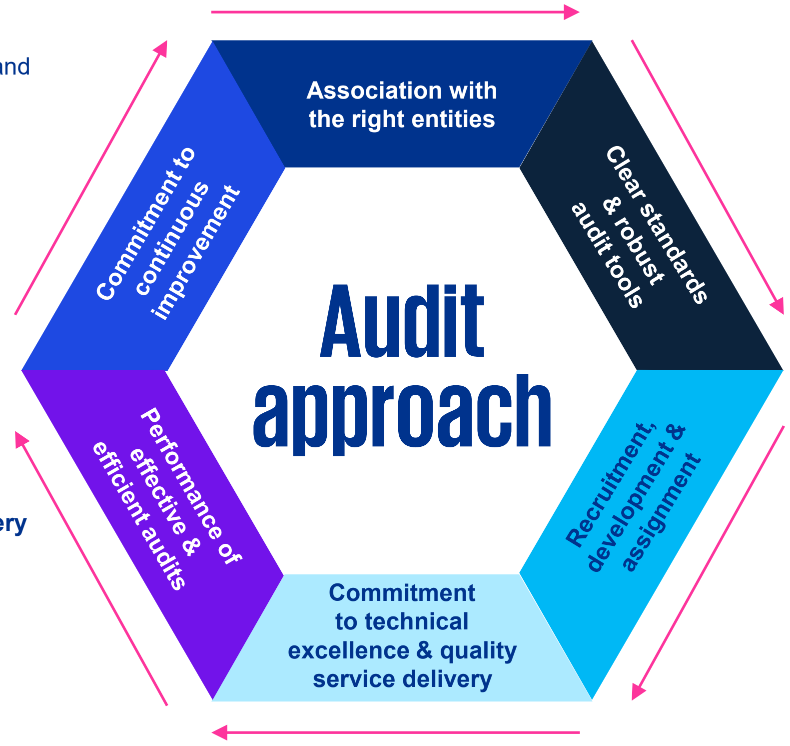
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

ISA (UK) 315 Revised: Overview

Summary

In the prior period, ISA (UK) 315 Revised "Identifying and assessing the risks of material misstatement" was introduced and incorporated significant changes from the previous version of the ISA.

These were introduced to achieve a more rigorous risk identification and assessment process and thereby promote more specificity in the response to the identified risks. The revised ISA was effective for periods commencing on or after **15 December 2021**.

The revised standard expanded on concepts in the existing standards but also introduced new risk assessment process requirements – the changes had a significant impact on our audit methodology and therefore audit approach.

What impact did the revision have on audited entities?

With the changes in the environment, including financial reporting frameworks becoming more complex, technology being used to a greater extent and entities (and their governance structures) becoming more complicated, standard setters recognised that audits need to have a more robust and comprehensive risk identification and assessment mechanism.

The changes result in additional audit awareness and therefore clear and impactful communication to those charged with governance in relation to (i) promoting consistency in effective risk identification and assessment, (ii) modernising the standard by increasing the focus on IT, (iii) enhancing the standard's scalability through a principle based approach, and (iv) focusing auditor attention on exercising professional scepticism throughout risk assessment procedures.

Implementing year 1 findings into the subsequent audit plan

Entering the second year of the standard, the auditors will have demonstrated, and communicated their enhanced insight into their understanding of your wider control environment, notably within the area of IT.

In year 2 the audit team will apply their enhanced learning and insight into providing a targeted audit approach reflective of the specific scenarios of each Pension Fund 's audit.

A key area of focus for the auditor will be understanding how the Pension Fund responded to the observations communicated to those charged with governance in the prior period.

Where an Pension Fund has responded to those observations a re-evaluation of the control environment will establish if the responses by Pension Fund management have been proportionate and successful in their implementation.

Where no response to the observations has been applied by Pension Fund , or the auditor deems the remediation has not been effective, the audit team will understand the context and respond with proportionate application of professional scepticism in planning and performance of the subsequent audit procedures.

What will this mean for our on-going audits?

To meet the on-going requirements of the standard, auditors will each year continue to focus on risk assessment process, including the detailed consideration of the IT environment.

Subsequent year auditor observations on whether Pension Fund actions to address any control observations are proportionate and have been successfully implemented will represent an on-going audit deliverable.

Each year the impact of the on-going standard on your audit will be dependent on a combination of prior period observations, changes in the Pension Fund control environment and developments during the period. This on-going focus is likely to result in the continuation of enhanced risk assessment procedures and appropriate involvement of technical specialists (particularly IT Audit professionals) in our audits which will, in turn, influence auditor remuneration.

ISA (UK) 240 Revised: changes embedded in our practices

Ongoing impact of the revisions to ISA (UK) 240

ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) The auditor's responsibilities relating to fraud in an audit of financial statements included revisions introduced to clarify the auditor's obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.

We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the Pension Fund and our assessment of the risks of material misstatement due to fraud.

Area	Our approach following the revisions
Risk assessment procedures and related activities	[1] Increased focus on applying professional scepticism – the key areas affected are: • the need for auditors not to bias their approach towards obtaining evidence that is corroborative in nature or excluding contradictory evidence, • remaining alert for indications of inauthenticity in documents and records, and • investigating inconsistent or implausible responses to inquiries performed. [2] Requirements to perform inquiries with individuals at the Pension Fund are expanded to include, amongst others, those who deal with allegations of fraud. [3] We will determine whether to involve technical specialists (including forensics) to aid in identifying and responding to risks of material misstatement due to fraud.
Internal discussions and challenge	We will have internal discussions among the audit team to identify and assess the risk of fraud in the audit, including determining the need for additional meetings to consider the findings from earlier stages of the audit and their impact on our assessment of the risk of fraud.

DRAFT

Newly effective standards

Standards	Expected impact: High	Expected impact: Moderate	Expected impact: Low	Expected impact: None	Effective for years beginning on or after: 1 Jan 2023	Effective for years beginning on or after: 1 Jan 2024
IFRS 17 Insurance Contracts, including amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information			●		✓	
Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors		●			✓	
Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements			●		✓	
Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes			●		✓	
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)			●			✓
Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements)			●			✓

BEPS (Base erosion and profit shifting) – also called global minimum tax, is an OECD agreement to implement to global tax framework which ensures that a minimum amount of tax is paid around the world.
UK tax law implementing the OECD treaty expected to be issued later in 2023 with an effective date of 1st January 2024. IASB issued ED IAS 12 *International Tax Reform – Pillar Two Model Rules – Proposed amendments to IAS 12 income taxes* to provide a temporary exception from the recognition of deferred taxes arising from BEPS – Pillar two as well as proposes additional disclosures. Currently we would only expect qualitative disclosures about the impact of BEPS on the group and the progress the group has made in identifying any quantitative effects.

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Agenda Item No: 6

Consultancy and Agency Spend

To:	Audit and Accounts Committee
Meeting Date:	30th July 2024
From:	Clare Ellis, Head of Procurement and Commercial Janet Atkin: Service Director Human Resources
Outcome:	Committee is asked to consider the information contained within this Report.
Recommendation:	Committee is asked to note the information contained within this Report.

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1. Background

1.1 Information on the Council's use of consultants, agency workers and interims is presented to this Committee on a six monthly basis for review.

1.2 This report covers quarters 3 and 4 of financial year 2023/24.

1.3 We are committed to only using consultants and agency workers where necessary and where all other avenues have been exhausted. There are many different instances which required the engagement of temporary resource either linked to the type of work that needs to be undertaken or in response to market pressures. Consultants might be engaged to deliver a specific output where the Council lacks specialist knowledge and that specialist knowledge would either be prohibitively expensive or only required in the short term. An agency worker is usually engaged to cover a vacant role on the establishment on a temporary basis.

1.4 The use of consultants, agency workers and interims are covered by the Consultant's Policy and the Agency Worker and Interim Policy. Both policies provide detailed definitions for officers to use when determining the right approach to securing what they need. For consultants, a procurement compliant with the Contract Procedure Rules will be needed. For agency workers/interims, Opus should be contacted first and only if they cannot fill a role should other routes be looked at.

1.5 The different types of engagement and descriptors are set out in the Consultant's Policy and below for clarification:

Term	Definition and information
Consultant	A consultant/consultancy company is engaged to undertake a specific project/task with a specified endpoint and provides expertise that is not available internally. Consultants are not held against an existing post in our establishment. This policy covers the use of consultants/consultancy services. A Business Case must be approved prior to procuring a consultant/consultancy services, and any extensions to the original consultancy placement are subject to additional approvals and require a revised Business Case.
Interim	Engaged to cover a substantive post within our organisational structure for a defined period of time. Covers business-as-usual activities of a role on a short-term basis. As interims provide temporary cover for key roles, once an interim is appointed, their line manager has responsibility to develop a Succession Plan, to identify a permanent solution for filling the post. This may include identifying existing staff

	members to undertake skills transfer work with the interim worker.
Agency worker	Engaged as a temporary resource. The maximum length of an agency worker placement is 13 weeks, or 20 weeks for a placement in a Social Care role. A single extension beyond this time period may be approved via a formal Business Case, as per the Agency Worker Policy.

1.6 Spend on both consultants and agency workers/interims is tightly controlled. Consultant spend requires an e approval form and then approval from the Workforce Expenditure Panel. Any spend through the consultancy cost code (above £5,000) is monitored by the Procurement and Commercial Team to ensure the proper approvals are in place. Agency workers/interims require an Approval to recruit e form which again goes to the Workforce Expenditure Panel for Approval.

2. Main Issues

2.1 Use of Consultants:

2.1.1 The table below provides a breakdown of spend in quarters 3 and 4 on consultants by Directorate and Service Area. This is only consultancy spend that has gone through the consultancy cost code.

Directorate	Service Area	Quarter 3	Quarter 4	Total
Adults, Health and Commissioning	Exec AHC	£0	£6,500	£6,500
Children, Education and Families	C&S	£4,610	£25,290	£29,900
Children, Education and Families	Education	£0	£1,925	£1,925
Children, Education and Families	Total	£4,610	£27,215	£31,825
Finance and Resources	Resources	£0	£2,850	£2,850
Greater Cambridge Partnership (GCP)	GCP	£108,996	£76,539	£185,535
Place and Sustainability	Climate Change	£68,650	£101,794	£170,444
Place and Sustainability	Connecting Cambridgeshire	£21,285	£29,770	£51,055
Place and Sustainability	Highways & Transport: highways maintenance	£61,155	£38,805	£99,960
Place and Sustainability	H&T: project delivery	£150,878	£1,344	£152,223
Place and Sustainability	H&T: Transport, Strategy and Development	£18,455	£8,294	£26,749
Place and Sustainability	Planning, Growth & Environment	-£2,717	£33,850	£31,133
Place and Sustainability	Total	£317,706	£213,858	£531,564
Strategy and Partnerships	Total	-£5,000	£0	-£5,000

	Grand Total	£426,312	£326,962	£753,275

Please note that the negative figures represent miscodes from the previous quarter where the miscodes exceed the spend in the current quarter.

2.1.2 The spend in Quarter 3 represents a reduction in spend of £266,000 from the same quarter in 2022/23. The spend in Quarter 4 represents a reduction in spend of £648,000 from the same quarter in 202/2/23.

2.1.3 In quarter 3, £865,000 was approved via the e approval form and the Workforce Expenditure Panel. In quarter 4, the amount was £63,350. As previously reported, there will be a time lag between approval and the spend appearing in ERP, the lag covering the procurement process and the contract starting. The Procurement and Commercial Team maintain their intervention on consultancy spend valued over £5,000 so POs are cross referenced with either existing contracts or Panel approval.

2.2 Use of Agency Staff and Interims

2.1.2 The table below provides a breakdown on spend by Directorate

Directorate	Service Area	Quarter 3	Quarter 4	Total
Adults, Health & Commissioning	Commissioning	£223,338	£177,402	£400,741
	Exec Director AHC	£78,689	£77,236	£155,295
	Care & Assessment	£438,342	£1,042,434	£1,480,776
	LDP and Prevention	£561,934,69	£677,320	£1,239,255
Total		**£1,302,306**	**£1,974,393**	**£3,276,069**
Children, Education and Families	C&S	£1,852,985	£1,720,152	£3,573,137
	Children's care services managed by Adults	£103,820	£194,631	£298,452
	Education	£89,568	£168,419	£257,988
	Exec Director CEF	£93,847	£6,800	£100,653
Total		**£2,140,221**	**£2,090,010**	**£4,230,232**
Finance and Resources	Customer and Digital Services	£308,420	£240,864	£549,285
	Investment Activity	£13,804	£18,480	£32,285
	Resources	£172,224	£93,507	£265,731
Total		**£494,449**	**£352,851**	**£847,301**
Place and Sustainability	Climate Change	£10,692	£30,294	£40,986

	Connecting Cambs	£23,433	£51,750	£75,003
	Exec Director	-£9,436	£14,426	£4,989
	Highways & Transport (H&T): Highways Maintenance	£1,142	£0.00	£1,142
	H&T: Project delivery	£343,141	£258,892	£602,034
	H&T: Transport, Strategy & Development	£134,352	£88,593	£222,945
	Planning & Growth	£107,290	£55,629	£162,919
Total		**£610,615**	**£499,585**	**£1,110,200**
Public Health		£22,358	£22,358	£45,016
Strategy & partnerships (S&P)	Communities & Partnership	£39,480	£38,149	£77,629
	Legal & governance	£16,098	£12,727	£28,825
	S&P	£42,832	£57,329	£100,161
Total		**£98,410**	**£108,206**	**£206,616**
Grand Total		**£4,350,622**	**£5,365,144**	**£9,715,767**

2.2.2 Of the above spend, £134,000 was non Opus spend in quarter 3 and £93,000 in quarter 4. This figure is gradually reducing as seen when compared to similar non Opus spend of £376,000 in Q1 to £337,000 in Q2.

2.2.3 This reduction is as a direct result of the increase in rigour and governance around the engagement process which has been established through the Workforce Expenditure Control Panel process.

2.3 Interim Information

2.3.1 Internal Audit recently published a report on interim and agency staff spend, this required increased reporting on interims particularly. Please find below a summary of the information required by that report.

Directorate	**Service Area**	**Number of interims**	**Placements over 20 weeks**
Adults, Health & Commissioning	Adults & Safeguarding	2	2
	Commissioning	1	1

Children, education & families	Children & safeguarding	10	6
	Education	1	1
	Exec Director CEF	2	1
Resources	Finance and Resources	2	1
Place & sustainability	Connecting Cambs	1	1
	Exec Director	1	1
	H&T: Project delivery	4	4
	H&T: Trans, Strat & Dev	2	2
	Planning, growth & env	1	0
GCP	GCP	3	3

2.3.2 Of the interims identified above, the top 3 highest day rates were:

- 1 x Adults, health and commissioning (total cost £78,000)
- 2 x Children, education and families (total cost £70,785 and £58,410)

2.3.3 Of the interims identified above, the top 3 longest tenure were all in GCP with tenures of just under 4 years. All those interim placements have now ended.

2.3.4 All engagements are for 13 weeks and if further review is needed, it is undertaken by the Workforce Panel.

2.3.5 In all cases the cost of interims is in excess of 20% greater than the substantive post. This is due to the nature of the interim market and the fact that there is tough competition for people with the skills required in these roles.

2.4 Narrative on Spend

2.4.1 Adults, Health and Commissioning

Whilst £3.3m of agency and interim spend has been spent by the AHC Directorate across quarters 3 and 4, c. 77% of this was funded from external ring-fenced grant funding (predominantly Market Sustainability and Improvement Funding and Discharge Funding). The nature of the funding being short-term and one-off in nature has resulted in a high level of agency recruitment for these posts. The recruitment of permanent or fixed term posts has often been unrealistic due to this, alongside the need to rapidly implement schemes and additional capacity in line with the grant funding conditions.

Much of the remaining spend has been in relation to where we have filled existing vacancies across the directorate with short-term agency staffing. Whilst we endeavour to attract and recruit permanent staffing wherever possible, there are a number of specialist roles that are known to be hard to recruit, in line with national workforce shortages in these areas. This is particularly evident in relation to some professional roles, such as social workers and occupational therapists. Maintaining a minimum level of staffing across teams is a requirement to ensure that services remain safe and that we are able to meet our duties under the Care Act 2014, responding to rising demand across many service areas.

We continue to take active steps to reduce agency spend through a number of initiatives, including:

- rolling evergreen recruitment adverts for hard to recruit to posts
- expanding use of apprenticeships to grow our own internal capacity
- reviewing our recruitment and retention approaches to ensure that Cambridgeshire County Council is an attractive employer

2.4.2 In CEF during 2023/24 there was a significant increase in the use of consultants to offer advice and management capacity. This was largely across social care.

Since June 2023 we have recruited to all senior roles on a permanent basis and have no consultancy cover arrangements for roles or the activity that those roles have responsibility for.

The final role to be covered was the SD Education which ended in May 2024.

We have agreed 2 x consultants to review specific aspects of our education portfolio. These being: -

1. SEND Self Evaluation, EHCP processes and Safety Valve.
2. Review of the Local Authority and school partnership Behaviour, Attendance and Improvement Partnership (BAIP) arrangements.

The agency cohort remains a significant pressure in relation to social worker roles and SEND casework officer roles. Social workers are c32% agency with a target to reduce to 15%. SEND caseworkers include 8 additional capacity roles to support EHCP processes.

All agency roles are reviewed regularly and when demand reduction means these roles are not required the contract is terminated e.g. fostering team social worker role was agreed for closure w/c 08/07/24.

The workforce development board is supporting the recruitment of a permanent workforce for social workers. However, there is a national shortage of QSW's and this, combined with Cambridgeshire's relatively high caseloads makes recruitment difficult.

2.4.3 In Place and Sustainability, for Highways and Transport, 3 progression schemes have been established in hard to fill posts including Commercial, Project Management and Design. These have been key in improving retention and reducing reliance on interims. The schemes present a career path enabling the development of existing staff and the flexibility to bring talent into the Council at any point on the progression staircase. By the end of February 2024, Project Delivery were down to 6 interims in permanent roles, 22 interims having been removed from the team. The interim model which was in place in

July 2022 was costing, £3.6m per annum, the current annual interim cost is £880,000 for 9 posts – 6 of these are actively being recruited to and 3 are fixed term.

In some cases, having an interim blend in a capital dominated environment is sensible despite the approach to reduce the numbers of interims. For example, if CPCA funding was to reduce or disappear, purely capitalised roles would become a revenue pressure. So it is argued that having a consultant on, for example, the A10 or A141, means that the contract can be finished when he work ends.

The majority of the agency spend in the Climate Change and Energy Service and Connecting Cambridgeshire is funded through external sources and is connected with specific projects. Additional agency spend is being monitored by the Workforce Expenditure Panel and is due to a failure to recruit (CCES).

Additional agency spend in the Directorate is connected with the work being undertaken on the Waste PFI.

Overall, Place and Sustainability has substantially reduced their agency/interim use and either has a clear exit strategy or arrangements in place that are for specialist requirements funded from grants or other external sources of funding.

2.4.4 In Finance and Procurement the spend in Quarter 4 was external professional input for the payment card industry compliance process and support for accreditation processes.

3. Appendices

None

4. Source documents

None

Agenda Item No: 7

Procurement and Commercial Annual Report

To:	Audit and Accounts Committee
Meeting Date:	30th July 2024
From:	Michael Hudson, Executive Director for Finance and Resources
Outcome:	Committee is asked to note the Procurement and Commercial Annual Report, attached here at Appendix 1.
Recommendation:	That Committee considers the Procurement and Commercial Annual Report.

Officer contact:
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1. Background

1.1 In November 2021, this Committee considered the External Auditor's value for money opinion for 2017/18. This opinion contained a number of findings on procurement weaknesses and a number of initial actions were reported on.

1.2 It was agreed at that Committee meeting, that an Annual Report would be presented to the Committee covering the areas identified by that Value for Money opinion.

2. Main Issues

2.1 The second annual report of the Procurement and Commercial Team is attached at Appendix 1. The report covers the activity of the team as well as key areas of compliance.

2.2 Committee is asked to note particularly the findings of recent Internal Audit reports and the latest External Audit Value for Money opinions which all highlight improvements in procurement governance and practice.

2.3 During 2023/24, the team worked with key stakeholders in Public Health to implement the Provider Selection Regime. 2024/25 will see the implementation of the Procurement Act 2023 which will herald even greater change to procurement practice at the Council. Reports on the Act's implementation are being presented to CLT and Assets and Procurement Committee as required.

3. Appendices

3.1 Appendix 1 – Procurement and Commercial Annual Report 2023/24

4. Source documents

4.1 N/A

Procurement and Commercial Team Annual Report 2023/24

1 Workload Overview

1.1 Procurement Teams

1.1.1 During 2023/24, the team initiated 80 new revenue and capital procurements valued at £636,780,329. That is 68% of the Council's gross spend excluding schools. The highest value being Round 15 of the DPS for home and community support.

1.1.2 28 of these procurements were in the Corporate and IT teams, 28 in People and 24 in Place.

1.1.3 24 of these procurements were classed as low complexity (8 days work, for example a simple framework call off), 44 were classed as medium complexity (24 days work, for example a straightforward above threshold procurement) and 12 were classed as high complexity (50-65 days work).

1.1.4 During the same period, 56 contracts were awarded – valued at £257,285,835. 21 of these were in the Corporate/IT team, 18 in People and 17 in Place.

1.1.5 In November 2024, a Market Engagement event was delivered to over 80 SMEs. Since then, the team has put in a schedule of quarterly Webinars to support local suppliers access the Council's Procurement Activity through our e tendering system.

1.1.6 The team now runs monthly drop in sessions to support those running procurements valued under £100,000 access and use to the Council's e tendering system.

1.1.7 The Provider Selection Regime went live in January 2024, for more information see section 5 below.

1.1.8 A large focus has also been placed on preparing for the readiness and implementation of the Procurement Act 2023.

1.1.9 The team continues to provide bespoke training sessions to service areas as needed and the Head of Procurement and Commercial has attended all DMTs with the Monitoring Officer and Head of Internal Audit to brief and update attendees on compliance with Contract Procedure Rules.

1.1.10 Information on waivers and social value delivery can be found in section 4.1 below.

1.2 Commercial Team

1.2.1 Contract Management: Delivery has started on the Contract Management Action Plan, one of the key elements of the Commercial, Commissioning and Procurement Framework. The action plan is partially based on results from the first ever commercial skills survey of contract managers that was also carried out in the last 12 months, and contains actions on risk assessments, guidance and the establishment of a contract management network.

1.2.2 Business Planning: the team have continued to work across services on business planning supporting the generation of a range of savings. A review of block bed capacity has resulted in a saving of £379,274 and a 2% increase in capacity. Various projects have been undertaken on Learning Disability provision, an example of the savings resulting from this work is the £138,000 annual saving on low-cost provision.

1.2.3 The Commercial Team continue to support procurement activity including Adults and Children's Commissioning Business Case reviews, support for the delivery of social value and various contracts in Place and Sustainability. The Commercial Manager leads on the Commercial workstream of the Waste PFI project, supporting the implementation of changes that will significantly reduce the cost of the existing interim arrangements.

2 Audit Overview

2.1 Internal Audit: The Procurement Compliance Audit for 2023/24, found moderate compliance because in most cases evidence of compliance was in place but some areas of non-compliance were detected. The organisational impact of these findings was found to be minor as increased levels of assurance were detected for higher value and therefore higher risk procurements. The only action from this report was for Internal Audit to write to those Responsible Officers where non-compliance had been detected.

2.2 The Procurement Governance Audit for 2023/24 found that the adequacy of the procurement governance system was good. Moderate assurance was given as some cases of non-compliance were detected particularly for lower value procurements. The organisational impact of the findings was also found to be moderate as the Council was left open to moderate risk due to areas such as low take up of procurement training. Actions to address the areas detected by the Audit will be overseen by the Procurement Governance Board.

2.3 Final Internal Audit reports on waivers/direct awards and consultancy are currently outstanding.

2.4 External Audit: In November and December 2021, the Council received a modified use of resources opinion from the external auditor for the financial year 2017-18. The auditor's opinion was formulated as the Council having appropriate arrangements for value for money and use of resources, "except for" a significant weakness in relation to procurement. This followed detection by external audit in sampling of procurement breaches for contracts where payments were being made in 2017-18. The Audit and Accounts Committee considered the auditor's opinion and brought this to the attention of Full Council. The Committee has subsequently received progress updates on the recommendations made by the auditors in 2021 and the Council has implemented a range of initiatives to improve procurement compliance since the report was received. Subsequent audit opinions for the years ending 2019 and 2020 were also modified to reflect ongoing procurement weaknesses.

2.5 In April 2024, the Council received the external audit reports on the equivalent use of resources position for the years ending in 2021 and 2022. Further to the governance improvements the Council has implemented and been able to showcase to the auditor, and following sample testing, the auditor has concluded that there are no longer weaknesses in procurement arrangements that require a modification of the audit opinion. The auditor concluded that in 2020-21 and 2021-22, based on the work performed, the Council had proper arrangements in place in to enable it to use information about its costs and performance to improve the way it manages and delivers services. This is a pleasing outcome for the Council and reflects progress made across the Council at improving procurement compliance and enhanced governance.

3 Procurement Governance Board Activity

3.1 The Procurement Governance Board (PGB) is now fully operational, meeting bi-monthly with representatives from each Directorate. The chair is the Service Director of Finance and Procurement.

3.2 This year the PGB has considered ways to improve compliance on:

- Waiver submissions
- Direct award approvals
- Training; and

- Submission of contracts valued over £100,000.

3.3 In addition, they have agreed:

- The change in approach from the Sustainable Procurement Strategy to the Commercial, Commissioning and Procurement Framework.
- A new Evaluation Protocol for the Council to ensure that all procurement activities achieves the best possible value for money.
- A renewed approach to managing the risks associated with the Council's procurement activity.
- Low Carbon Procurement Guidance has been approved and is in use.
- Handbooks for various parts of the team's delivery have been approved and are in use.
- Overseen implementation of the PSR (see below)
- The change management programme for the implementation of the Procurement Act 2023.
- Approved the new Breach Process that sits within the Contract Procedure Rules.

3.4 It is likely that in 2024/25, the majority of the PGB's time will be taken in ensuring that the Procurement Act 2023 implementation proceeds smoothly.

4 Update on Performance

4.1 The team is responsible for 3 of the Council's KPIs. Outturn performance against these KPIs is summarised below:

- KPI169 (% of waivers submitted within 5 days of their start date): Quarter 4 = 28.6%. This is above the target of 20% but is a significant improvement on the 50% figure for Quarter 1 and the average for 2022/23 (55%) and shows the benefits of the work that CLT and PGB have been engaged upon this year to tighten compliance in this area.
- KPI205 (amount of social value delivered): total for the year = £8,956 with £49,000 pending validation.
- KPI206 (% of annual spend with local suppliers): The baseline data for this KPI was set using 2023/24 data which was 43%. Quarter 4 = 58% more than meeting the 45% target.

4.2 In addition to the KPIs listed above, the team had a number of activities to be delivered within the Sustainable Procurement Strategy and Service Plan. Please find below a summary of that activity:

- A large SME market engagement event was delivered to over 80 SMEs and since then a programme of smaller webinars has been put in place. A Guide to Market Engagement is expected shortly now that Procurement Act 2023 guidance is available.
- Guidance has been issued on contract payment terms alongside guidance on how to manage supplier financial distress.
- The Council continues to use the Social Value Portal for its higher value procurement activity (where appropriate) and a review of the approach to social value in procurement is underway to ensure that all social value delivered through contracts can be logged and to ensure that our approach is SME friendly.
- An Environmentally Conscious Guide to Procurement has been approved and is now available for Responsible Officers to use.
- The team's and the organisation's use of the contract and spend data in ERP has been much improved enabling the earlier identification of potential compliance and other issues with existing contracts.
- An induction has been produced and is available to all new Managers on the Managers Portal on Camweb.
- A Commercial, Commissioning and Procurement Framework has been approved and alongside this, a rolling programme of contract risk assessments is being carried out. 60 contract risk assessments have been returned, covering the highest value and/or highest risk contracts. All have confirmed that either the market could step in should the contract fail or that the contract itself is well managed with robust contingency arrangements.
- Contract management training has been made available to contract managers across the organisation as the team has been successful in securing free places on Government Commercial Function practitioner training. 10 have completed the Foundation Training and a further 60 are registered to start.
- The Climate Change Charter has been introduced and is now a mandatory requirement for all contracts valued over £100,000.

5 Implementation of Provider Selection Regime

5.1 In November 2023, the government confirmed the Provider Selection Regime (PSR) would go live in January 2024. The PSR is the new procurement regime for health care services and has no threshold test.

5.2 Implementation of the PSR was extremely challenging, firstly there was very little time to do the necessary work and secondly, very little support was provided to Local Authorities by the NHS.

5.3 The team successfully engaged with colleagues from Public Health and the PGB to agree a plan for implementation. The Contract Procedure Rules were updated and a PSR Guide with decision making templates were produced. This work was done so that the Council was ready for go live on 1st January 2024.

5.4 So far, the team have delivered 67 GP contracts through Direct Award Process B and another 2 Direct Award Process B procurements are being worked on. Further PSR procurements are in the pipeline for later in 2024/25.

6 Procurement Act 2023

6.1 The Procurement Act 2023 received Royal Assent in October 2023 with the formal transition period starting in April 2024 and due to end on 28th October 2024.

6.2 The key piece of secondary legislation has received approval, The Procurement Regulations 2024. Further pieces of secondary legislation were expected and it is anticipated that these will now be delayed due to the General Election, however we have been informed by Cabinet Office that the Act itself will still go live on 28th October 2024.

6.3 The Procurement and Commercial Team developed a change management action plan which was agreed by PGB in April 2024. This plan covers commercial, communications, people and systems workstreams with each workstream being led by a senior member of the Procurement and Commercial Team.

6.4 The Procurement Act 2023 is the biggest change that public sector procurement regulation has seen since 2006 and its implementation will be the key challenge for the team and the Council during 2024/25. It’s likely that capacity within the

Procurement and Commercial Team will be affected during the implementation phase as team members undertake training and develop their understanding of the new requirements.

Clare Ellis
Head of Procurement and Commercial

Agenda Item No: 8

Internal Audit Progress Report

To:	Audit & Accounts Committee
Meeting Date:	30th July 2024
From:	Mairead Claydon, Head of Internal Audit & Risk Management
Executive Summary:	The purpose of the report is to provide an update to Audit & Accounts Committee on the main areas of internal audit coverage for the period to 30th June 2024.
Recommendation:	The Committee is requested to consider and comment on the contents of this report.

Officer contact:

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1. Background

1.1 The role of Internal Audit is to provide the Audit & Accounts Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.

1.2 The annual Audit Plan is split out into two elements: the 'core' plan, comprising key areas of assurance that are reviewed every year and audit support work (e.g. to working parties or panels) which is ongoing throughout the year; and the 'flexible' plan, i.e. the areas of audit coverage that vary from year to year, with planned coverage based on a risk assessment process.

2. Main Issues

Please see the full Internal Audit Progress Report provided at Appendix 1 to this report.

2.1 OUTSTANDING AUDIT ACTIONS

2.1.1 Annex B details 75 outstanding audit agreed actions as at 30th June 2024. This includes 3 outstanding 'essential' actions which have newly become overdue for implementation; two of these relate to the Dedicated Schools Grant Safety Valve audit and one to the Schools Capital Programme audit.

2.1.2 Narrative updates on actions where the current target date is after 30th June have not been followed-up by Internal Audit in this reporting cycle and will be reported in the next Progress Report.

2.1.3 As set out at Section 7.3 of the report, two actions have also been downgraded by Internal Audit to 'advisory' recommendations no longer requiring further audit follow-up.

2.1.4 See Section 7 of the report for more details.

2.2 INVESTIGATIONS CASELOAD

2.2.1 Section 9 of the Progress Report summarises the open whistleblowing cases currently under review by the Internal Audit Team, as well as updates on other counter-fraud work including the launch of new anti-money laundering training and the National Fraud Initiative.

2.2.2 New Whistleblowing & Anti-Fraud eLearning has been drafted by the team and developed by colleagues in Learning & Development and is currently at 'testing' stage. The intention is to launch this training to CCC staff in late summer/early autumn.

2.3 KEY FINANCIAL SYSTEMS

2.3.1 Section 10 of the Progress Report provides an update on the progress with Key Financial

Systems reviews.

3. Significant Implications

3.1 This report is an information-only update and there are no significant implications to highlight.

4. Source Documents

4.1 None

Internal Audit & Risk Management

Cambridgeshire County Council

Update report

As at 30th June 2024

Section 1

1 INTRODUCTION

1.1 A summary of the content of the key sections of this report is provided below, for reference:

SECTION 1: Introduction

SECTION 2: Internal Audit Reporting Process

SECTION 3: Finalised Assignments

SECTION 4: Summaries of Completed Audits with Limited or No Assurance

SECTION 5: Internal Audit Activity

SECTION 6: Audit Forward Planning: 2024/25

SECTION 7: Follow Up of Agreed Audit Actions

SECTION 8: Risk Management

SECTION 9: Fraud and Corruption Update

SECTION 10: Key Financial Systems Update

ANNEX A: Internal Audit Plan Progress 2024/25

ANNEX B: Outstanding Agreed Actions

2 INTERNAL AUDIT REPORTING PROCESS

2.1 THE REPORTING PROCESS

2.1.1 This quarterly report provides stakeholders, including Audit & Accounts Committee and CCLT, with a summary of internal audit activity for the first quarter of the 2024/25 financial year.

2.2 HOW INTERNAL CONTROL IS REVIEWED

2.2.1 There are three elements to each Internal Audit review. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to give an assurance on the control environment.

2.2.2 However, controls are not always complied with, which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to give an opinion on the extent to which the control environment, designed to mitigate risk, is being complied with.

2.2.3 Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses.

2.2.4 At the conclusion of each audit, Internal Audit assigns three opinions. The opinions will be:

- Control Environment Assurance
- Compliance Assurance
- Organisational Impact

2.2.5 The following definitions are currently in use:

	Compliance Assurance	**Control Environment Assurance**
Substantial Assurance	The control environment has substantially operated as intended although some minor errors may have been detected.	There are minimal control weaknesses that present very low risk to the control environment

Good Assurance	The control environment has largely operated as intended although some errors have been detected.	There are minor control weaknesses that present low risk to the control environment.
Moderate Assurance	The control environment has mainly operated as intended although errors have been detected.	There are control weaknesses that present a medium risk to the control environment.
Limited Assurance	The control environment has not operated as intended. Significant errors have been detected.	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse.	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment OR it has not been possible for Internal Audit to provide an assurance due to lack of available evidence.

2.2.6 Organisational impact is reported as major, moderate or minor. All reports with major organisation impacts are reported to CLT, along with the appropriate Directorate's agreed action plan.

Organisational Impact	
Level	Definitions
Major	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole
Moderate	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole
Minor	The weaknesses identified during the review have left the Council open to low risk. This could have a minor impact on the organisation as a whole.

3 *FINALISED ASSIGNMENTS*

3.1 Since the last Internal Audit Progress Report in **March 2024**, the following audit assignments have reached completion, as set out below in Table 1.

Table 1: Finalised Assignments

No.	Directorate	Assignment	Systems Assurance	Compliance Assurance	Organisational impact	Audit Actions Agreed			
						Essential	High	Medium	Advisory
1.	Finance & Resources	Asset Valuations for Statement of Accounts	Limited	N/A	Moderate	0	0	1	0
2.	Finance & Resources	Grants to Voluntary Organisations Policy & Compliance	Good	Good	Minor	0	0	2	2
3.	Finance & Resources	Electronic Records Management	Limited	Limited	Minor	0	1	3	0
4.	Finance & Resources	Procurement Compliance	N/A	Moderate	Minor	0	0	1	0
5	Strategy & Partnerships	Business Continuity Planning	Good	Moderate	Minor	0	0	4	1
6.	Strategy & Partnerships	Project Management Framework and Project Assurance	Moderate	Limited	Moderate	1	0	7	1

No.	Directorate	Assignment	Systems Assurance	Compliance Assurance	Organisational impact	Audit Actions Agreed			
						Essential	High	Medium	Advisory
7.	Adults, Health & Commissioning	LD Supplier Resilience Reviews	Limited	Limited	Moderate	1	3	3	0
8.	CCC-wide	OPUS People Services & Interims	Moderate	Limited	Moderate	1	0	7	1
9.	Children, Education & Families	Dedicated Schools Grant Safety Valve	Limited	Limited	Major	2	2	9	1
10.	Children, Education & Families	Schools Capital Programme	Limited	Moderate	Moderate	1	6	5	2
11.	Children, Education & Families	Desktop Schools Deficit Recovery Plans Review	Limited	Limited	Minor	0	2	1	0
12.	Place & Sustainability	Traffic Signals Grant	Grant certification provided						

3.2 Summaries of any finalised reports with limited or no assurance (excluding individual school audits) which have been issued as final since our last Progress Report in March 2024 are provided in Section 4. Summaries of investigation reports are provided in Section 9.

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

Table 2: Draft Reports

No	Directorate	Assignment
1.	Children, Education & Families	Multi Agency Safeguarding Hub (MASH)
2.	CCC-wide	Waivers & Direct Awards Compliance
3.	CCC-wide	Management of Consultants
4.	Children, Education & Families	Castle School
5.	Place & Sustainability	Energy Contract
6.	Finance & Resources	Adults Directorate Business Planning Review & Challenge
7.	Finance & Resources	Payroll
8.	Finance & Resources	Pensions Administration
9.	Finance & Resources	Case 149 Investigation Report
10.	Finance & Resources	Case 151 Investigation Report

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

4 SUMMARIES OF COMPLETED AUDITS WITH LIMITED OR NO ASSURANCE

4.1 ASSET VALUATIONS FOR STATEMENT OF ACCOUNTS

4.1.1 This Internal Audit review sought to provide assurance over the process for annually valuing property assets, ensuring accuracy, and feeding those valuations through into the Statement of Accounts. The audit identified a lack of clear policies and procedures surrounding this process and particularly regarding the relative responsibilities of the finance and property teams in managing the process and the third-party valuer, meaning that a full audit review of the process could not be completed.

4.1.2 The audit recommended a codified set of policies and procedures for the asset valuations process, to be agreed between the service areas involved. The implementation of this recommendation will allow a more in-depth audit of the process, based on established procedures, to take place.

4.2 PROJECT MANAGEMENT FRAMEWORK & PROJECT ASSURANCE

4.2.1 Maintaining a robust programme & project management framework and governance/assurance process is critical for local authorities to ensure that change is managed effectively, in order to deliver planned improvements, realise agreed benefits and minimise risk.

4.2.2 At Cambridgeshire County Council, considerable progress has been made with developing a proposed new Corporate Project Management Framework (CPMF), gateway review process and governance structures such as the new Change Board process in a comparatively short period of time. Equally, as many of the proposals were in draft or the earliest phases of implementation at the time of the audit fieldwork, Internal Audit could only provide moderate assurance regarding the system of control in place and limited assurance over compliance with controls.

4.2.3 As a result of the audit, a number of key actions were agreed to further strengthen the new framework and gateway review process, including the introduction of a defined change control process; greater focus on options appraisal and benefits realisation; identifying key controls within the gateway review process; and developing the use of the project sizing tool to inform prioritisation of project management resources. Internal Audit will follow up on the implementation of the new CPMF and the key agreed actions later in 2024/5, through a series of reviews of individual projects.

4.3 ELECTRONIC RECORDS MANAGEMENT

4.3.1 This audit review sought to assess the extent to which controls are in place to manage the lifecycle of the Council's electronic records. The audit gave limited assurance over the controls in place and compliance with controls, due to the limited policies and procedures surrounding the management of electronic records and the need to improve the Council's approach to assigning oversight and ownership of information and to improve staff awareness and understanding of how to use existing processes such as the Information Asset Register and Retention Schedule. The audit also noted that the Council could make greater use of automated archival, deletion and retention period tracking tools within its IT suite.

4.3.2 Four recommendations were agreed to address the findings of the audit, in particular including a review of the policy suite to ensure there is comprehensive guidance encompassing relevant aspects of the data lifecycle and establish appropriate requirements for the creation, retention and removal of data; and developing 'smart' automated technical data retention controls (with an exceptions process) to support effective and timely electronic records and data management across the Council.

4.3 LD SUPPLIER RESILIENCE REVIEW

4.3.1 Cambridgeshire County Council relies on a network of suppliers to deliver essential Learning Disability (LD) services to service users. An audit was conducted to review the Council's processes for managing these supplier relationships and mitigating potential service disruptions. The review resulted in a limited assurance over the control environment and a limited opinion on compliance with controls, as the audit highlighted gaps in the Council's process for risk assessment and contract management of LD suppliers. The audit noted some inconsistencies in contract documentation and monitoring, as well as absence of a formalised business continuity plan specific to the LD supplier portfolio.

4.3.2 Audit recommended several enhancements, these include implementing more robust due diligence checks, establishing clearly defined Key Performance Indicators (KPIs), and developing structured mechanisms for monitoring supplier performance. Additionally, developing a documented process for ongoing supplier risk assessments, refining contract documentation, and developing a business continuity plan specifically focused on the LD supplier portfolio would strengthen the Council's risk management approach.

4.4 OPUS PEOPLE SERVICES & INTERIMS

4.4.1 Opus People Solutions (OPUS) is a recruitment company, part owned by Cambridgeshire County Council. The council uses OPUS to source interims and agency workers.

4.4.2 The audit sought to provide assurance over controls in place to govern interim and agency staff expenditure, including controls to ensure interim and agency staff expenditure is legitimate; appropriately approved; and compliant with the Interims and Agency Policy and Contract Procedure Rules. The client-side element of this review sought to provide assurance that governance arrangements in place to ensure the Council receives an effective value for money service from OPUS.

4.4.3 The assurance given to system design was moderate, noting that there is an Agency Worker & Interims Policy in place which establishes clear controls around approval of interims/agency staff and maximum engagement periods etc. It was recommended that the system could be further strengthened by introducing systems for centralised oversight to improve the identification of non-compliance. Additionally, the control environment opinion was reduced by the lack of clarity around governance arrangements and service level agreements in place with Opus, and a key recommendation is for officers to clarify these arrangements.

4.4.4 The compliance assurance opinion was limited, as audit testing identified some non-compliance in key areas. The agreed action to implement a centralised database and oversight process to record and monitor all agency worker and interim arrangements should support the Council in improving compliance levels.

4.5 DEDICATED SCHOOLS GRANT SAFTEY VALVE

4.5.1 In March 2023, Cambridgeshire County Council entered into a 'Safety Valve' agreement with the Department for Education. This agreement ensured that the Council would receive an additional £49m of Dedicated Schools Grant budget support over several years, in return for CCC providing assurance that strengthened processes have been implemented in line with the agreement, and demonstrating a return to a positive in-year balance on its Dedicated Schools Grant account by the end of 2026/7. Given the long-term nature of the agreement and the high value of the funding, it is important that the Council maintains adequate governance arrangements to monitor and manage the implementation of required actions to deliver the Safety Valve Agreement.

4.5.2 Based on the audit's finding at the time of fieldwork, the report provides limited assurance that the Council's Safety Valve programme will be able to deliver actions to ensure that the Council meets the conditions of the Safety Valve agreement. This is due to a number of issues which have hindered the ability of officers to develop an effective action plan to deliver required outcomes. Most significantly, the audit identified issues with data quality that inhibited forecasting and financial modelling. Consequently, the action plan relating to the project was lacking defined SMART targets or expected benefits for each action, and the project was not able to demonstrate that completion of the Action Plan would result in the achievement of objectives. Risks identified had not been assigned mitigation actions, and reporting on project progress overlooked the impact of these issues on project progress. Staffing capacity is also a concern for the programme.

4.5.3 Internal Audit made a number of recommendations to address the issues surrounding data accuracy, improved action planning and risk management, and to increase the level of assurance that our reporting to the Department for Education provides over strengthened administration of Dedicated Schools Grant funds. It has also been agreed that an evaluation will be conducted of the Safety Valve programme's staffing resource requirements.

4.6 SCHOOLS CAPITAL PROGRAMME

4.6.1 Cambridgeshire County Council has a portfolio of schools capital projects which are delivered through the Council's 'Design and Build' framework contract. The audit of the governance and contract management arrangements in place for the Schools Capital Programme (SCP) gave limited assurance over the system and governance arrangements in place, and moderate assurance over compliance. Overall there was a lack of evidence of centralised contract management, quality assurance and compliance checking by the Council to verify that projects were delivered in line with expectations and that poor performance would be identified and addressed.

4.6.2 A number of recommendations were agreed in response to the findings of the audit, in particular the need to ensure that the Design and Build Framework contract has been signed by all contractors and to implement the use of Key Performance Indicators within future call-off contracts. It was also agreed that the Education Capital Team will implement a formal documented framework for contract management including monitoring against KPIs and spot checks for some key controls, as well as a clear escalation process for any under-performance by contractors.

4.7 DESKTOP DEFICIT RECOVERY PLANS REVIEW

4.7.1 This light-touch 'desktop' audit review of schools' Deficit Recovery Plans (DRPs) provided limited assurance over the procedures in place around enacting DRPs in line with set timescales and monitoring them, as well as limited assurance over compliance with DRP requirements set out in the Council's Scheme for Financing Schools.

4.7.2 The audit found that schools were not clear on their responsibilities in a deficit situation, such as how to enact a DRP showing how a balanced budget will be reached within three years. The majority of DRPs reviewed were submitted to the Council without SMART targets or clear actions outlining how the school is proposing to address its deficit. Schools were not sure where to seek support in completing DRPs, and DRPs submitted without sufficient information were not sent back as incomplete.

4.7.3 The audit made three recommendations to address this issue, including expanding and clarifying guidance on responsibilities in deficit situations for both school staff and the School Finance Team. The audit recognised that staffing pressures exacerbate the issue, and also recommended a risk-based review of how best to allocate existing staffing resources in order to respond to identified risks.

5. INTERNAL AUDIT ACTIVITY

5.1 AUDIT PLAN PROGRESS 2024/5

5.1.1 Progress with delivery of the Audit Plan 2024/5 is provided at Annex A to this report.

5.2. SCHOOLS AUDITS & SCHOOLS CAUSING CONCERN

5.2.1 As part of our work to provide assurance over key risks relating to the governance of maintained schools, Internal Audit has started attending the Schools Causing Concern (SCC) meetings undertaken between various Council teams involved in working with schools, such as Schools Finance and the School Improvement Service.

5.2.2 SCC meetings occur termly, and attendance at the meeting by an Internal Audit representative allows audit input into discussions around identifying or mitigating risks, or improving controls from an audit perspective, as well as giving Internal Audit a greater insight into the pressures and risks facing Cambridgeshire schools, which is helpful to inform our programme of schools audits.

5.2.3 Internal Audit is currently in the planning phase for our set of 2024/25 school finance audits, with schools visits planned to take place in the Autumn Term. The findings from the June SCC meeting have informed the sample of schools selected for audit this year.

5.3. GRANT AUDITS

5.3.1 There has been a significant increase in the number of grants requiring Internal Audit review in 2024/25. Last year there were six grants that required Internal Audit sign-off, but this has increased to twelve in 2024/25. This is in part due to new grants being awarded to the Council, and in some cases the terms and conditions of existing funding being amended to require Internal Audit review.

5.3.2 Whilst grant reviews are smaller pieces of work compared to the majority of audits, some can be complex, particularly where the grant has not been subject to a prior audit and officers may not be aware of audit evidence requirements. Most grant audits have a deadline for sign-off in the early autumn, meaning that a significant proportion of audit team time will be spent focusing on grant audit work between July and September.

5.4. STAFFING, RESOURCE & RECRUITMENT

5.4.1 Internal audit has also made progress in its recruitment campaigns. Three critical positions have been advertised: Principal Auditor, Senior Auditor and Corporate Risk Manager. Applications for these roles have been received and the team is set to conduct interviews throughout July. A further update will be brought in the next Audit Progress Report.

5.5 ADVICE & GUIDANCE:

5.5.1 Internal Audit also provide advice, guidance and support to the organisation on governance, assurance and related issues. This work is undertaken on an ad-hoc basis as and when required. Some of the key areas of support provided since the previous Progress Report include:

- Feedback on proposals regarding the establishment of a Shareholder Committee for Council-owned companies;

- Internal Audit team members have supported colleagues in Information Governance with testing and providing feedback on proposed new corporate training on data protection and Freedom of Information requests;

- Providing advice on whistleblowing arrangements linked to the update of Children's Social Care online procedures;

- Providing advice to the Governance and Performance Team on their initial plans for an ongoing review of a sample of Key Performance Indicators.

- Internal Audit has input into several Freedom of Information Act requests received by the Council which related to or linked to the work of the team.

6. AUDIT FORWARD PLANNING: 2024/25

6.1 Core audit work is progressing in line with the agreed Audit Plan 2024/25. Progress on work underway is detailed at Annex A to this report.

6.2 At Cambridgeshire County Council, Internal Audit has recognised that the Annual Internal Audit Plan essentially comprises two key elements:

The “Core” Audits: This is the part of the Plan which remains largely unchanged from year-to-year. It comprises key areas of assurance which are reviewed every year, such as Key Financial Systems, grant compliance audits, strategic risk management, and core governance reviews, as well as allowances of time for ongoing areas of work including reporting to the Audit Committee and senior management, and following-up on the implementation of agreed actions from previous audit reviews. However, it must be recognised that completion of these core audits alone would not give sufficient assurance to fully inform the Chief Audit Executive’s annual opinion.

The “Flexible” Audits: This is the part of the Plan which varies significantly from one year to the next, comprising audits of areas which are identified as being high-risk through the Internal Audit risk assessment process. Equally, the broader themes within the flexible audits remain largely consistent; for example, each year it is expected that a significant resource would be directed towards the audit of contracts, although the specific contracts under review varies according to the risk assessment.

6.3 In practice, this means that the ‘core’ element of the Plan is set annually, while the ‘flexible’ element is presented as a series of rolling quarterly Audit Plans, based on current risk assessments. Quarterly risk assessments ensure that the timing of planned audits is always actively informed by an up-to-date assessment of the areas of highest risk, and that the flexible plan is subject to regular challenge and comment by both CLT and the Audit and Accounts Committee.

6.4 The proposed ‘flexible’ Internal Audit Plan for the next four quarters (Q2 2024/5 – Q1 2025/6) is set out below, showing the current risk profiling of Internal Audit reviews over the next year. This reflects the approach outlined above, and reflects new jobs proposed to commence in the period. Ongoing work is not included, as this is reflected in Annex A.

Table 5: Proposed ‘Flexible’ Internal Audit Plan (Next Four Quarters)

Current Proposed Flexible Internal Audit Plan for Q2 24/25:			**190**	
Contract Price Variations	Finance & Resources	Procurement & Commissioning	20	Sample testing for compliance with the Council's guidelines for agreeing price variations in contracts, to

				provide assurance that cost increases are controlled appropriately.
Business Planning	Strategy & Partnerships	Governance	30	Review of governance, compliance, management and monitoring, and benefits realisation. This will focus on a retrospective review of the 2023/4 Business Planning process, to inform the 2024/5 process.
Light Blue Fibre Ltd	Place & Sustainability	Governance	20	Review of this wholly-owned Council company with a focus on confirming appropriate governance arrangements in place, in line with Local Partnerships Guidance.
Investment Properties	Finance & Resources	Value For Money	20	The Council holds a number of investment properties. This would review management of investments, income streams etc. Reputational risk area.
Adult Social Care Complaints	Adults	Safeguarding	20	Review of processes to manage and respond to Adult Social Care Complaints to ensure that these are effective in identifying and responding to complaints effectively.
Direct Payments	Adults	Value For Money	20	Review of direct payments policies and procedures and compliance with procedures in practice, to provide assurance that direct payments are managed in a way that safeguards public funds and ensures that they achieve best value.
Quality Assurance in Adult Social Care	Adults	Safeguarding	20	Review of quality assurance arrangements in Adults; effective quality assurance is key to ensuring that key safeguarding risks are mitigated through appropriate monitoring of practice.
IT Security for Employees Working Overseas	Finance & Resources	ICT and Information Governance	20	Review of policies regarding IT security for employees working overseas and assurance over compliance with policies in practice.
Capital Budgetary Control	Finance & Resources	Financial Governance	20	Review of budgetary control for capital budgets with a focus on processes for budget forecasting and virements, and how these link to project management processes.
Current Proposed Flexible Internal Audit Plan for Q3 24/25:			**170**	

IT & Digital Strategy & Service Planning	Finance & Resources	Business Continuity	20	Review of service planning within ITDS following the process of decoupling from PCC, with a focus on 'second line of defence' arrangements around cyber and data security, and the front door programme and customer services.
Connecting Cambridgeshire Superfast Broadband	Place & Sustainability	Project Management & Change	20	Review of this key contract with an annual value of £7.5m and the wider governance of the Connecting Cambridgeshire programme.
Best Value Guidance	CCC	Value For Money	20	A review of Cambridgeshire County Council against the Best Value Standards & Intervention Guidance published by the Department for Levelling Up, Housing & Communities
Social Care Debt Management	Adults	Value For Money	20	Reviewing Council management of social care debt.
Adult Social Care Finance	Adults	Financial Governance	20	Assurance over the policies and processes in place within the Adults Social Care Finance team, with a particular focus on reviewing invoicing, cost recovery and the link to debt management.
High Cost Placements (Childrens)	Children's	Value For Money	20	Review of high-cost external placements in Children's with a focus on residential and out-of-county placements to provide assurance that placements are made in line with policy and achieve value for money while safeguarding service users.
Projects Assurance (Non-Capital)	Strategy & Partnerships	Project Management & Change	20	Review of a sample of key projects focusing on compliance with the corporate project management framework and the implementation of actions from the 2023/4 review of Project Framework & Projects Assurance.
LDP Pooled Budget Disaggregation (Projects Assurance)	Adults	Project Management & Change	15	Review of the programme to disaggregate the pooled budget with health for the Learning Disability Partnership, to provide assurance over governance and programme management especially financial management and business continuity.

Dedicated Schools Grant (DSG) Safety Valve (Projects Assurance)	Children's	Project Management & Change	15	Embedded assurance review of the Council's response to the DSG Safety Valve agreement including a review of progress with implementing planned actions and programme management. This review will follow up on the findings of the previous audit in 2023/24.
Current Proposed Flexible Internal Audit Plan for Q4 24/25:			**170**	
Contract Management - Integrated Sexual Health and Contraception Service	Public Health	Procurement & Commissioning	20	Review of this major contract with an estimated annual value of £4.1m
Response to Information Security Incidents	Strategy & Partnerships	ICT and Information Governance	20	Following up on information security incidents to verify that agreed actions have been implemented to prevent recurrence.
Projects Assurance (Capital)	Place & Sustainability	Project Management & Change	40	Review of a sample of key projects focusing on compliance with the corporate project management framework and the implementation of actions from the 2023/4 review of Capital Project Governance.
Implementation of Ofsted Inspection Action Plan	Children's	Safeguarding	20	Review to provide assurance over the implementation of key actions arising from the Ofsted ILACS review in March 2024, to verify that plans to address key findings are in place and are being actively implemented and monitored.
Adult Social Care Complaints	Adults	Safeguarding	20	Review of the Adults Social Care Complaints process to provide assurance that the process is effective, clearly-communicated and used effectively to improve systems and processes.
Change Programme	Strategy & Partnerships	Project Management & Change	20	Review of the implementation of new change governance structures both centrally and throughout the Council's directorates.
Care Agency Contract Monitoring	Adults	Safeguarding	30	Review of the arrangements for monitoring care agencies who contract with the Council, with a focus on how the Council monitors agencies for compliance with safeguarding and health and safety

				requirements, as well as considering supplier resilience and continuity.
Current Proposed Flexible Internal Audit Plan for Q1 25/26:			**145**	
High Cost Placements (Adults)	Adults	Value For Money	20	Review of high-cost care packages and Direct Payments in Adults to provide assurance that arrangements are made in line with policy and achieve value for money while safeguarding service users.
ICT Asset Inventory	Finance & Resources	ICT and Information Governance	20	Review of how physical ICT assets are inventoried and managed throughout the Council, especially with the move to increased remote working.
Greater Cambridge Partnership Arrangements	CCC	Governance	20	Review of Cambridgeshire County Council's relationship with the Greater Cambridge Partnership, with a focus on both governance and provision of professional and administrative support.
Early Years Funding Process	Children's	Value For Money	20	To provide assurance that robust and efficient processes are in place to ensure payments to Early Years providers are timely and accurate and there are appropriate controls in place to reduce the risk of fraud.
Minimum Revenue Provision	Finance & Resources	Financial Governance	20	Review of the calculation of the Council's Minimum Revenue Provision (MRP) to provide assurance that this is in line with statutory guidance. N.B. if an external MRP review is commissioned then this will be removed from the Audit Plan
ICT disaster recovery	Finance & Resources	ICT and Information Governance	20	Review of ICT disaster recovery planning and testing.
Integrated Care System Arrangements	CCC	Governance	25	Review of the Council's relationship with the Integrated Care System including the Integrated Care Board and Partnership, considering the effectiveness of governance arrangements in place.

6.5 This programme of work is indicative only, and is subject to change to ensure that the Audit Plan can be reactive as well as proactive about providing assurance over emerging risk areas.

7. *FOLLOW UP OF AGREED AUDIT ACTIONS*

7.1 OVERVIEW OF FOLLOW UPS

7.1.1 The outstanding management actions from Internal Audit reports as at 30th June 2024 are summarised in table 7 below. This includes a comparison with the percentage implementation from the previous report (bracketed figures).

7.1.2 Internal Audit reporting on closed recommendations includes recommendations that have been closed in the previous 12 months as at the reporting date. This provides a more accurate comparator position regarding the implementation of recommendations and ensures that recommendations closed more than a year ago do not skew the statistics to give a falsely positive impression.

Table 7: Implementation of Recommendations

	Category 'Essential' recommendations		**Category 'High' recommendations**		**Category 'Medium' recommendations**		**Total**	
	Number	**% of total**	**Number**	**% of total**	**Number**	**% of total**	**Number**	**% of total**
Implemented	2 (2)	1.00% (1.09%)	27 (23)	13.50% (12.11%)	96 (85)	48.00% (44.74%)	125 (110)	62.50% (57.89%)
Actions due within last 3 months, but not implemented	3 (0)	1.50% (0.00%)	12 (2)	6.00% (1.50%)	23 (21)	11.50% (11.05%)	38 (23)	19.00% (12.11%)
Actions due over 3 months ago, but not implemented	0 (0)	0.00% (0.00%)	2 (14)	1.00% (7.37%)	24 (31)	12.00% (16.32%)	26 (45)	13.00% (23.68%)
Actions due over 12 months ago, but not implemented	0 (0)	0.00% (0.00%)	3 (0)	1.50% (0.00%)	8 (12)	4.00% (6.32%)	11 (12)	5.50% (6.32)
Totals	**5**		**44**		**151**		**200**	

7.1.4 There are currently 75 management actions outstanding, compared to 80 in the last reporting period. Further detail on outstanding actions is provided at Annex B.

7.1.5 Table 8 below shows the number of overdue recommendations in each directorate.

Table 8: Overdue Actions By Directorate

Directorate		Outstanding recommendations
Children's		20
Adults, Health and Commissioning		1
Place and Sustainability		21
Finance and Resources Directorate	*Key Financial Systems*	5
	Other	12
Public Health		1
Strategy and Partnerships		15

7.2 KEY UPATES

Overdue 'Essential' Recommendations:

7.2.1 There are three 'essential' recommendations that have recently become overdue (in May 2024). Two of these essential recommendations are from the DSG Safety Valve Review and relate to the implementation of a new information system and then utilising the system and data for introducing and reporting against targets and expected benefits. The service has confirmed that the system is now in place and user training is taking place. There are still a number of implementation issues which require continued support from the IT Project Team to resolve before the system is fully live.

7.2.2 The third recently overdue essential recommendation is from the Schools Capital Programme audit and relates to ensuring that the Design and Build Framework is signed by an appropriate representative of the council and each of the building firms appointed to the framework. The service has confirmed that all contractors have now signed the framework contract with the exception of two. One of these contactors currently has no worked awarded and the service has confirmed they will not be awarded any call off contracts unless the framework contract is returned signed. The service has confirmed that the other contractor is complying with the most high-risk controls referred to in the audit all for all works ongoing. This contractor has queried two points before signing the contract. Officers have replied to these and are waiting for the signed contracts to be returned. The responsible officer has reported the issue to the Head of Procurement, the Executive Director of Children's and Education Services and has reported the breach under the new process within the contract procedure rules.

Public Health Open Book Accounting Recommendations:

7.2.3 As at the last progress report, two recommendations relating to open book accounting in Public Health had been overdue for nearly a year. One of these was from the contract audit of the Integrated Drug and Alcohol Treatment System and has now been implemented and audit have reviewed the evidence and discussed with the service to verify that open book processes are now in place and operational.

7.2.4 The other recommendation related to the review of the Healthy Child Programme contract, which is now 12 months overdue. The service has confirmed that a process (the same process which has now been implemented for the Integrated Drug and Alcohol Treatment System) has been agreed in conjunction with Head of Diligence & Best Value and that an open book accounting review of estates costs has begun. The service has confirmed that this is being rolled-out across all elements of the contract and that at the next finance meeting for the Healthy Child Contract there will be evidence this process occurring across the whole contract. As such it is expected that this recommendation will be marked as implemented before the next Internal Audit progress report.

Recommendations due over 12 months:

7.2.5 In the previous Internal Audit progress report, we highlighted two recommendations from the Fire Risk Assessments audit that had been outstanding for more than a year. Both of these recommendations have now been closed as implemented. Similarly, the remaining recommendation from the Chartwell Assurance audit that was 12 months overdue has now been implemented.

7.2.6 In addition to the Healthy Child Programme recommendation mentioned above, two other high level recommendations have recently become 12 months overdue. Both of these are from the Transparency Code audit. These relate to the introduction of an Information Management Strategy and identifying the key Officers responsible for ensuring that the Transparency Code data is published in line with requirements. In the last progress report the service had reported that these actions are dependent on approval by the Information Management Board which has not yet been re-established following the decision to de-couple services previously delivered jointly with Peterborough City Council.

7.3 ACTION IMPLEMENTATION DEPENDENCIES:

7.3.1 Internal Audit highlight the following areas where the implementation of multiple overdue actions from the same audit are dependent on a limited number of actions:

- There are 5 recommendations from the Transparency Code and Freedom of Information Request audits that are dependent on the development of a new Information Management Board (IMB). A paper has now been to CLT regarding the formation of the new board and the first meeting of the IMB likely to be in July 2024.

- There are 4 Accounts Payable recommendations that have been delayed due to the change freeze in ERP Gold or the introduction of new software.

The change freeze has now been lifted and work is underway to address these recommendations.

7.4 ACTIONS CLOSED AS UNIMPLEMENTED:

7.4.1 One recommendation (number 8) from the Climate Change and Environment Strategy audit has been recategorized as an advisory recommendation and as such the implementation will no longer be monitored by internal Audit; the rationale for this is set out below.

7.4.2 The Climate Change and Environment Strategy audit made a recommendation to incorporate implementing recommendations from two Cambridge University Science & Policy Exchange (CUSPE) reports into the strategy's programme plan. The service report that the recommendations from the CUSPE report are now being addressed through the implementation of audit recommendation 1, for Energy Services to agree on how to reduce emissions, "reflecting CUPSE's 2023 report", and audit recommendation 2: to refine the strategy's targets related to biodiversity and natural capital. As such, recommendation 8 is essentially duplicating the work being undertaken to address audit actions 1 and 2; the audit team have agreed this activity will be monitored for implementation through actions 1 and 2 and recommendation 8 can therefore be downgraded to "advisory" with no separate follow-up required.

7.4.5 One recommendation from the Income Processing audit has also been downgraded to an advisory recommendation and therefore will no longer be formally followed up and reported on. This recommendation related to a discrepancy in the ZAR10 control account. The discrepancy was £355 and had existed in the monthly reconciliations since the beginning of the financial 2022/23. The recommendation associated with this discrepancy was given a medium rating in large part as other wider issues with the control account reconciliations were identified in the Income Processing 2022/23 Internal Audit report and so at the time of the audit, the discrepancy was considered part of a larger thematic issue.

7.4.6 The other recommendations from the Income Processing 2022/23 pertaining to wider issues regarding control account reconciliations have now been implemented. As such, Internal Audit has reviewed the remaining recommendation relating to the £355 discrepancy and reclassified the risk as minimal and amended the recommendation to an advisory rating. Accordingly, this recommendation will no longer be formally followed up and reported on.

8.0 *RISK MANAGEMENT*

8.1 Please see the separate report on the Corporate Risk Register and risk management update.

9 *FRAUD AND CORRUPTION UPDATE*

9.1 WHISTLEBLOWING & FRAUD INVESTIGATIONS 2024/25

9.1.1 The current Internal Audit caseload of investigations is summarised below in Table 7. As at the 30th June 2024, Internal Audit has received 8 whistleblowing referrals in the 2023/24 financial year, similar to than the number of referrals received by the same point in 2023/24 (6 cases). There are 8 open cases which have been carried forward from 2023/24.

Table 9. Current Internal Audit Whistleblowing & Investigations Caseload

Open Cases From 2023/24 *Carried Forward*		**Open**	**Closed**	**Total**
Fraud and Theft	Council Officer Fraud	1	0	1
	Bank Mandate Fraud	1	0	1
	Direct Payments	2	0	2
	Attempted blackmail	1	0	1
Governance	Internal Governance Issue	2	0	2
Safeguarding and Health & Safety	Safeguarding	1	0	1
Total		**8**	**0**	**8**
All Cases Reported in 2024/25 *To Date*		**Open**	**Closed**	**Total**
Fraud and Theft	Council Officer Fraud	1	0	1
	Third Party Fraud	3	0	3
	Theft	1	0	1
	Money Laundering	0	1	1
Grievance/Bullying	Staff Conduct/Grievance	1	0	1
Safeguarding and Health & Safety	Safeguarding	0	1	1
External issues	Not related to CCC	0	1	1
Total		**6**	**3**	**9**

9.1.2 It should be noted that the Internal Audit team records all whistleblowing referrals we receive; however Internal Audit normally act as the investigating service only for referrals relating to theft, fraud, corruption and governance concerns. Where whistleblowing referrals relate to e.g. safeguarding or HR issues, the referrals are passed on to the appropriate service to investigate and respond.

9.1.3 Summaries of the current open whistleblowing and investigation cases are provided below:

- **Safeguarding (1 open case)** – One case of safeguarding concerns raised by a member of the public is currently open, which is being addressed by the Child Employment Team.

- **Internal Governance (2 open cases)** – Internal Audit are currently investigating two cases relating to internal governance concerns. Internal Audit have initiated audit reviews of both situations.

- **Council Officer Fraud (2 open cases)** – Internal Audit is currently investigating two cases of alleged fraud involving people working for CCC, in conjunction with HR colleagues.

- **Third Party Fraud (5 open cases)** – Internal Audit is currently investigating five cases of alleged fraud involving the Council by members of the public (including Direct Payments cases). These cases are being investigated by Internal Audit, including reviews of the control environment where appropriate.

- **Attempted Blackmail (1 open case)** – There is currently one open case relating to attempted blackmail. This is being dealt with in conjunction with the police and Information Governance colleagues.

- **Staff Conduct/Grievance (1 open case)** – Internal Audit is currently investigating one case relating to staff conduct, in conjunction with HR colleagues.

- **Theft (1 open case)** – Internal Audit is currently undertaking one investigation in relation to concerns of theft.

9.2 WHISTLEBLOWING, ANTI-FRAUD AND ANTI-MONEY LAUNDERING E-LEARNING

9.2.1 Following the implementation of the new Anti-Fraud and Corruption Policy and new Anti-Money Laundering Policy which both came into force in 2022, Internal Audit is undertaking, in conjunction with the Learning and Development team, to create two e-learning modules to support the embedding of these new policies for both existing and new staff. The Money Laundering Training Module is now available for staff.

9.2.3 Following the update provided in March's report, the Whistleblowing & Anti-Fraud training module has been completed in draft form and an initial 'test' version of the e-Learning has been produced by the Learning & Development team. It is therefore hoped that the final version will be launched to staff in late summer/early autumn.

9.3 NATIONAL FRAUD INITIATIVE (NFI)

9.3.1 The NFI compares different data sets provided nationally by local authorities and partner organisations, for the purpose of detecting and preventing fraud.

9.3.2 The current exercise commenced in September 2022 when data was supplied for matching purposes by all relevant parties, including CCC. The matched output was released by the NFI in January 2023. The total number of matches for CCC as at January 2023 was 4,200 across 34 reports which have a high or medium risk rating, depending on the nature of the data. The NFI released an extra data set recently regarding residential parking permits therefore the total number of matches is now 4229 across 35 reports.

9.3.3 As at June 2024, 2801 matches have been reviewed and cleared resulting in £1,462.46 identified to recover. This sum relates to pension payments made to a deceased person and the Pension Team Leader (West Northamptonshire) is progressing this case. The purpose of the match is to identify instances where an occupational pensioner has died but the pension is still being paid.

9.3.4 413 blue badges have been cancelled; the Cabinet Office estimates a notional saving of £268,450 for these.

10 *KEY FINANCIAL SYSTEMS UPDATE*

10.1 2023/24 KEY FINANCIAL SYSTEMS AUDITS

10.1.1 The CCC Internal Audit Team undertook the Payroll and Pensions Administration key financial system audits for 2023/24 for authorities which share these services under the Lead Authority model. This was a change in approach, as since the implementation of ERP Gold in 2018, the CCC IA Team had previously been responsible for the Accounts Payable, Income Processing and Debt recovery audits, whilst the Pensions and Payroll work has been undertaken by IA Teams at other local authorities that are part of those shared services.

10.1.2 Both the Pensions and Payroll audits have now been completed and draft reports have been issued to the clients. Neither report contains any essential rated recommendations.

10.1.3 The current assurance opinions in the Payroll audit are moderate for the system design and compliance with key controls, which is equivalent to the assurance given in the 2022/23 audit. The review did not identify any fundamental control issues in relation to the starter and leaver processes, or the overall payment file process. System improvements recommended are focussed on the implementation of wider procedures documents and enhanced quality assurance checklists. Some issues were identified with the effectiveness on control account reconciliations, although overall the balance of aged unreconciled items has improved from previous years.

10.1.3 Fieldwork has also been completed on the Pensions Administration audit covering the Cambridgeshire and West Northamptonshire schemes. The current opinions are good for the system design and compliance with key controls. The main control issue identified in this review is the need to enhance controls in relation to bank account verification for other pensions schemes and bank account changes for pensioners.

10.1.4 A staff departure in the Internal Audit Service at West Northamptonshire resulted in that service reporting that they were not able to undertake the Debt Recovery Shared Service review for 2023/24. The Cambridgeshire IA Team agreed to complete this review given that the team possess experience of delivering this annual review. The team are nearing the end of the fieldwork for this audit and at the time of writing no fundamental system issues have been identified in the review.

10.1.5 The Heads of Internal Audit at West Northamptonshire and North Northamptonshire have confirmed that the Income Processing and Accounts Payable 2023/24 audits are also at draft stage, and that both systems have indicative good assurance opinions for the system controls and compliance.

Annex A

Internal Audit Plan Progress 2024/25

Progress to 30th June 2024 with the core Internal Audit Plan 2024/25 and the agreed Q1 'flexible' plan, on the basis of individual reviews completed, is summarised as follows:

Audit Plan 24/25 Progress In-Year		
Total Completed & Closed Reviews	2	2%
Ongoing Work (i.e. which will not 'close' until the end of the financial year)	15	17%
Draft Report Issued	4	5%
Fieldwork In Progress	25	28%
Reviews at Terms of Reference (ToR) stage and before	8	9%
24/25 Planned reviews yet to start	35	39%
Reviews on hold/paused at Director request	0	0%

Detail of the agreed Core and Q1 'flexible' Internal Audit Plan 2024/25, including progress to 30th June 2024, is provided below:

AUDIT TITLE	Directorate	TYPE OF WORK	PROGRESS
Estate Health & Safety Inspections	Finance & Resources	Audit	Fieldwork
Establishment Control	Finance & Resources	Audit	Fieldwork
Quality Assurance in Childrens Social Care	Children's	Audit	Fieldwork
Disciplinary Policy & Application	Strategy & Partnerships	Audit	Fieldwork
In House Foster Carers - New Applicants & Placements	Children's	Audit	Fieldwork
Recruitment Policy & Compliance	Strategy & Partnerships	Audit	Fieldwork
Mosaic System Uploads, Data Integrity and Key Controls	Finance & Resources	Audit	Fieldwork
Business Planning	Strategy & Partnerships	Audit	Terms of Reference & prior
Adult Social Care Complaints	Adults	Audit	Not started
Investment Properties	Finance & Resources	Audit	Terms of Reference & prior
Light Blue Fibre Ltd	Place & Sustainability	Audit	Terms of Reference & prior
Direct Payments	Adults	Audit	Terms of Reference & prior
Quality Assurance in Adult Social Care	Adults	Audit	Not started

IT Security for Employees Working Overseas	Finance & Resources	Audit	Terms of Reference & prior
Capital Budgetary Control	Finance & Resources	Audit	Terms of Reference & prior
Supporting Families	Children's	Grants	Ongoing
Local Transport Capital Block Funding (Highways Maintenance)	Place & Sustainability	Grants	Not started
Pothole and Challenge Fund	Place & Sustainability	Grants	Fieldwork
Disabled Facilities Grant	Adults	Grants	Fieldwork
Contain Outbreak Management Fund (COMF)	Public Health	Grants	Fieldwork
Open to All Community Experience Grant	Children's	Grants	Fieldwork
Targeted Community Experience Grant	Children's	Grants	Fieldwork
Biodiversity Net Gain Grant	Place & Sustainability	Grants	Fieldwork
Basic Needs Funding	Children's	Grants	Fieldwork
A14 Grant	Place & Sustainability	Grants	Fieldwork
Traffic Signals Grant	Place & Sustainability	Grants	Complete
Street Lighting PFI Contract	Place & Sustainability	Audit	Fieldwork
Highways Contract	Place & Sustainability	Audit	Terms of Reference & prior
Waste PFI	Place & Sustainability	Audit	Terms of Reference & prior
Treasury Management 24 - 25	Finance & Resources	Audit	Fieldwork
Debt Recovery 23 - 24	Finance & Resources	Audit	Fieldwork
National Fraud Initiative	CCC	Investigations	N/A
Fraud Investigations Review Process	CCC	Investigations	N/A
Case 143 - Direct Payments Case	Adults	Investigations	N/A
Case 145 - Governance Review	Finance & Resources	Investigations	N/A
Case 148 - Direct Payments Case	Adults	Investigations	Fieldwork
Case 149 - Bank Mandate Fraud	Finance & Resources	Investigations	Fieldwork
Case 150 - Landbeach Bridlepath	Place & Sustainability	Investigations	Fieldwork
Case 151 - ICT	Finance & Resources	Investigations	Draft report
Case 152 - HR Investigation	Childrens	Investigations	Fieldwork
Case 154 - Disciplinary Investigation	Place & Sustainability	Investigations	Draft report
Pro-active Counter Fraud Work	CCC	Investigations	N/A
Development of Anti-Fraud & Corruption Strategy	CCC	Investigations	N/A
Development of Counter Fraud & Whistleblowing eLearning	CCC	Investigations	Draft report

Council Tax NFI Project	CCC	Investigations	N/A
Whistleblowing Policy Annual Review	CCC	Support	Not started
Schools Assurance Auditing	Children's	Audit	Not started
Queens Federation School Audit	Children's	Audit	Not started
Schools Causing Concern Meetings	Children's	Support	N/A
Information Management Board	Strategy & Partnerships	Support	N/A
Annual Governance Statement/Code of Corporate Governance	CCC	Support	Complete
Risk Management	CCC	Risk Management	N/A
Development of Risk Management eLearning	CCC	Risk Management	Draft report
Risk Management	CCC	Risk Management	N/A
Advice & Guidance	CCC	Support	N/A
Freedom of Information Requests	CCC	Support	N/A
Follow-Ups of Agreed Actions	CCC	Support	N/A
Committee Reporting	CCC	Support	N/A
Management Reporting	CCC	Support	N/A
Audit Plan	CCC	Support	N/A

ANNEX B *Summary of Outstanding Recommendations*

*(Recommendation status as at **30.06.2024**).*

Audit	Risk level	Summary of Recommendation	Target Date	Status
Essential Recommendations overdue				
DSG Safety Valve Review		The new CACI information system should be implemented as soon as possible, and no later than the currently projected time of May 2024. Any delays should be reported to the Chair of the Project Board and the Section 151 Officer for consideration on how to proceed before delays are accepted. When the new system is in place, officers should utilise the reporting available to act on Recommendations 3 and 13.	31/05/2024	The new CACI system has now gone live with an extensive bout of training for users. There are still a number of implementation issues which require continued support from IT project team to resolve with CACI. Revised target date: 31/07/2024
DSG Safety Valve Review	E	Once data accuracy is assured as per Recommendation 1, targets and expected benefits should be added and include measurable aims to allow for accurate monitoring of actions – e.g., 'if we do X, the no. of EHCPs should be reducing by X each month compared to this time last year in order to meet the target of X.' Once SMART targets are in place, a formal prioritisation of actions should then be undertaken, noting which actions will have the most significant impact on the programme and focusing on these first.	31/05/2024	We need to submit our revised forecast in October which will provide an opportunity to review the associated action plan Revised target date: 31/10/2024

		Identify interdependencies between actions and add to the progress timeline in the action plan, so that any delays are shown clearly and can be taken into account when planning the start of new actions and reporting on progress.		
Schools Capital Programme	E	The Design and Build Framework should be signed by appropriate representative of CCC and each of the building firms appointed to the framework as a matter of priority. This issue should be reported to the Head of Procurement and Commercial Services, the Executive Director for Children's and Education Services, and the S151 Officer, and/or reported under the new breach process within Contract Procedure Rules. Resolution of this issue should also be reported and the service should conduct sample testing to verify that contractors have been complying with the most high-risk controls within the framework contract including DBS and health and safety requirements (see also Recommendation 4, below).	21/05/2024	All contractors have now signed the framework contract with the exception of two: Contactors A and B for the purposes of this report. CCC currently has no worked tendered with Contactor A and have written to Contactor A to say they will not be awarded any call off contracts unless the framework contract is returned signed. On all Contactor B contracts the project officers have verified that contractors are complying with the most high-risk controls referred to in the audit report. Contactor B have queried two points before signing the contract, CCC officers have replied to these and are waiting for the signed contracts to be returned. It is difficult to specify a target completion date for all the contracts to be signed until we have had the returned signed framework contract from Contactor B. For the contracts that have been returned. On 10th November 2020 CYP Committee resolved unanimously to "Approve the proposal that responsibility for awarding the Framework contract be delegated to the Executive Director: People & Communities in consultation with the Chairman of the CYP Committee." The responsible officer has asked Democratic Services for their advice around who has delegated authority to sign these contracts, as that exact post no longer exists. . The responsible officer has reported the issue to the Head of Procurement, the Exec Director of Children's and Education Services and has reported the breach under

				the new process within the contract procedure rules. Revised target date: 30 September 2024
High Recommendations overdue ***- over 12 months***				
Healthy Child Programme	H	Once a detailed Pricing Schedule has been developed for the contract, the Public Health team should implement quarterly open-book monitoring against the pricing schedule. This should include a detailed breakdown of actual costs incurred by the providers, with this information being reviewed and challenged by the Authority. The service should also ensure the year-end reconciliation of reported costs to actuals takes place in line with the Section 75 Agreement document.	30/06/2023	A process for undertaking Open Book monitoring of the Healthy Child contract has been agreed at the last Healthy Child Programme Finance Meeting, in conjunction with the Head of Diligence and Best Value. This process has been drawn-up into a flowchart which has been shared with Internal Audit, and an open book review into the costings specifically related to estates for the programme is already underway. The Open Book Accounting process agreed is being rolled-out across the whole contract presently, so the next finance meeting for the programme will provide evidence for closure by demonstrating which costs have been scrutinised compared to which source records. This meeting is currently scheduled for September. Revised target date: 30 September 2024 Revised target dates from previous reporting cycles: • May 2024 (last report to Cttee) – 31 July 2024 (implementation date in last report to Cttee) • March 2024 – 30 April 2024 • December 2023 – 30 April 2024 • September 2023 – TBC

Transparency Code	H	An Information Management Strategy (or equivalent) should be produced to establish how information should be produced and published. It should include: • A clear process for key officers to check that all required datasets are published correctly and on time ensuring compliance that the information is published quarterly and annually. • A timetable for key officers to get in touch with service contacts who own the datasets, to remind them that publication is due in advance of deadlines. • Guidance for ensuring if any delayed or absent publication is identified that it is discussed to find out the reasons for this with the officers involved and to establish whether there are ongoing issues with timeliness of publication and to identify the root cause. • Processes to ensure that personal information is redacted appropriately.	30/06/2023	Internal Audit has seen a copy of the draft Freedom Of Information Publication Scheme & Local Government Transparency Code Policy. The policies have been reviewed but need to go to the new Information Management Board (IMB) for final review and approval, when the Board has been set up. CLT have approved a paper proposing the Board. This was approved at their meeting on 13 November. There are some small amendments required before full sign off. Awaiting the TOR for the IM board and subsequent first meeting. Revised target date: 31 July 2024 Revised target dates from previous reporting cycles: • May 2024 – 30 June 2024 • March 2024 – 30 April 2024 • January 2024 - 31 March 2024 • December 2023 - 28 February 2024 • September 2023 - 16 January 2024
Transparency Code	H	Key Officers need to be identified in the Council who are responsible for ensuring that the Transparency Code data is published in line with requirements. This should include identifying, in a written document (such as the Information Management Strategy referenced at Recommendation 1): • The central team (i.e. the Information Governance team) with responsibility for requesting data due for publication; collating the data; ensuring that data accuracy checks have been completed; and publishing the data on the Council's external website.	30/06/2023	Internal Audit has seen a copy of the draft Freedom Of Information Publication Scheme & Local Government Transparency Code Policy. The policies have been reviewed but need to go to the new Information Management Board (IMB) for final review and approval, when the Board has been set up. CLT have approved a paper proposing the Board. This was approved at their meeting on 13 November. There are some small amendments required before full sign off. Awaiting the TOR for the IM board and subsequent first meeting.

		• For each individual dataset, identifying which team within the Council is responsible for owning and producing the data and supplying the data to the central team. This should include identifying a named key contact within each team for producing the data. • For each dataset, identifying the checks that should be conducted to verify that the information published is accurate and is compliant with the format requirements of the Transparency Code, by the key officers. This can then be followed consistently when officers change to ensure that the process is consistent.		Revised target date: 31 July 2024 Revised target dates from previous reporting cycles: • May 2024 - 30 June 2024 • March 2024 – 30 April 2024 • January 2024 - 31 March 2024 • December 2023 - 28 February 2024 • September 2023 - 16 January 2024
***Medium Recommendations overdue* - over 12 months**				
DSG - High Needs Block Demand Management	M	A detailed written training package should be developed and implemented by the local authority and distributed to schools and special educational needs coordinators (SENCO), with information on how to conduct an annual review meeting and how to amend an Education, Health and Care Plan (EHCP) after an annual review has taken place. The service should also seek to identify schools which repeatedly supply annual review forms that do not meet the standard requirements expected by CCC and retrain them, in addition to challenging paperwork sent by schools if it is not completed correctly.	01/09/2022	A new training package has been developed on the EHCP 20 week process and AR process, which will soon be delivered to schools. There is also inhouse training on annual reviews delivered by a member of the SAT team. Revised target date: 31 July 2024. Revised target dates from previous reporting cycles • March 2024 - 31 July 2024. September 2023 – 31 January 2025.
Government Procurement cards (GPC)	M	It is recommended that the CCC FAQ document is used as the primary guidance for acceptable use. As an internal document, it can be tailored to be consistent with the policies of CCC. The RBS User Guidance provides a more general guidance, and details of the responsibilities of Cardholders, Approvers and the GPC team. The User Guide, CCC FAQ Document and Travel	01/06/2023	This has been delayed as guidance was going to be updated in line with the proposed new change request to utilise workflows in ERP for approvals and submitting of forms. The CRS are in progress as data tables are in production, it is anticipated the build time will be circa 6

		and Expenses Policy should be consolidated and updated to ensure that guidance on staff subsistence is clear and consistent to all staff, including those in Client Funds and Social teams where exceptions may be permitted.		weeks, followed by UAT. Documentation will be updated in line with these new processes. Revised target date: 30 September 2024 Revised target dates from previous reporting cycles: • March 2024 - 30 June 2024 • January 2024 - 31 March 2024 • December 2023 – 31 December 2023 • September 2023 - 30 September 2023
Insurance Fund	M	The Claims Handling Manual should be updated following implementation of an Insurance Strategy, this should ensure that the service goals and objectives are supported by operational processes which target management resource accordingly. This could also include current reporting review processes, betterment circumstances.	31/12/2022	A New Head of Insurance started in post at the end of April and as such is expecting to be able to provide a more detailed update on progress for the next committee. The draft Insurance Strategy has been completed and has been reviewed and commented upon by the S151 Officer previously. The strategy will need to be reviewed by the incoming Head of Insurance and then go to Lead Authority Board for approval, as the document will support all councils the Insurance Service supports. Revised target date: TBC Revised target dates from previous reporting cycles: • March 2024 – 30 April 2024 • January 2024 – 31 March 2024 • December 2023 - 31 January 2024 • September 2023 - 1 December 2023
Insurance Fund	M	An Insurance Strategy is developed to provide a clear framework for the service goals and objectives including a structured approach to the Councils insurance arrangements. For example, this could include the following information: The strategic aims of the service, a breakdown of the risks the council	31/01/2023	A New Head of Insurance started in post at the end of April and as such is expecting to be able to provide a more detailed update on progress for the next committee. The draft Insurance Strategy has been completed and has been reviewed and commented upon by the S151 Officer previously. The strategy will need to be reviewed by the

		self-insures and policies the council holds with external insurance providers, the process for projecting future risk profile, management and recharging arrangements, claims management processes and processes for reviewing the insurance strategy.		incoming Head of Insurance and then go to Lead Authority Board for approval, as the document will support all councils the Insurance Service supports. Revised target date: TBC Revised target dates from previous reporting cycles: • March 2024 – 30 April 2024 • January 2024 – 31 March 2024 • December 2023 - 31 January 2024 • September 2023 - 1 December 2023
Key Policies and Procedures	M	The Partnership Governance Advice and Guidance to be allocated an owner, reviewed depending on the last review date and published on Camweb.	30/11/2022	Self-assessment of key partnerships will be conducted over summer 2024 to develop evidence base with a report to the Risk & Assurance Group in September 2024. Revised target date: 30 September 2024 Revised target dates from previous reporting cycles • March 2024 - 31 March 2024 • December 2023 - 31 January 2024
Transparency Code	M	A process should be introduced for reporting on compliance with the Transparency Code to the Information Management Board and/or senior management to include any issues with production of or access to data.	30/06/2023	The policies have been reviewed but need to go to the new Information Management Board (IMB) for final review and approval. In order for the Board to be established, first CLT needed to approve a paper proposing the Board. This was approved at their meeting on 13 November. Awaiting the TOR for the IM board and subsequent first meeting. Revised target date: 31 July 2024 Revised target dates from previous reporting cycles: • March 2024 – 30 April 2024

				• January 2024 - 31 March 2024 • December 2023 - 28 February 2024 • September 2023 - 16 January 2024
Transparency Code	M	The process that the Information Governance Team undertakes for correcting published data which is subsequently identified as inaccurate is not documented. The process that the Information Governance Team undertakes for correcting wrongly published data should be documented so it is consistent.	30/06/2023	The policies have been reviewed but need to go to the new Information Management Board for final review and approval. In order for the Board to be established, first CLT needed to approve a paper proposing the Board. This was approved at their meeting on 13 November. Awaiting the TOR for the IM board and subsequent first meeting. Revised target date: 31 July 2024 Revised target dates from previous reporting cycles: • March 2024 – 30 April 2024 • January 2024 - 31 March 2024 • December 2023 - 28 February 2024 • September 2023 - 16 January 2024
*High Recommendations overdue - **over 3 months***				
Case 125 - Guided Busway Procurement	H	The service should consult with the Head of Procurement & Commercial and the Monitoring Officer regarding the areas of non-compliance with Contract Procedure Rules and Public Contracts Regulations outlined within this report (including the expert witness spend, etc) and agree the approach that should be taken to regularise the expenditure. In particular, this should include: • Agreeing to report the non-compliance with Contract Procedure Rules to Committee	31/03/2024	Under the new Procurement Breach Process which takes effect from April 2024, it is expected that the breaches will be reported to Assets & Procurement Committee. The exact timeline for this is yet to be confirmed but is currently expected to go to the October 2024 meeting of Assets & Procurement. The service has confirmed that they have sought advice from Procurement on regularising the spend going forward and have already completed some steps to regularise the spend including obtaining a delegated

		retrospectively under the new breach process (see Recommendation 6); • Undertaking an exercise to identify, as far as possible, from service records the full amount spent with each contractor prior to the 1st of April 2018 cut-off which has applied to the figures in this report. • Where costs are ongoing (such as with the land matters), this exercise should include identifying how best to bring any further spend into line with Contract Procedure Rules.		decision from Highways & Transport Committee regarding one category of expenditure. Steps agreed re regularisation where possible and enacted accordingly alongside reporting and recording on any non-compliant spend. Revised target date: TBC Revised target dates from previous reporting cycles • March 2024 – 31st October 2024
Government Procurement cards (GPC)	H	Clear guidance to schools on GPC use should be developed. This should include clear guidelines regarding prohibited categories of expenditure and requirements to review and approve spend. This could be the same as the CCC standard GPC guidance document, or a separate document if it is believed this is required to suit school's needs. Once agreed, a copy should be circulated to all maintained schools and should be shared when schools apply for new GPC or to change a cardholder/approver	01/08/2023	The service has confirmed the GPC Team are working on developing guidance for schools regarding the use of school GPC cards. This will be produced in line with the overarching Council user guide. Revised target date: 30 September 2024 Revised target dates from previous reporting cycles • March 2024 - 30 June 2024 • January 2024 - 31 March 2024 • December 2023 – 31 December 2023 • September 2023 - 30 September 2023
Government Procurement cards (GPC)	M	Conditions and exemptions for spend (usually purchases on behalf of service users) within prohibited categories should be clearly specified in the CCC FAQ document	01/07/2023	This will be completed in line with the updated guidance, once the change requests for auto approvals are implemented. Revised target date: TBC Revised target dates from previous reporting cycles: • March 2024 - 30 June 2024 • January 2024 - 31 March 2024 • December 2023 – 31 December 2023 • September 2023 - 30 September 2023

High Recommendations overdue ***- under 3 months***				
Capital Project Management	H	The service should conduct a full review of capital project framework policies and guidance documentation, with a view to streamlining and reducing the number of separate documents; ensuring information is up to date and terminology is consistent between documents; and developing an index to the framework which links all the other guidance documents to help officers navigate the guidance. This review should be conducted in consultation with colleagues from the Policy Insight & Programmes service who are redeveloping project management requirements around revenue projects, to ensure consistency and alignment between processes. In particular, the review should include: 1a - Approval to proceed to the next gateway should be a centrally enforced control to ensure compliance with gateway requirements and good practice. Where projects complete a gateway, they should submit the evidence for this to a central team (e.g. the PMO) or Board etc., for independent review, challenge, and approval to proceed. Projects should not be able to proceed beyond a gateway without this approval. This requirement should be amended as part of the review of capital project framework policies and guidance. Additionally, the amended gateway requirements should include a requirement that projects which rely on the release of third-party funds cannot be progressed until formal agreements have been made. 1b - As part of the review of project processes, the service should update the approach to requiring Committee approval for gateways. The risk assessment project classification process (see Recommendation	31/05/2024	The service has reported: 85% of these recommendations have been closed out with all the appropriate changes made. These can be reviewed in more granular detail on the sheet referenced on the April update. The main outstanding recommendation is the Project Management Framework review, this has been broadened to take the opportunity to update the framework wider than the audit. The following recommendations are green: 1a,1b,1d,1g,1h,1k These are still amber: 1c: PMF the deadline on this will need to be extended based on the above comments, this task has been broadened to take the opportunity for a refresh and wider improvements. Aiming to complete a first draft by 31/07/2024. 1e: Skills gap complete by 31/08/2024. 1i: Procurement processes on Frameworks. To locate and put in a central location. Gaps filled by 31/08/2024 Revised target date 31 August 2024

		1d, below) could be used to inform the extent and frequency of Committee approvals needed, while retaining alignment with the requirements in the Constitution re: key decisions. Delegation could be sought from Committee to manage lower-risk projects within approved advance tolerances at the outset of each project, with projects only required to seek further approval from Committee if they are particularly high risk/high profile or it is identified that they are likely to exceed tolerances. This should be developed in conjunction with the approach taken to Recommendation 6, below. 1c - The service should review their project framework documentation and ensure that it reflects the requirements of the Council's Constitution and Scheme of Financial Management, in particular the Constitutional requirement for business cases for capital spend to be approved by the relevant Finance Business Partner and Capital Programme Board prior to approval by the relevant service Committee. If it is felt that this requirement in the Scheme of Financial Management is no longer appropriate, the service should liaise with Finance to agree and formalise a new corporate requirement for approval which aligns with their processes. 1d - As part of the review of project procedures, the risk assessment process for projects should be reviewed and implemented in practice. This should include categorising projects based on risk, including appropriate financial and non-financial considerations. Alongside this, the service should implement a process to allow the management of lowest-risk projects to be aggregated under a wider Programme Board, and ensure the provision of clear guidance regarding the mandatory outputs for each category of project, which should align with existing corporate processes and		

		requirements such as the Equality Impact Assessment process. 1e - As part of the review of project procedures, the service should establish a process for ongoing centralised oversight of skills and training for capital project management, linked to and informed by the outcomes of the Quality Assurance process. This should include ensuring that an updated Skills Matrix is maintained and staff complete core mandatory training as well as refresher training. 1f - The requirement for projects to have a clear cost management plan in place should be re-established as part of the review of project processes and an appropriate mechanism for scrutiny of these plans identified. It may be more efficient to reduce the number of separate documents required and have a single document capturing baseline, tolerances and cost management at the outset of each project. As part of the review of this aspect of project processes, the service should also implement the reduction of the overall budget envelope for projects as they progress, optimism bias is reduced and cost certainty increases. 1g - As part of the review of procedures, controls around change management (for both cost and timeline changes) should be reviewed for consistency and clarity, and to ensure alignment with related corporate processes, particularly the virement delegations in the Scheme of Financial Management. A clear escalation process for changes in excess of tolerances should be articulated, and approval for cost increases in excess of tolerances should additionally rest with an authority outside the Project Board (for example, the Capital Programme Board). 1h - As part of the review of procedures, change control processes should be updated to distinguish between essential and non-essential variations:		

		• Essential variations: changes to project scope which are necessary in order to achieve the project's core planned outcome (for instance, works commence and it is identified that additional groundworks are required). • Non-essential variations: changes to project scope which reflect 'nice to have' amendments to project scope but which are not required in order to achieve the project's core planned outcome (for instance, if a project is underspending and it is decided to use the underspend to fund additional landscaping or lighting). Essential changes can be funded by risk and contingency allowances and approved by the Project Board providing they remain within the project's tolerances; otherwise they should be escalated in line with agreed approval processes. Non-essential changes should be subject to a higher degree of challenge and should not be funded from contingency budgets. 1i - As part of the review of processes, guidance should be developed to ensure officers are supported to undertake a consistent approach to procurement options for different types of procurement (specifically including consultancy, design and build vs. design or build, NEC supervisor role etc.) which takes into account financial and non-financial considerations and the best way to achieve value for money based on the features and circumstances of individual schemes. This should also include an agreed exception route by which a non-standard approach can be approved in exceptional cases by a suitable senior officer. 1j - The service should complete the implementation of planned key performance indicators, including the Strategic Performance Indicator requested by Highways & Transport Committee. This should link to		

		the development of a robust baseline position for every project (see Recommendation 1f) and ensure that indicators are calculated in a way which takes account of planned contingency values including optimism bias, as well as ensuring that source data for performance indicators is both robust and timely. Alongside this, the service should develop a clear reporting framework ensuring that performance data is regularly reviewed within the most senior levels of the service to enable senior effective management oversight of all projects, and ensuring that clear guidance is available to officers regarding the KPIs they are expected to meet. 1k - As part of the review of project management framework documents, the Project Boards Terms of Reference document should be reviewed and the approval limits and tolerances within the document updated for clarity; to align with other project management documents and corporate policies in line with Recommendations 1c and 1g; and to ensure that suppliers are not in a position to approve deviations to project tolerances or have an undue level of influence over Council decision making on projects.		
Capital Project Management	H	The quality assurance process in place should be reviewed and redeveloped in tandem with the work at recommendations 1a and 1d, to ensure that the process involves checking compliance with all critical mandatory controls based on the risk profile of the project. As part of the redevelopment of this process, the service should define a clear escalation process which includes the ability to flag concerns about sustained non-compliance with procedures in high-risk projects to Assistant Director level and above. This could be linked to the central enforcement of gateway progression i.e. the QA process could be used to	31/05/2024	The service has reported: that a clear and concise dashboard with live data is available for every layer of the organisation to digest. A draft escalation document has been created to compliment this, which is in the final stages of feedback to finalised for publication. This escalation document will provide clarity on the QA escalation process. Please note the means of escalation will need to be revised to accommodate the new proposed organisational structure. The PMO are also optional attendees for all project/programme boards, to highlight non-compliance or gateway requirements. Also a gateway approval visual has been added into the

		approve projects to proceed to the next gateway once they have demonstrated completion of mandatory requirements for the current gateway. Projects should not be able to progress if critical requirements have not been complied with. Aligned to the work at 1d the PMO should also consider reducing the frequency and/or detail of monitoring for smaller, low-risk projects, to enable a focus on the compliance with key controls for larger, high-risk projects.		project/programme board slide deck with live commentary and clarification of gateways being approved. Revised target date: 31 July 2024
Capital Project Management	H	The Place & Sustainability Directorate should continue to work with Finance to move to full implementation of ERP for capital budgetary forecasting and reporting. This should be implemented to a detailed individual project level.	31/05/2024	The service has reported that this has been actioned for PD and will be in place at the appropriate annual cycle date which is expected in July. Revised target date: 31 July 2024
Capital Project Management	H	As per agreed actions from previous audits, an annual reconciliation should be undertaken by the Highways service to reflect the difference in the amount paid by Cambridgeshire County Council and the actual cost incurred by the contractor (based on prime records) in delivering the contract. This will build on the implementation of payments in line with the full target/actual cost model in line with the contract documentation, and the process of monthly reconciliations being implemented by the team. The annual reconciliation will finalise the agreed actual cost for the year. This should be completed in a timely manner following the end of the financial year and be subject to subject to scrutiny by the Assistant Director of Highways prior to being reported to, and challenged by, CLT. This should include retrospective	31/05/2024	The service has reported that a defined cost review has taken place, firstly over a 2 year period covering FY 21-23, this is all but complete and has been found to be correct in reviewing actual costs against claimed by the Contractor. A residual issue relating to the recharge rates that the contractor uses for people is under review, this is where actual cost is not used operationally to account for resources and then reconciled at year end. Current Defined Cost reviews are taking place for FY 23-24 and progressing well. The vast majority of defined cost audit is complete and ready for review. Internal Audit will liaise with the service to review evidence and confirm closure.

		reconciliations undertaken for previous years of the contract where this has yet to be completed.		
S106 Funding	H	Implement a structured monitoring schedule that prioritises triggers based on their financial value, impact, or complexity, ensuring that the most significant triggers receive timely attention. This should align with management's suggestion of quarterly reviews. Information sharing with partnering organisations on trigger points should be utilised; for example, Council Tax departments can provide reports of occupied priorities properties that could be checked, as well as planning certificates issue on completion of a development, these may result int addressing some unidentified triggers early in a more proactive manner. Additionally, consider introducing automated tools to assist in tracking and alerting the team to upcoming or overdue triggers, thereby enhancing efficiency, and reducing manual workload.	01/06/2024	We have identified s106s with contributions of £500k, as well as all major/complex agreements. A first quarterly report to be prepared in July 2024, with formal reporting to a new board from Autumn 2024. Target date moved to 1st August, to allow for first report to be prepared in July. Revised target date: 31 August 2024
Safe Employment	H	The Fostering service must implement formal right to work checks for new foster carers and record and retain the outcomes of those checks in line with government guidance. The service should also review their approach to confirmation of identity and retaining specific evidence of ID checks. As part of this review, the Fostering Service should also conduct, record and retain evidence of right to work for all current in-house foster carers.	31/05/2024	The service has reported that this is being completed. Internal Audit will liaise with the service to review evidence and confirm implementation.
Schools Capital Programme	H	Call-off contract templates should be amended for future projects to detail specific key performance indicators for all projects, with reference to the KPIs outlined in the	21/06/2024	In the framework schedule we have a list of KPIs, in the future we will put it into the RFQ for the call off contracts.

		framework contract. The team should consider the possibility of linking non-achievement of critical KPIs to financial penalties or, conversely, financial benefits for achievement of high-priority KPIs.		The team will consider including past experience in a measurable and objective way in further call off tender processes. Revised target date: 30 September 2024
Schools Capital Programme	H	Linked to Recommendation 3, the Education Capital Team should implement a formal, documented framework for contract management across the service. This should include management of: supplier performance against call-off contracts; supplier compliance with the key requirements of the Design and Build Framework (including DBS checks and health and safety requirements); and management of consultants delivering project management on behalf of the Council. Contract management must include monitoring against KPIs, both for individual contracts and for contractors under the overarching framework contract. This should include requiring contractors to self-report against KPIs as well as some spot-checks by the ECT to verify that information reported by contractors is accurate. Contract management should include appropriate quality assurance processes including monitoring sign-off of milestone reports (see Recommendation 5) and verifying Quantity Surveyor reports are in place (see Recommendation 6b). A clear reporting and escalation route for under-performance should be identified (see Recommendation 6c). This should be developed in conjunction with Recommendation 13 re: the implementation of project management and/or contract management software within the team. ------------ As part of the development of contract management procedures, the Education Capital Team should develop and document escalation procedures in relation to poor performance or other issues with contractors (builders) delivering projects and consultants managing projects. This	21/06/2024	The New project management platform allows the service to collect this information. The service plan to use this to monitor progress of contractors. The service plans to write a formal escalation process by 1st September. Revised target date: 1 September 2024

		should link to defined performance expectations within the framework and call-off contracts and should include a clear mechanism for escalating concerns both externally with contractors and internally to senior management. projects.		
Schools Capital Programme	H	Milestone reports need to be signed off by the person stated in policies and procedures as having the authority to do so; or policies and procedures should be amended to reflect actual practice. The Education Capital Team should introduce a log to track milestone sign-off for all projects and the Education Capital Strategy Manager should undertake regular reviews on milestone completion authorisation to ensure that all milestones are signed off in line with written procedures. Any unsigned reports should be reviewed and retrospective sign-off given or investigation undertaken with remedial actions should be taken where necessary.	21/06/2024	A new project management platform has been created in Excel and Teams. This includes an overview of which Milestone each project is currently at. A draft Milestone template has been written and awaiting final editing. The summary sheet also includes confirmation that a Milestone sign off sheet has been filled in and added to the appropriate folder in the platform's structure. We have ascertained that the Project Officer, Construction Cost Manager, Capital Programme Manager and Strategic Education Capital and Place Planning Manager need to sign off MS documents. These have been included on all MS sign offs since 1st April 2024. The responsible officer has also been on a demonstration for E-sign. The plan is for this to be used for signatures for Milestone reports in the future once this has been set up and all the team have access to this. The team are currently working on adding all the required information onto this system, a target completion date for this is 1st September. Revised target date: 1 September 2024
Schools Capital Programme	H	The Education Capital Team should develop a contract management process to ensure consultants are performing to the required standards, including achieving key deliverables in a timely manner and delivering a value for money service. This process should include key performance indicators which are formalised in consultant contracts and	21/06/2024	Following similar process set out for contractors. Will set up a quarterly review with consultants to discuss their performance based on how they are delivering against time, budget and programme delivery.

		regularly reported, ideally with financial penalties for consultants who fail to deliver in line with expectations. ------------ As part of a robust contract management the Education Capital Team should only sign off milestones and make payments to contractors once Quantity Surveyor reports are available to provide assurance that the works are completed to the appropriate standards. These reports should be available to all officers to cross reference that all works have been completed before the release of payments to contractors. An independent check should be completed by management checking the presence and content of all Quantity Surveyor reports to ensure payments have only been made for completed activities and all stated activities have been completed before any milestone progression, this should be documented in a central log.		Revised target date: 30 September 2024
Schools Capital Programme	H	The Education Capital team undertake a priority exercise including a value for money analysis and a projected spend analysis for managing individual projects. Individual outcomes of this could include: • Hiring Permanent Project Managers to reduce the level of spend with external organisations • Reprocure a CCC Construction Consultancy Framework • Adopt an existing government framework/s alternative to the CCC Construction Consultancy Framework	21/06/2024	We are currently working through the Capital Business Planning process. Once this is complete, we will have a clear indication of our project pipeline for the next five years. Our first analysis is that this project pipeline is not significant enough to warrant procuring a CCC consultant framework or to hire permanent project managers. Once the business planning round is complete, we will recheck this assumption. In the meantime, we have undertaken option three and have used the PAGABO framework to procure a consultant for the Rackham expansion project. Revised target date: 30 September 2024
Schools Capital Programme	H	While there is no valid construction consultancy framework and until a new model for project management for individual builds (see recommendation 7 above), all future procurement of consultants should be treated as a stand-alone procurement and follow all of the required contractual procedural rules.	21/06/2024	Future procurement of consultants will continue through alternative frameworks which comply with Local Government Procurement Rules, we will seek procurement advice for each tender. Moving forward as we add files to the new platform structure, the contracts will be located and added to the

		The Service should liaise with Pathfinder Legal Services in order to locate the contracts for all active projects as a matter of priority. If Pathfinder are unable to locate the signed contracts, then the Education Capital Team should consult with procurement about the subsequent actions required to ensure there is a valid contract in place to govern the projects. All of the contractual documentation recovered from Pathfinder Legal Services should be stored within a central repository in line with recommendation 9.		file structure. The first five projects which we have added to the platform have the contracts on file. Revised target date: 30 September 2024
Medium Recommendations overdue ***- over 3 months***				
Business Continuity	M	The Team to publish the following documents on Camweb: Business Continuity Policy – The Team have said this is due for an update in 2024 Business Continuity Risk Assessment Risk Assessment Guidance Guidance for Managers: Business Continuity The team to review the version of the risk matrix in the template to consider climate/environment risks. Once published highlight all in Friday Focus	31/05/2024	• Work has now commenced on updating the CCC Corporate BC Plan and Policy. • Work has also started on updating the templates to include the updated risk matrix. • The Manager's guidance is also in the process of being updated and will include additional guidance on Supply Chain/Contract/ Commissioned Services Business Continuity considerations. Meeting booked with Procurement Team for next week. • Additional recruitment to the Emergency Planning Team is currently ongoing. Revised target date: 31/10/2024
Climate Change and Environment Strategy	M	Targets 1 "Understand and grow our natural capital account to benefit people and nature by 2025" and 4 "Improve our Biodiversity across Council estate by 2030" should be developed and refined based on the conclusions and evidence resulting from the biodiversity audit. The targets should have a specific focus which is as measurable as possible. The evidence	30/04/2024	Biodiversity and tree canopy survey work has completed. This provides evidence to underpin the emerging Biodiversity Strategy and Tree and Woodland Strategy which are scheduled to go to the Environment and Green Investment Committee on 3/10/24. At the same Committee the Annual Progress Report on the Climate Change & Environment Strategy will be discussed.

		used to inform them should support the targets to be timely, relative to Cambridgeshire being net zero by 2045 and the Strategy's vision to mitigate the impacts of climate change. There should also be evidence to support that the targets are realistic in context of the County's local environment, and achievable with what annual progress is expected to meet the final target date.		It is proposed that changes to target 1, understand and grow our natural capital account to benefit people and nature by 2025 and target 4, improving our Biodiversity across the Council estate by 2030, will be put forward for approval as part of this process. The proposed changes to the targets are informed by the previously mentioned survey work to ensure they are the right balance of realistic and ambitious and are appropriately within the Council's powers to deliver. Revised target date: - 31/10/2024
Climate Change and Environment Strategy	M	The Programme Board should conduct a piece of work to ensure that: - The Programme Plan and Workstream project plans are clearly aligned to the Action Plan, including defining the contribution which each project has on completing Actions in the Action Plan. - Actions in the Action Plan are clearly aligned to the Targets that the Council is trying to achieve through the CC&ES, including defining the contribution which each Action makes towards achieving the targets. - Developing a consistent 'golden thread' linking individual tasks/actions at the workstream level to achievement of the strategic targets of the CC&ES is necessary to maintain the correct focus in reporting to CLT and within the Progress board, to determine whether appropriate projects are in place to complete the Action Plan and whether targets will be delivered as planned.	30/04/2024	All actions in the CCES action plan that reduce carbon emissions have been included in the trajectory modelling undertaken in recommendation 1 This means their contribution to reaching the targets is estimated and included in the net zero pathways being developed. Our view is that this work is complete. Evidence to be provided to you to agree. Revised target date: 21/12/2024
Climate Change and Environment Strategy	M	Whilst the Council aims to prevent survey-fatigue by requiring all staff to complete multiple surveys, instead the programme board can select a group of staff to represent a cross-section of staff across the Council (of different skills, work locations, working hours and	01/06/2024	Establishment of such a group is under discussion by the Climate Change & Environment Workforce and Communications Workstream. Monitoring of the 3 climate learning offers available to staff in addition to monthly statistics on hits on the

		times etc.). With their agreement to engage, an annual survey can be issued only to them, to follow their knowledge of Climate Change and Environment: whether they or their service have taken any adaptive or mitigating actions, how far they accept the Climate Change and Environment objectives and other areas of interest to the board. The evolution of the group's responses can represent the wider organisation's evolving attitudes, knowledge and behaviour overtime, for the programme board's insight. These selected staff would not be targeted specifically for other Climate Change and Environment engagements during the year, to fairly represent any other staff member in the Council. Overtime, Council Officers in this group may be replaced if they change roles or leave the Council to continue to fairly represent a cross section of CCC staff.		internal climate and nature hub continues and a refreshed communications plan incorporates strengthened performance measures. Uptake of the A refreshed communications plan incorporates A session at the internal Cambridgeshire Conversations has been arranged early October to launch the Net Zero by Design Guidance and Sustainable Travel Guidance. We are exploring running an on-line poll during this session to repeat the questions asked at the April 24 session when the Corporate outcome was launched. Although the number attending and who attends will have changed, this will provide us with another indicator on how well this is embedding. Revised target date: 30/09/2024
Climate Change and Environment Strategy	M	The Grants to External Organisations Policy, Advertising and Sponsorship Policy and any other policies which reference to the ambitions without defining them, should list and define CCC's ambitions, including the environmental ambitions- to reduce carbon emissions and benefit the natural environment. In order to achieve this, the CC&E programme should engage with policy owners to include appropriate wording and guidance in these policies. More generally the programme could engage with the Policy Community of Practice at CCC to engage directly with all policy owners regarding how to incorporate CC&E aims effectively in corporate policy.	01/06/2024	A targeted session with the Policy Community of Practice has been arranged for 4th September. This will discuss how to incorporate climate into policy positions and will utilise the Net Zero by Design guidance shortly to be launched. It should be noted that we can only encourage and support colleagues to integrate CCC's ambitions more clearly, and we are not in a position to enforce or provide assurance that this has been done. Revised target date: 30/09/2024
Corporate KPIs	M	The Governance and Performance team should ensure the Performance Management Framework is reviewed and approved as priority. Specifically, this should include:	28/05/2024	The performance Management Framework will be presented to S,R&P in September for approval, once approved this will be communicated via Camweb to the wider organisation. The framework sets out the

		• Clearly defining the difference between 'strategic' KPIs and other KPIs. • Clarifying the relationship between the annual Business Planning process and the performance management framework, and particularly how the outcomes defined through each cycle of Business Planning will inform performance management and the setting of performance indicators. • Explicitly demonstrating the alignment between the Council's KPIs and its seven ambitions, including ensuring that there are sufficient KPIs in place relating to each ambition to provide a balanced view of performance against the ambitions, possibly via a balanced scorecard approach. • Including information on the relationship between performance management and risk management. • Increasing the emphasis on the importance of identifying and implementing actions to address under-performing indicators, and outlining a clear process by which actions will be monitored and reported to ensure that they are implemented and effective in addressing underperformance. • Reflecting the role of the Audit & Accounts Committee in providing independent scrutiny of performance management arrangements. • Introduction of regular sample checks on data accuracy and indicator calculation to be conducted by the Governance & Performance team. • Considering whether the Framework should include information on effective performance management and reporting arrangements below the Committee level i.e. providing guidance to officers on establishing effective service-level performance reporting arrangements and linking this to officer performance management. • Appendix 1 – Roles and Responsibilities should be		difference between KPIs and SKPIs as well as looking to provide committees with strategic indicators that monitors performance against the ambitions set out in the strategic framework. Revised target date 30/09/2024

		updated to include the responsibility of collating feedback on performance, and who is responsible for ensuring that remedial is undertaken; Internal Audit recommends this is completed at the Director level. The Performance Management Framework should be added to the Council's Policy and Strategy Library to help ensure the completeness of the library.		
DSG Safety Valve Review	M	Alongside recommendation 1, the Director of Education should write to all schools informing them of the new information system and requesting that they bring information for their school up to date regarding EHCPs within a month. This will ensure that data accuracy is restored quickly so planning for the programme can resume. Where this information is not provided within a month, Education should follow up with schools to ensure this information is obtained as soon as possible.	31/05/2024	We will write to schools before the end of term with a system update re CACI and the strengths / difficulties Revised target date: 23 July 2024
DSG Safety Valve Review	M	An investigation should be carried out formally to establish whether EHCPs are being funded correctly (in line with legislation, government guidance or agreements) from both Health and Social care and/or Education. If changes in sources of contribution are required, then the outcomes of the investigation should be written up and reported to CLT.	31/05/2024	Joint commissioning of placements and packages are being reviewed as part of the JASP process. And a wider review of health contributions Revised target date: 31 December 2024
DSG Safety Valve Review	M	An agreement should be developed between Cambridgeshire and other local authorities establishing that EHCP costs transferred to other councils will not be charged back. Without this in place, there is a risk that other local authorities may ask CCC	31/05/2024	We will work with the Eastern Region to ensure CCC practice is in line with other LA's Revised target date: 30 November 2024

		to pay the costs for pupils attending special schools in other counties. If this is not agreed upon by other local authorities, the risk of having to repay these children's EHCP costs needs to be taking into account within the project risk register. This risk could be mitigated by ensuring that places in Cambridgeshire special schools are allocated to Cambridgeshire pupils as far as possible.		
DSG Safety Valve Review	M	The Terms of Reference for the Transformation and Performance Board should be reviewed and updated to clearly state changes to members, updates to responsibilities, as well as include clear information on the relationship with the SEND Executive Board, expectations on reporting/communication between the two Boards, and how issues are to be escalated outside of the Board. It would also be beneficial to include the Governance Structure Chart and Officer Governance ToR as appendices to this document so it is all in one codified document. This updated Terms of Reference should then be presented to the Board for review and approval.	31/05/2024	A renewed Inclusion Transformation programme is being derived by Policy and Insight Team with the Executive Director for CEF. A lessons learnt review has been undertaken and presented to Change Board. Change Board will continue to review this review. Revised date to be in line with new SV submission. Revised target date: 31 October 2024
DSG Safety Valve Review	M	Meeting minutes should be kept for the SEND Transformation and Performance Board meetings to record the actions that have been decided on in each, what has been approved, and who is in attendance. This ensures that comprehensive evidence is retained of any actions taken or decisions approved by the Board, as well as who is responsible for undertaking said actions, which will reduce delays to the project as actions are more likely to be implemented on time.	31/05/2024	This recommendation will be implemented as part of the resetting of the Transformation Programme. Revised target date: TBC

DSG Safety Valve Review	M	Once the action plan has been overhauled [see recommendation 3], a codified communications plan document should be produced including the following key sections: • List of all internal and external stakeholders; • The exact information that needs to be shared with each group (status reports, summary updates etc.); • How this information will be communicated to each group (via Board meetings, online platforms, parents' evenings etc.); • The frequency of these communications; • Who is responsible for sending out communications, or ensuring they are sent on time.	31/05/2024	This recommendation will be implemented as part of the new Inclusion change Project. Revised target date: 31 August 2024
DSG Safety Valve Review	M	A dedicated risk session should be set up with the Project Director, Project Manager and Senior Responsible Officers for each workstream at a minimum. This meeting should be held monthly to discuss risk to the project and progress towards mitigating these, including review of all actions against implementation dates and consideration of where escalation may be necessary. Once an officer has been given responsibility for each risk (see recommendation 8), they should carry out regular monitoring on the progress of mitigation plans and produce a brief report which can be distributed to senior officers at risk sessions. This will help senior officers see where actions are/are not working. Where risks are not being reduced, these should be escalated	31/05/2024	Risk sessions have been arranged and are taking place. There will be a governance review by the close of August. Revised target date: 31 August 2024

		to the SEND executive Board or Corporate Leadership Team.		
DSG Safety Valve Review	M	Once the information system has been implemented [see recommendation 1], the status reports should be updated with detailed quantitative data as this will give more clarity as to how the project is progressing towards meeting the agreement. It will also allow the Board to see what actions are making more of an impact so these can be prioritised. Quantitative data should include: • Number/cost of EHCPs for current period vs previous period; • Net change in EHCP numbers; • Change in budget deficit; • Data showing the effect of actions on number of new EHCPs, ceased EHCPs etc.	31/05/2024	Once the implementation errors have been resolved by the developers fully reporting will be possible. Policy and Insight are working closely with the implementation team to ensure reports meet the standard as required in the audit recommendation. Once the data in action 1 has been completed this will follow on as part of the SV reset. Revised target date: 31 August 2024
DSG Safety Valve Review	M	Although detailed reports are being provided to CLT, the arrangements for this reporting should be documented, including the requirements of reporting and the frequency. Alongside this, monitoring reports should be written to give an accurate depiction of the programme and progress towards achieving objectives. They should include: Detail of blockers/risks that project officers are struggling to deal with; Accurate quantitative data (once the new information	31/05/2024	The Executive Director for Children, Education and Families is now acting as SRO of the Safety Valve/Inclusion Transformation programme. This topic is reporting to Change Board on a monthly basis. Reporting to the DfE is paused until late October. Reports will be presented in draft to Change Board ahead of this being presented to the DfE. All report subsequent the reset will be detailed and transparent. Revised target date: 30 October 2024

		system is implemented); Detail of the current highest priority actions and the progress of these.		
interims & Agency Staff	M	A contract document/more detailed placement confirmation document should be developed to clearly state the terms of an interim engagement that should be approved by both the Council and Opus. This should include: the full job description for placement: the period of the placement: terms between the council and Opus regarding remedial action that can be taken if the interim is not effectively delivering the role; and terms for termination of the placement. No placement should start without this contract being signed by the council and Opus.	31/05/2024	The Service has confirmed that full placement details are provided to OPUS including the job description. Once the assignment has been agreed Opus send a confirmation to the hiring manager. The contractual element of the recommendation will be implemented as part of the overall contractual arrangements between the Council and OPUS. Revised target date: 31 August 2024
LD Supplier Resilience	M	Standardise improvement plan processes: a) Develop a standardised framework and documentation requirements for improvement plans for contracts, outlining specific SMART actions, timelines , and measurable targets to meet demands and continue their contracts . b) Implement a monitoring and reporting mechanism to track the progress of suppliers against their improvement plans, ensuring regular review and follow to assess their compliance and ability to meet demands. Ensure that there is a clear mechanism to escalate concerns if suppliers do not implement and evidence sufficient improvement in line with their agreed plans.	01/06/2024	Recruitment for the required skill set took longer than anticipated, resulting in a delayed start of the action. The position has now been filled, and work has commenced. The action plan is expected to be completed by mid August. Revised target date: 15 August 2024
S106 Funding	M	Introduce KPIs suitable for the S106 team, for example one of these could be: Fund Collection Efficiency - Track the % of S106 funds	01/06/2024	Draft in progress. Need to share with managers and agree final indicators; target moved to 12th July. These will also be revied by the new board in the Autumn.

		successfully collected within the stipulated timeframe after triggers are reached or Timeliness of transfer of funds from the S106 holding account to the service accounts linked to associated capital projects.		Revised target date : 12/07/2024
S106 Funding	M	The Council should conduct an evaluation of the TSF team's staffing/system needs against an increased workload. This evaluation should consider a cost benefit analysis showing whether better trigger monitoring and fund allocation might increase revenue, offsetting new staffing costs. Implementing a resilience plan for staff absences and comparing staff levels with similar local councils, such as City/South District or Hunts, will provide further context. A Business Case for this should be developed, given that effective monitoring of triggers may be expected to increase the timely receipt of s106 funds.	01/05/2024	A Business Case has been developed and proposes additional officer resource. Separate but related proposals for the restructure of senior management in the Place and Sustainability Directorate would see the S106 monitoring function transfer to the Planning service in the Environment and Economy division. The Business Case has therefore been shared with the both the current and proposed new Head of Service / Directors for review. Although the business case has been prepared, the target for agreement and possible start of recruitment has been pushed to 1st Sep to allow final review following the senior management consultation. Revised target date 01/09/2024
Safe Employment	M	A new policy/guidance document focused on Safe Employment should be produced and communicated. This could bring together the existing separate DBS Policy and Safer Employment checklist, with further information on safe employment issues such as how to report safeguarding concerns via the whistleblowing process. Either as part of this policy, or separately, the Council should formally document its approach to requiring DBS checks on Councillors, in light of the recommendations in the 2023 Independent Review of the Disclosure and Barring Regime; and review and update the Volunteer Policy and checklist. Once the updated policy/ies have been approved, a communications campaign should be undertaken to raise awareness.	31/05/2024	The HR Policy Team are rewriting the DBS policy to make it clearer and simpler. There is a specific action to update references to undertaking DBS checks for members and this will be done by end of July. Revised target date : 31/07/2024

Safe Employment	M	The Library Service should review its recruitment process for volunteers to ensure it is consistent across all their volunteers and compliant with the Volunteer's Policy. As part of this process, a review should be conducted of current volunteers to verify that the correct information is held for all individuals.	31/05/2024	A review of all 286 volunteers is underway to revised completion date August 2024. Library Service has adopted Better Impact system to hold all volunteer details centrally (to date been held in multiple places). Project Team has reviewed processes to ensure consistent approach to management of volunteers. Revised target date 31/08/2024
Safe Employment	M	The Disclosure and Barring Policy (or the new Safe Employment Policy, pending the decision on Recommendation 1) to be updated to include that if a safeguarding concern is raised regarding a current member of staff, the Service Director for HR or the Head of HR Advisory and Recruitment will formally review whether an updated DBS check should be sought and will authorise an additional check where appropriate.	01/06/2024	The service has reported that is now established in their practice but has yet to be documented in their policy. Reived target date: TBC
Safe Employment	M	As part of the refresh of safe employment policies at Recommendation 1, HR should liaise with the Adults and Children's directorates to agree a corporate recommendation on the frequency of DBS re-checks, and to agree a consistent policy on renewing DBS checks for existing members of staff who are moving to new roles. This should be documented in policy and taken to CLT for approval (see Recommendation 1).	01/06/2024	Work needs to be undertaken to review the current roles that require a DBS check against the criteria for requesting a check so that accurate financial estimates can be provided to CLT for a potential rechecking process. A report setting out options and associated costs will then be taken to CLT in June with a view to implementing any changes to the policy position in July. Revised target date: 31 July 2024
FOI and SARS	M	The Information Governance Team should review all policies and procedures on both Camweb and the Council's external website.	31/07/2023	Draft TOR of IM Board supplied for review, these will be agreed and then a first meeting to take place where the information will be presented Revised target date: 31 October 2024 Revised target dates from previous reporting cycles:

				• 30 June 2024 • March 2024 - 30 April 2024 • January 2024 - 31 March 2024 • December 2023 - 28 February 2024 • September 2023 - 16 January 2024
Fostering Payments (In-House)	M	The service should undertake a review of its success to date in using IFA 'top up' fees to recruit and retain in-house foster carers and consider whether a higher level of payment should be rolled out across the board to attract and retain more in-house carers. If payment of higher fees significantly improves the availability of in-house placements, the additional cost of the 'top up' fees may be offset by the reduction in the need for external placements. This should be fully explored by the service.	01/08/2023	The service has undertaken an exercise reviewing carer retention over the last 12 months and considered key factors related to recruitment success. An additional 7% uplift was agreed for fostering payments which is being implemented. The service remains behind the curve with fostering payments made to young children, however utilisation remains high in this area. The service has agreed to spend this financial year reviewing the fostering payment structure. The above update is from the previous reporting cycle. No update has been provided for this reporting cycle. Revised target date: TBC Revised target dates from previous reporting cycles • March 2024 - 31 March 2024 • September 2023 - 31 March 2024
Accounts Payable 22-23	M	The current process for manual spreadsheet uploads should be reviewed to ensure that only budget holders can approve manual uploads, that they can only approve upload payments against their own budget, and that they cannot approve individual payments in excess of their agreed limit in line with each Council's scheme of financial management.	30/09/2023	Following detailed technical discussions with Business Systems Colleagues it is not currently possible for spreadsheets to be approved by the system where there are multiple cost centres and budget holders. An authorisation form is being developed where a Director will be required to approve spreadsheet use within their services and authorise officers to approve spreadsheet

		If the process is to remain it should be agreed with S151 Officers at each Council.		payments. This proposal has been sent to the Lead Authority board for review and approval. Revised target date: 30 September 2024 Revised target dates from previous reporting cycles: • March 2024 - TBC • December 2023 - 31 December 2023.
Debt Recovery 22/23	M	The Head of Finance Operations should decide if procedures should be amended to reflect the current practice and detail the approval time-out procedure, or whether to amend the system workflow in ERP for write-offs to ensure that budget holder approval must be given before write-offs are progressed. In conjunction with Recommendation 5, the procedure could vary for different values of write-offs.	30/09/2023	The new process has been agreed and the change request in respect of the ERP write-off process has been submitted and is with Business Systems to implement. Process improvements will enhance the information provided to budget holders and the final approver in line with each Council's scheme of delegation. Revised target date: 30 September 2024 Revised target dates from previous reporting cycles: • March 2024 - 30 June 2024 • January 2024 - 30 June 2024 • December 2023 - TBC
Fostering Payments (In-House)	M	To avoid the need for complicated payment suspensions and delays in record updating, fostering finance management should be given access to edit payments within ContrOCC on notification of an error or change. There appears no need for this to be completed by IT, especially as they do not request any evidence of the change to verify any change request. Likewise, for SOC 408 changes, provided the change has been approved and this is verified by the finance team on receipt of the 408 notification the	01/09/2023	The fostering service has an active plan to move all matters onto CONTROCC and avoid the use of multiple systems. At this time we are in the process of putting all the payments onto this system, inclusive of all carers and care arrangements. Further to this there is a project looking at bringing in a Controcc Specialist to improve the system around out requirements Revised target date: TBC

		responsibility to update payment records could be shared by the finance, ART and Duty teams.		Revised target dates from previous reporting cycles: • March 2024 – 31 March 2024 • January 2024 - 31 March 2024 • December 2023 - TBC
Fostering Payments (In-House)	M	The service should expand internal and external guidance for the outstanding elements that have not been addressed by the external Foster Handbook and Independent Fostering Agency (IFA) transfer guidance. These outstanding elements include allowances for children entering higher education and confirming allowances for pocket money/savings and respite placements, as these currently are quoted within the Handbook guidance as 'under review'.	01/09/2023	The pocket Money policy will be taken to DMT following collaboration with the IRO service. This is anticipated to take place in July. Upon confirmation of the agreement the fostering handbook will be updated. Revised target date: 31 July 2024 Revised target dates from previous reporting cycles: • March 2024 – 31 March 2024 • December 2023 - TBC
ICT Change Management	M	ITDS staff should investigate how the Hornbill system can be configured such that extracted lists of changes (e.g. in the Request List screen) include columns to specify the change type and whether changes have been approved, rejected, or neither. These functionalities should then be introduced.	30/09/2023	The project to decouple and upgrade Hornbill has been initiated. The project is part of the decouple from PCC. The target date to complete the decouple and changes to the system will be November 2024. Changes cannot be made to the current system as it is a shared and is in the process of being split. Revised target date: 30 November 2024 Revised target dates from previous reporting cycles: • March 2024: TBC • January 2024 - TBC
IT Security 23-24	M	We recommend that the Council defines its requirements with regard to privileged accounts. This should include: • Processes and procedures for request and approval. • A role-based matrix highlighting the users/roles for which privileged access would be appropriate.	30/09/2023	This has not yet been fully implemented and is a work in progress. However, an external review was undertaken as part of the Public Sector Network application and award.

		• Review of privileged accounts in line with a least privilege model to evaluate and reduce the volume of privileged accounts. • Requirements for a minimum number of shared service accounts and increased password changes. • Formalised approval pathways which ensure an appropriate level of approval is sought from an individual other than the requester. • Regular review of privileged access accounts, with disablement of unused/inactive accounts. • Requirements for review and management of tools such as KeePass and LAPS to ensure secure configuration and usage. In conjunction with these requirements, the Council should conduct a review of active privileged accounts. Enterprise and Domain Admin accounts should be reviewed for appropriateness and reduced to a lower number of individuals, applying the principle of least privilege. Consideration should also be given to those accounts which are inactive. IT management, in conjunction with the Information Security Manager should take action to disable or delete these, as appropriate.		The Security Operations Manager confirmed reviews are being undertaken but that the approach has not yet been formalised or agreements reached on approach to 'dormant' super user accounts. LAPS are being investigated to establish if the reliance on these can result in a lack of auditability. Revised target date: 30 November 2024 Revised target dates from previous reporting cycles: • March 2024 - 30th June 2024. • January 2024 - TBC • December 2023 - TBC
Fostering Payments (In-House)	M	ART should endeavour to ensure that a 408 form is signed for every young person placed. The Fostering service should endeavour to obtain a signed copy of the placement plan (72 hrs) prior to the start of any placement. In cases of emergency, where this is unfeasible, they should endeavour to collect this at the earliest opportunity. The Fostering service should undertake a review of all current in-house foster carers to confirm that a signed, up-to-date foster care agreement is on file for them. In cases of existing placements which do not have a signed fostering agreement, corporate parenting should liaise with the foster parents to obtain these.	01/10/2023	The service has reported that the 408 process is effective with the ART team and as such this matter is resolved and working. The matter of Foster Carer agreement and placement plans - these are collated and saved on LCS, (FCA under carer and Placement plan under child) ongoing auditing is to take place to monitor this. Internal Audit will liaise with the fostering service to assess whether this recommendation has been fully implemented. Revised target date: TBC

		All signed agreements should be documented in a shared folder to ensure any problems can be quickly settled with foster carers. The Fostering service should endeavour to complete 408 notifications to include all information (including weekly placement fees), to confirm changes to placements have been authorised and to increase the likelihood of accurate commitment records and trackers. Ongoing assurances for the above should be provided via regular spot-checking on a sample of files on an intermittent basis as part of a wider quality assurance process. Outcomes of which could be reported within ART dashboard to maintain oversight of compliance performance.		Revised target dates from previous reporting cycles: • March 2024 – 31st March 2024 • January 2024 – 31 March 2024
Fostering Payments (**External**)	M	Prior to commencement of a fostering placement, the ART team should endeavour to obtain the individual placement contract (signed by both relevant council officers and care providers). This agreement should be stored in a centralised repository such as Liquid Logic, where information for each individual YP is held, to be available to access across all different involved teams (including ART, Duty and Finance). Access rights to the chosen central repository should be reviewed to ensure it is accessible to all relevant teams and officers. In the case of emergency, where care must be provided but an agreement has not be signed by the provider, must be agreed and signed off by the relevant manager (depending on cost of placement). Any outstanding contracts, for which the council has not obtained a signed copy of the contract by the	31/12/2023	All contracts and IPAs now being sent via E-Sign. Fully executed contracts are stored on SharePoint. A review of all IPA's is being done currently for open placements (this will take a few weeks to conclude) to see if there are any outstanding IPA's that need to be issued. Internal Audit will liaise with the fostering service to assess whether this recommendation has been fully implemented. Revised target date: TBC Revised target dates from previous reporting cycles • May 2024 – 30 June 2024 • March 2024 – 30 April 2024 • January 2024 – 30 April 2024 • December 2023 – 31 January 2024

		provider, should be chased as a matter of urgency, to reduce the risk that services provided are not obligating. Regular spot checks of placement case files may assist in flagging instances where contracts have not been completed and signed. The service should consider recording unsigned contracts in a separate filing area/folder (prior to being uploaded to the centralised repository when signed) and implementing regular monitoring of this area with a target set for this to be as empty as possible. Furthermore, regular 'completeness' reviews on a set number of random case files could provide assurances against this risk on an ongoing basis.		
Fostering Payments (**External**)	M	Quoted costs and potential applicable discounts should be noted against response checklists and considered when evaluating responses by IFAs to ensure that if multiple appropriate placements are available, the Council is selecting the lowest cost option, as per existing policy guidance. Internal Audit recommend implementing quality assurance monitoring processes to ensure compliance with the above. This could include regular spot checks on a sample of placements to ensure that lowest cost options are being selected as standard, with any instances of non-compliance reported and escalated to senior management to investigate. Outcomes of quality assurance checks could be reported as part of the ART dashboard.	31/12/2023	Evidence of offers (where applicable) will be attached to future funding requests demonstrating that the cheapest provider (based on appropriate match) has been secured. Spot checks will be conducted to ensure this process is being adhered and where non-compliance is identified it will be raised with HoS. Internal Audit will liaise with the fostering service to assess whether this recommendation has been fully implemented. Revised target date: TBC Revised target dates from previous reporting cycles • May 2024 – 30 June 2024 • January 2024 - 30th April 2024

Fostering Payments (**External**)	M	"Proof of exhaustion of in-house options before a decision is made to search IFA should be documented in all cases and recorded on the CYP Chronology notes as per current process guidance. If this cannot be evidenced, no IFA search should be agreed (unless in emergency or exceptional circumstances). Decisions should be formally signed off and recorded on the CYP Chronology notes. Internal Audit recommend implementing quality assurance monitoring processes to ensure compliance with the above. This could include regular spot checks that IFAs are not progressed without appropriate evidence in place, with any instances of non-compliance reported and escalated to senior management to investigate. Outcomes of quality assurance checks could be reported as part of the ART dashboard."	31/12/2023	Evidence of in house options is being requested but not able to be sourced. This will be evidenced in future funding requests sent to the HoS Commissioning for approval. The email will be attached to the funding request. Spot checks will not be required if funding requests include evidence that no in house option was suitable. Internal Audit will liaise with the fostering service to assess whether this recommendation has been fully implemented. Revised target date: TBC Revised target dates from previous reporting cycles • May 2024 – 30 June 2024 • March 2024 – 30 April 2024 • January 2024 - TBC
Accounts Payable 22-23	M	The Business Systems Team should undertake an investigation, supported as required by AP, to establish why historic open AP transactions from prior periods and years remain open and determine whether these transactions can be cleared.	31/12/2023	Work continues on reconciling items with a view to provide a final list in July. Revised target date: 31 July 2024 Revised target dates from previous reporting cycles • March 2024 - TBC • January 2024 - TBC
Accounts Payable 22-23	M	A review of suppliers in ERP should be undertaken to identify any instances where the same supplier is set up multiple times. Each case should be reviewed to establish if the existence of multiple suppler records	31/12/2023	This is a very labour intensive piece of work as every duplicate supplier needs to be reviewed and where there are open orders discussions are required with budget holders to close and realise the PO on the prime supplier. Where there is a primary supplier alternative suppliers

		in ERP Gold is appropriate and if not, it should be determined which supplier records should be deleted.		may be being used for interface transactions, and further dialogue is required with service areas to update details on source systems. Volumes will naturally reduce due to auto closing of suppliers within set business rules. Also Xelix duplicate payment software, mitigations any duplicate payments where there is more than one supplier. Revised target date: 30 September 2024 Revised target dates from previous reporting cycles • March 2024 - TBC • January 2024 – 31 March 2024
Accounts Payable 22-23	M	A review of suppliers in ERP should be undertaken to identify any instances where the supplier record on ERP Gold is set up for both commercial and non-commercial payments. Each case should be reviewed to establish if the existence as both payment types is appropriate and if not, if should be determined which payment type should be disabled.	31/12/2023	Now that the AP team is fully resourced, the cleansing of these suppliers is being carried out by the AP team as part of monthly housekeeping, this includes reviewing all non-commercial payments that have been made. This will ensure that all payments via this method are in line with policy and process. Any payments that are identified that are being made incorrectly are addressed at the time and the supplier is updated accordingly. Revised target date: TBC Revised target dates from previous reporting cycles • March 2024 - TBC • January 2024 – 31 March 2024
Incident & Problem Management 22-23	M	Problem management procedures should be amended to incorporate the following: a) The ICT Service should consider how Hornbill can be utilised in the problem management process. Once established the documented procedures should be amended to give clarity and guidance on the use of	31/12/2023	The project to decouple and upgrade Hornbill has been initiated. The project is part of the decouple from PCC. The target date to complete the decouple and changes to the system will be November 2024. Changes cannot be made to the current system as it is a shared and is in the process of being split.

		Hornbill for problem management. If it is decided Hornbill will not be utilised a rationale should be recorded as a note in the procedures. b) The service should add tables to the guidance listing the priority systems and sites for problem management and resolution. This would bring the guidance into line with incident management and provide consistency in information for officers. c) Procedures should be amended to provide clear criteria for identifying when a problem should be recognised and classified as a major problem. This should be considered in conjunction with recommendation 3 in this report to ensure priority systems and sites are factored into the criteria for major problems. d) Procedures should be amended to confirm the complete process required to be undertaken in relation to major problems. e) Procedures should be amended to include a problem communication / notification process. Notifications to end users should include a description on how resolution should impact service users, steps being taken to resolve the problem and the estimated time required to resolve.		Revised target date: 30 November 2024 Revised target dates from previous reporting cycles: • March 2024: TBC • January 2024 - TBC
Incident & Problem Management 22-23	M	A more detailed major incident response plan should be developed and incorporated into procedures. This should include a more detailed system and site prioritisation matrix that should either: • Rank systems and sites in priority order • Have a clear process for determining and agreeing the key priority should more than on critical system or site be impacted at the same time	31/12/2023	The project to decouple and upgrade Hornbill has been initiated. The project is part of the decouple from PCC. The target date to complete the decouple and changes to the system will be November 2024. Changes cannot be made to the current system as it is a shared and is in the process of being split. Revised target date: 30 November 2024 Revised target dates from previous reporting cycles: • March 2024: TBC

				• January 2024 - TBC
Key Policies and Procedures	M	The policies that are not on the policy library need to be added. The policies on the policy library where information is not complete needs to be reviewed and updated.	31/12/2023	The Service has confirmed that good progress has been made with this recommendation. They have decided to implement this by uploading policies to the relevant areas on the CCC Useful Links area on Camweb and set it out into sections to make it easier for staff to navigate to find key policies(rather than a separate policy library) as site usage figures show that Useful Links is consistently one of the most viewed pages on Camweb confirming that this is a better route to access policies than through a generic policy library. The Service will continue to develop this further and ensure all policies are uploaded to the relevant area in the useful links tab. Revised target date: 30 August 2024 Revised target dates from previous reporting cycles • March 2024 – 30 June 2024 • January 2024 - TBC
Key Policies and Procedures	M	A regular formal communication plan based around the policy framework should be produced to ensure that all 'key' policies are communicated to staff at least once annually via the normal internal comms channels.	31/12/2023	Having got material in place on Camweb, the Service are now planning an internal campaign to raise the profile of the key policies and procedures staff need to know which we will be launching through our re-vamped internal newsletter. Revised target date: 30 August 2024 Revised target dates from previous reporting cycles • March 2024 – 30 June 2024 • January 2024 - TBC
*Medium Recommendations overdue **- under 3 months***				

Incident & Problem Management 22-23	M	New classification should be introduced in Hornbill that allow for incidents to be clearly identified and reported on. This could be achieved through the introduction of a mandatory filed to classify and case as either a service request or incident. Reporting on actual incidents and their resolution should be introduced and provided to the Service Director and Executive Director. Once a base line has been established KPIs for incident resolution should be established.	31/03/2024	The project to decouple and upgrade Hornbill has been initiated. The project is part of the decouple from PCC. The target date to complete the decouple and changes to the system will be November 2024. Changes cannot be made to the current system as it is a shared and is in the process of being split. Revised target date: 30 November 2024 Revised target dates from previous reporting cycles: • March 2024: TBC • January 2024 - TBC
Incident & Problem Management 22-23	M	SMART KPIs and Critical Success Factors for Problem Management should be developed and included in procedures. Once established, performance monitoring reporting should be introduced. This should include reporting on ongoing/unresolved problems.	31/03/2024	The project to decouple and upgrade Hornbill has been initiated. The project is part of the decouple from PCC. The target date to complete the decouple and changes to the system will be November 2024. Changes cannot be made to the current system as it is a shared and is in the process of being split. Revised target date: 30 November 2024 Revised target dates from previous reporting cycles: • March 2024: TBC • January 2024 - TBC
Case 125 - Guided Busway Procurement	M	The Executive Director of Place & Sustainability should conduct a review of record keeping in relation to the Busway and ensure that there is a clear filing structure in place which enables officers to find all key information and records in relation to: • All procurements conducted in relation to the busway construction, dispute, remedial works, and HSE investigation; and critical contract management	31/03/2024	Service has confirmed that this is being done as part of a service-wide filing exercise and is not yet complete. Revised target date: 30 November 2024 Not previously overdue.

		documentation such as performance reporting from contractors, contract extensions or variations, disputes etc. • All critical decision points in relation to the busway construction, dispute, remedial works and HSE investigation, including reporting to both Committee and CLT and any decisions taken under the powers of the Executive Director or the Busway Dispute Resolution Group. • Ensuring that clear and appropriate retention schedules are in place for information held in relation to the above two points (with support from the Information Governance service if required). The Executive Director of Place & Sustainability should consider broadening the remit of this review across the entire Directorate to provide assurance that critical decisions and procurements undertaken within the service can be evidenced when needed.		
Case 127 - Supported Living		Overarching, detailed, updated guidance on petty cash, service user cash and imprest bank accounts should be implemented and made available on CAMWEB. This should cover: a) controls around authorisation/separation of duties regarding petty cash and service user cash expenditure; b) records; c) retention of receipts; d) storage of cash; e) reconciliations of petty cash, service user cash, and imprest bank account reconciliations; f) the imprest bank account claim process; g) returns/information to be provided to Finance and/or Accounts Payable.	28/02/2024	Corporate Finance are still in process of developing the revised imprest guidance. This is dependent on capacity that is also directed towards closure of our accounts Revised target date: TBC Revised target dates from previous reporting cycles • March 2024 – TBC

		2b (Advisory) Consideration should be given to require • cash taken; • expenditure; • cash returned; and • the rolling cash balance to be recorded in the petty cash book and service user cash records as part of updated procedures . Corporate procedures as recommended through this report should give clear detail on what journals, if any, should be undertaken in relation to service user loans. Once corporate procedures have been developed and implemented, the Operational Lead Officer should ensure that a finance officer reviews the journals noted above to determine if any corrective action is required. Corporate procedures as recommended through this report should give clear detail on exactly how imprest claims to top up the imprest bank account should be undertaken. This should include the account codes to be used in the process. Once corporate procedures have been developed and implemented, the Operational Lead Officer should ensure that a finance officer reviews the imprest claims to determine what corrective action is required and ensure it is undertaken.		
Local transport Capital Block Funding (grant)	M	A time recording system should be implemented across Place and Sustainability to ensure any Service, Team or Officer time that is charged to project or	31/03/2024	The Service has confirmed that the implementation of a timesheet system is a corporate issue and is being progressed with Corporate PMO. The service has

		other work is accurately recorded to reflect actual time and costs associated with delivery. Such a system could be: • an extension of the timesheet process currently used by some teams • free software available online; or • software that is either procured or built internally that is located on Council servers. The system should be able to: • Apply different staff rates, including overheads and risk percentages, for each project. • Calculate staff costs for each project based on the applied rates. • Interface with/upload data to ERP Gold to provide an efficient way of updating project ledgers with staff costs. Internal Audit recommends that whatever time recording system is chosen is used consistently across the board to ensure the most efficiency.		confirmed they are actively liaising with the IT Service to progress this with the Corporate PMO and the Assistant Director Project Delivery as key stakeholders. Revised target date: March 25 Revised target dates from previous reporting cycles • March 2025 Workstream is with corporate IT

Agenda Item No: 9

Annual Risk Report

To:	Audit & Accounts Committee
Meeting Date:	30th July 2024
From:	Mairead Claydon, Head of Internal Audit & Risk Management
Executive Summary:	The purpose of the report is to provide an update to Audit & Accounts Committee on the main areas of risk management activity in 2023/4.
Recommendation:	The Committee is recommended to:

1. Note and comment on the Annual Risk Management Report (Appendix 1) and Corporate Risk Register (Annex A);

2. Endorse the Risk Management Policy (Annex B), and updated Risk Strategy (Annex C).

Officer contact:

Name: Mairead Claydon
Post: Head of Internal Audit & Risk Management
Email: Mairead.claydon@cambridgeshire.gov.uk

1. Creating a greener, fairer and more caring Cambridgeshire

1.1 Risk Management is the process by which the Council understands and proactively considers the principal uncertainties and overall risks facing the organisation. The objective is to ensure that risks which might impact upon the Council achieving its plans are identified and managed on a timely basis and in a proportionate manner. As such, effective risk management contributes to the achievement of all seven of the Council's ambitions.

2. Background

2.1 Risk Management is the process by which the Council understands and proactively considers the principal uncertainties and overall risks facing the organisation. Through effective risk management, we aim to optimise success by minimising threats. The objective is to ensure that risks that might impact upon the Council achieving its plans are identified and managed on a timely basis and in a proportionate manner. The Accounts & Audit (England) Regulations 2015 require the authority to have a sound system of internal control which includes effective arrangements for the management of risk.

2.2 Under the Council's constitution, the Strategy & Resources Committee is responsible for the development and oversight of the Council's risk management and strategy. The Audit & Accounts Committee also has important functions in relation to risk, including considering the effectiveness of the risk management arrangements and associated control environment, and to seek assurances that appropriate action is being taken in response to risk.

2.3 Risk is inherent in our delivery of high-quality public services. The volatility, complexity and ambiguity of the Council's operating environment continues to increase, and taxpayers rightly expect transparency and accountability from the Council in managing the impacts of risk. We are committed to managing risk so that we enhance strategic planning and prioritisation and achieve our objectives with agility. The benefits of risk management include:

- Taking timely and proportionate action to prevent risks occurring or to manage effectively
- Development and delivery of robust and effective action plans and enhancements to the governance of the organisation
- Ensuring that decision makers are fully aware of any key risk issues associated with proposals being considered at the point of decision making
- Demonstrating openness and accountability

2.4 The Annual Risk Management Report summarises the risk management activity undertaken during 2023 - 2024 at Cambridgeshire County Council, and supports the Committees in discharging their respective responsibilities around risk management and control.

3. Main Issues

3.1 This covering report is provided to the Annual Risk Management Report attached at Appendix 1 and the Corporate Risk Register (CRR) attached at Annex A.

3.2 The corporate Risk Management Policy is attached at Annex B, reflecting the Council's current framework for managing risk.

3.3 It is considered best practice to prepare a plan that outlines activity to continuously improve risk management. This plan is outlined in the updated Risk Strategy document attached at Annex C. This document also reflects the work undertaken in-year to improve the Council's risk management arrangements and culture.

3.4 The Strategy, Resources & Performance Committee previously requested a risk workshop be held for the Committee, which was originally scheduled to take place on 11th June. This date was cancelled due to low uptake and conflicting time pressures and will be rescheduled. The Committee are requested to consider whether there are any specific areas they would like to be covered as part of the workshop.

4. Significant Implications

4.1 Finance Implications

N/A

4.2 Legal Implications

The Accounts & Audit (England) Regulations 2015 require the authority to have a sound system of internal control, which includes effective arrangements for the management of risk.

4.3 Risk Implications

This report gives an overview of the Council's risk management arrangements in 2023/24 and the forward plan for development of risk management systems and processes in 2043/25. The objective is to ensure that risks that might impact upon the Council achieving its plans are identified and managed on a timely basis and in a proportionate manner.

4.4 Equality and Diversity Implications

N/A

5. Source Documents

5.1 Corporate Risk Register (copy provided as Annex A to this document)

5.2 Annual Governance Statement
Statement of accounts - Cambridgeshire County Council

APPENDIX 1

Annual Risk Management Report

Cambridgeshire County Council
2023/24

1. Background:

1.1 Risk Management is the process by which the Council understands and proactively considers the principal uncertainties and overall risks facing the organisation. Through effective risk management, we aim to optimise success by minimising threats. The objective is to ensure that risks that might impact upon the Council achieving its plans are identified and managed on a timely basis and in a proportionate manner.

1.2 The Accounts & Audit (England) Regulations 2015 require the authority to have a sound system of internal control, which includes effective arrangements for the management of risk. Robust risk management is an essential element of good organisational governance and a sound internal control system.

1.3 This Annual Risk Management Report provides an overview of key risk management processes and developments at Cambridgeshire County Council over the past 12 months. It supports the authority's Annual Governance Statement and the Code of Corporate Governance, as well as detailing the future areas of focus for further developing and enhancing risk management systems at the Council.

2. Risk Management Policy

2.1 In 2023, the Council's Risk Management Policy and supporting guidance including the Risk Management Procedures and Risk Management Short Guide document were subject to a comprehensive review by the Internal Audit & Risk Management team. The Risk Management Policy was refreshed, and the other guidance has been combined into a single Risk Management Toolkit.

2.2 The core risk management systems, processes, and risk appetite in place at Cambridgeshire did not change significantly as a result of this review. Instead the aim was to streamline and clarify existing guidance and make the Council's risk policies and procedures more accessible for officers. The updated Risk Management Policy was reviewed and approved by the Strategy, Resources & Performance Committee on 11th July 2023.

2.3 The Risk Management Policy is attached to this report as Annex B.

3. Risk Management Strategy

3.1 Following an assessment of the Council's risk maturity against an established risk maturity model published by the Institute of Internal Auditors (IIA), the Council's Internal Audit & Risk Management team developed a Risk Strategy 2023 – 6. This Strategy outlined key actions to be taken to address areas where the Council's risk management should be further developed.

3.2 The Strategy was reviewed and approved by Strategy, Resources & Performance Committee on 11th July 2023.

3.3 The Risk Strategy has been refreshed and updated for 2024/5, noting the actions which have been completed and adding in some new actions to be completed in year. This reflects the service's intentions to keep the Strategy as a live document and to regularly review and update the document.

3.4 Throughout the 2023/4 financial year, the Internal Audit & Risk Management team has been co-ordinating the implementation of actions within the Strategy. Some of the key actions completed in 2023/4 include:

- The Corporate Risk Group was reestablished in November 2023. This group comprises risk champions from various directorate and serves as platform for sharing diverse perspectives, challenging risk assessments, and ensuring consistency in the Council's response to risks. The Corporate Risk Group meets roughly quarterly, with meetings held in November 2023 and February and May 2024.
- To enhance the consideration of risk in decision making processes, the Service Director of Legal and Governance conducted a comprehensive review of the Committee report template and associated guidance. The revised template, launched in November 2023, places a greater emphasis on providing sufficient information on risk management in all reports presented to committees.
- The Internal Audit & Risk Management team have worked with colleagues in Strategy and Partnerships to provide input on the new Project Management Framework and Partnerships Governance Guidance, with a particular focus on ensuring that these documents support robust risk management in all the Council's projects and partnerships.

3.5 Full detail of completed actions and updates to the Risk Strategy can be found at Annex C to this report.

4. Cambridgeshire County Council Corporate Risk Register

4.1 The Corporate Risk Register has been updated throughout the year and presented to CLT, the Strategy and Resources Committee and Audit & Accounts Committee at regular intervals.

4.2 There were no new risks added to the Corporate Risk Register in 2023/4, and no risks were removed.

4.3 A copy of the current Corporate Risk Register is attached to this report at Annex A, with the exception of Risk 8 'Risk that the Council is a victim of Cyber Crime', which is attached as a separate confidential annex.

4.4 Please note, on the risk matrices, "RA" denotes the Council's maximum risk appetite of 15, which is a set maximum appetite for all risks. Where risk owners have identified a target risk below this risk appetite level, this is denoted with a "T".

4.5 Corporate Risk Register Overview

4.5.1 The following table gives an overview of the current status of the risks on the corporate risk register, including information on the current risk scoring compared to the scores at the previous report to Committee, and the direction of travel for each risk.

4.5.2 Please note that as discussed at the October meeting of Strategy, Resources and Performance Committee, the direction of travel for each risk is now shown as a RAG rating: red indicating that the risk has increased; amber indicating no change; and green indicating that the risk has decreased.

Table 1: Corporate Risk Register Overview, June 2024

Risk	Residual Risk Score March 24	Residual Risk Score June 24	Direction of Travel (RAG)	Last Reviewed
1. Risk that the Council's arrangements for safeguarding vulnerable adults fail.	15	15	A	17/06/24
2. Risk of failure of the Council's arrangements to safeguard vulnerable children and young people.	15	15	A	20/06/24
3. Risk that the Council does not have enough budget to deliver agreed short and medium term corporate objectives.	12	12	A	18/06/24
4. Risk that a serious incident occurs, preventing services from operating and /or requiring a major/critical incident response.	12	12	A	18/06/24

5. Risk of failure of corporate governance.	10	10	A	17/06/24
6. Risk that the Council's workforce is not able to meet business need.	15	15	A	11/06/24
7. Risk of failure to deliver key Council services.	10	10	A	17/06/24
8. Risk that the Council is a victim of cyber crime.	15	15	A	26/06/24
9. Risk that the Council fails to comply with Information Governance legislation and industry standards	12	12	A	10/05/24
10. Risk of failure of key contracts.	12	12	A	12/06/24
11. Risk of failure of collaborative working.	12	12	A	31/05/24
12. Risk of Climate Change.	16	16	A	25/06/24

4.5.3 Since the previous report to Strategy Resources & Performance Committee in March 2024, no risks have seen changes to their scores compared to the previous reporting period across all corporate risk register.

4.5.4 It should be noted that the lack of reduction in risk scores does not reflect a lack of activity to proactively manage and mitigate key corporate risks; rather, it reflects the current level of risk held by UK public authorities, including Cambridgeshire County Council. The Council continues to actively manage and mitigate risks, as evidenced by the ongoing efforts and initiatives outlined in this Annual Risk Management Report and the supporting Risk Strategy at Annex C.

4.6 Risk 12: Risk of Climate Change:

4.6.1 Corporate Risk 12 has been reviewed and the risk owner has proposed that this will be retitled and refocused on the risk that Climate Change presents to the Council, its resources, delivery of its services and statutory duties. The updated risk assessment has been updated to reflect the actions the Council is currently taking on the delivery of the Climate Change and Environment Strategy and how its implementation is being integrated within the Council's Business Planning, Service Planning and Performance frameworks.

4.6.2 Further risk assessment will be undertaken during 2024/25 in relation to future potential impact on the Council as well as the impact on the County and its communities. The result of this risk assessment will be used to update this Corporate Risk. This risk will continue to be monitored on a six-monthly basis by the Corporate Risk Group and the Climate Change and Environment Programme. This will support reports that will be provided to Committees in the future.

5. CLT Risk & Assurance Meetings

5.1 Cambridgeshire's Corporate Leadership Team carry out regular Risk & Assurance meetings. These formal meetings have a dedicated Terms of Reference intended to ensure regular detailed senior management oversight of the corporate and directorate risk registers, to reflect on feedback from Committee and to develop corporate oversight of risk and key independent assurances.

5.2 The CLT Risk & Assurance group met regularly throughout the 2023/4 financial year, with meetings in July, October, and March. Every meeting included detailed scrutiny of the Corporate Risk Register and escalation of any directorate risks, with a single Directorate Risk Register being submitted for a deep dive review at each meeting.

5.3 In both the October 2023 and March 2024 meetings, the CLT Risk & Assurance group undertook a comprehensive review of the risk scoring matrices used by the council. While considering alternative weighted approaches that placed greater emphasis on either the impact or likelihood scores, the group decided to retain the current 5x5 linear model. Those decision was based on the belief that changing the risk scoring methodology could potentially disrupt the ongoing effort to embedded and communicate the council's risk management approach consistently across the organisation.

5.4 At the June 2024 meeting of the CLT Risk & Assurance Group, CLT reviewed the Council's risk appetite and risk appetite statements, considering how the Council defines and communicates the level of risk it is prepared to tolerate or accept in the pursuit of its strategic objectives.

5.5 Risk is also considered at general CLT meetings. In line with the Risk Management Toolkit, escalation of urgent and emerging risks should not be delayed by the quarterly cycle of CLT Risk & Assurance meetings, and urgent items on risk can be taken at any regular meeting of CLT.

6. Directorate Risk Registers

6.1 Directorate Management Teams maintain their own risk registers and formally consider risk on a regular basis. Directorate risk registers are due to be reported to the relevant Committee on a routine basis, and are also scrutinised at CLT Risk & Assurance meetings.

6.2 To streamline the reporting process for directorate risk registers (DRRs), the Internal Audit & Risk Management team has developed a standardised template for presenting DRRs to the relevant committees. This template approved by the CLT Risk and Assurance group, aims to promote consistency in the information provided to Committees when DRRs are reported.

6.3 The CLT Risk & Assurance Group meeting in February 2024 also clarified the arrangements by which DRRs should be reported to Committee, particularly for Directorates whose activity does not align to the scope of a single Committee (e.g. Place & Sustainability).

7. Risk Management System

7.1 The Council's current corporate risk management system is GRACE (Governance, Risk & Control Evaluation), which is a system shared with Milton Keynes Council, formerly part of the shared LGSS Internal Audit & Risk Management service. GRACE is a specialist risk management and audit software which was developed for use within the UK public sector. As the system is shared between the two Councils, access to the system is relatively low cost, and the Council has a corporate license permitting unlimited number of user licenses for the system.

7.2 Cambridgeshire was given notice by Milton Keynes Council in May 2024 of their intention to terminate this shared system arrangement. As such, during the 2024/5 financial year the Council will need to assess its requirements for a risk management system and its options for re-procuring a stand-alone system.

8. Role of Internal Audit & Risk Management service

8.1 The Head of Internal Audit & Risk Management at Cambridgeshire County Council has a role encompassing both Internal Audit and Risk Management support. Responsibility and accountability for implementing risk management activity is retained by management at Cambridgeshire County Council, including the assessment, control and mitigation of risk. The role of the Internal Audit & Risk Management service is to provide advice, support and facilitation for this process, rather than to undertake risk management activity directly, in order to maintain its independence.

8.2 As such, throughout 2023/24 the Internal Audit & Risk Management service has provided advice and guidance to services across the organisation on risk management; supported the update and review of corporate and directorate risk registers; and has facilitated risk workshops and both the CLT Risk and Assurance meetings and the Corporate Risk Group.

8.3 To enhance risk awareness and understanding among Members, a dedicated risk management training session was organised on September 14th 2023 and led by the Head of Internal Audit & Risk Management. This session covered the fundamental of risk management, the council's risk management policies and processes, and the role of Members in Overseeing risk management. A recording of the training is also available to all Members on an ongoing basis, via the Learning & Development portal.

8.4 The Internal Audit & Risk Management team is also developing eLearning on risk management. The initial draft of this training has now been provided to the Learning & Development team who will work with Risk Management to deliver a series of online learning modules which will be accessible to all staff, covering the following key areas:

- Introduction to risk management and risk management terminology
- How to develop a risk register
- Risk monitoring and the escalation and de-escalation of risks
- Systems for risk management at Cambridgeshire
- Case study looking at when risk management goes wrong

8.5 Recognising the need for dedicated resource to drive continuous improvement in risk management process, plans were put forward during the Business Planning process to introduce a designated Corporate Risk Manager position in the Internal Audit & Risk Management team for the 2024/25 financial year. This post went out to advert in May, with applications closing on the 23rd June.

9. Looking Forward and Next Steps:

9.1 The next steps for further developing and enhancing the effectiveness of risk management activity at Cambridgeshire County Council are set out in the updated Risk Management Strategy, which is attached at Annex C. The elements of Cambridgeshire County Council's Risk Strategy are aligned to the five key principles set out in the document *The Orange Book: Management of Risk – Principles & Concepts* (April 2023) published by the UK Government. These principles are: governance and leadership; integration; collaboration and best information; risk management process; and continuous improvement.

9.2 Some of the key actions for implementation in the 2024/25 year include:

- Implementing the new Corporate Risk Manager role to provide greater support and resilience for risk management activity, and using this role to re-implement a regular programme of risk assurance reviews within the Internal Audit & Risk Management service, to provide detailed assurance over the management of individual risks within the Corporate Risk Register.

- Developing a template to support officers in self-assessing the strength of controls in place to manage risks.

- Delivering the e-learning module on risk management which can be made available to all staff. Once completed this will be publicised internally via the intranet and to targeted staff.

- Developing the links between risk management, performance management and financial management

- A full Internal Audit review of risk management to be undertaken.

9.3 Progress with implementation of the Risk Strategy will be reported to CLT Risk and Assurance meetings and on to Strategy & Resources and Audit & Accounts Committee. Implementation of the actions outlined in the Risk Strategy will support the Council in moving towards a consistently ‘risk enabled’ approach to risk management.

Cambridgeshire County Council CRR

Risk | **01. ASC - The Council's arrangements for safeguarding adults with care and support needs fail**

Likelihood					
5					
4					
3					X/RA
2					
1					
	1	2	3	4	5

Consequence

Risk Owners	Patrick Warren-Higgs

Current Score	15
Risk Appetite	15
Previous Score	15

Last Review	17/06/2024
Next Review	15/09/2024

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
1. Inability to recruit, train and retain the level of skills required across the workforce to support safeguarding activity. 2. Governance arrangements for safeguarding are not robust or fail. 3. There is non-compliance within safeguarding practice guidance or processes. 4. Assurance measures fail or are not robust. 6. Internal organisational change impacts system safety. 7. External system/regulatory changes impact system safety. 8. Major incident results in spike in demand for services and/or inability to access Council systems, records, or buildings. 9. Commissioned Services fail placing increased demand on the system and safety is compromised	1. Vacancy rates - Vacancy rates in Safeguarding and Operational teams impacting on capacity to undertake safeguarding activity. 2. Volume of safeguarding referrals - Increasing volume of safeguarding referrals, some of which are inappropriate, requiring triage and management	1. Negative consequences are experienced by those with care and support needs and unpaid carers. 2. People lose trust in Council services and/or commissioned services. 3. Council is deemed to have failed in statutory duties. 4. CQC rating is impacted. 5. Decrease in government funding.

Controls	Adequacy	Critical Success
1) Adult Social Care Assurance. The organisation engages in the ongoing process of revising its practices and procedures to align with emerging local and national trends. This includes learning from local and national reviews such as Serious Case Reviews to continuously improve safeguarding measures.	Good	Regular reporting and providing practitioners with tools and support for following best practices are critical success factors. Regular reporting includes monthly highlight reports that are shared with the Head of Service, MASH governance reports that are submitted to the SAB Board, weekly summary information on the MASH status which are shared with the Head of Service, annual Safeguarding Adults statutory return. Annual self-assessments are submitted to the SAB Board which cover

Action Plans	Responsibility	Target Date
1. Performance Improvement Plan Improvement plan has been developed and agreed with key actions to take forward based on the peer improvement recommendations and national indicators. This is being reviewed fortnightly internally across key meeting groups and updated accordingly. The improvement plan considers DOLs in CCC, threshold assessments for people in care homes in CCC, adults and autism historical back log, OT waiting list. LD Health waiting lists linked to section 75 agreements, care and support plan delays, including brokerage of increases or changes to care packages, financial assessment and financial data entry delays.		24/07/2024

		all safeguarding. we have the thematic audit cycle completed by QSPT and reported to PGB, each team has service level improvement plans and we have monthly managerial audits with a quarterly report and action plan - all held by QSPT and team managers are accountable for these. These are reported to PGB. Adult Social Care Practice Update newsletter is circulated fortnightly and is sent out to all staff within the Adults, Health and Commissioning directorate, keeping staff up to date with relevant information to support them and those they work with.
2) Skilled ASC Workforce To ensure high quality safeguarding, staff receive comprehensive training, ongoing professional development opportunities, and regular supervisions that reinforce safeguarding procedures and best practices, enabling them to maintain professional registration.	Good	A dedicated safeguarding training resource, with robust training programmes, annually reviewed, available multi-agency policies, themed audits are undertaken, robust training programs available, and an adult practice governance board provide assurance and oversight. The CCC Safeguarding training strategy outlines the training offered along with safeguarding training that is essential to each role across adult social care. Work is being completed on monitoring training compliance rates, and teams are asked to complete a manual check of all MCA / Safeguarding training
3) Multi Agency Safeguarding Multi-agency Safeguarding Boards and Executive Boards provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity. Coordinated work between multi-agency partners. Police, County Council, Health and other agencies who are key members of the Board and subgroups	Good	Regular reports are submitted to the SAB Board including MASH Governance reports, QEG reports including a data set submitted every 3 months) and annual self-assessments and shared working outcomes

4) Internal Quality Assurance Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance.	Good	Regular auditing and reporting. Ability to highlight good practice and areas for improvement, robust service level improvement plans developed as needed. Annual safeguarding thematic audit, monthly managerial audits and quarterly reports to PGB. Team level action plans held by managers and meet with PSW to discuss on a
5) Commissioned Services Regular monitoring of social care providers and information sharing meetings with other local organisations, including the Care Quality Commission and ICB are in place. ASC have a structure in place to raise, discuss and address provider quality concerns across the health and social care system. If improvements are not made, escalation routes are in place and progress and risks are continually shared with the CQC regulator	Good	Regular auditing and reporting. Ability to support providers at risk.
6) Coordinated work with system partners and agencies Coordinated work between multi-agency partners for both Adults and Children's. Police, County Council, and other agencies to identify child sexual exploitation, including supporting children and young people transitions to adulthood, with the oversight of the Safeguarding Boards.	Good	Effective and safe implementation; we have a number of task and finish groups - for example transitional safeguarding, MCA we have regular system wide groups - QEG.
7) Information Sharing with regulatory bodies. Continue to work with the CQC to share information.	Good	Regular reporting.
8) Manage demand Managing increasing demand and acuity to ensure adults receive right support at the right time. Regular DMT's to discuss and escalate issues.	Good	Daily monitoring of referrals and waiting time is in place to reduce waiting times and review priority levels to provide proportionate and time critical responses to those at risk.

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	02. CSC - Failure of the council's arrangements to safeguard vulnerable children & young people

Likelihood					
5					
4					
3					X/RA
2					
1					
	1	2	3	4	5

Consequence

Risk Owners	Martin Purbrick

Current Score	15
Risk Appetite	15
Previous Score	15

Last Review	20/06/2024
Next Review	18/09/2024

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
1. High caseloads in Children's Social Care. 2. Lack of financial resilience. 3. Non-compliance with safeguarding processes and procedures. 4. Inability to recruit and retain experienced Social Workers. 5. Lack of placement sufficiency to meet the needs of complex children and young people. 6. Major incident results in inability to access Council systems, records or buildings.	Each one below is linked to each of the triggers: 1. Children's social care caseloads are too high in some areas due to issues with recruitment and retention. (High likelihood) 2. Difficulty procuring affordable capacity for children's placements and Home to School Transport. (Medium) 3. Lack of robust assessments (undertaken in a timely way) of risk in relation to children & the family circumstances. Although recently launched revised practice standards, guidance and the focus on six key areas ('Big 6') has meant a focus on areas for improvement. (Medium) 4. Recruitment and retention has improved for those in management roles and more work is underway for recruitment of permanent social workers (Medium) 5. Difficulty procuring capacity for children's placements, although now working more closely with provider market and better recruitment of in-house foster carer placement underway. (High) 6. In terms of a major incident, there are business continuity plans (BCP's) in place whereby child protection lists would be obtainable if required. (Low)	1. Harm to child or young person awaiting or receiving services from the Council. 2. Reputational damage to the Council. 3. Financial impact. 4. Appointment of a Children's Commissioner and notice of statutory intervention issued by the Department for Education.

Controls	Adequacy	Critical Success
1. Multi-agency Safeguarding Boards and Executive Boards. Provides multi agency focus on safeguarding priorities and provides systematic review of safeguarding activity specific safeguarding situation between partners. The partnership has now requested a Cambridgeshire specific partnership Board (instead of one board across both Peterborough & Cambridgeshire). Work has started in developing this (May 2024)	Reasonable	The LA improvement board started in October 2023 and continues to provide independent scrutiny.
2. Information-sharing and coordinated work between multi-agency partners, providers, and regulators.	Reasonable	A review by Essex sector led improvement (SLI) partner to identify key areas of strengths

Action Plans	Responsibility	Target Date
1. Corporate response to Ofsted focused visit. Updated self-assessment completed and action plan has been drafted around the 7 recommendations made by ofsted. Previous outline of establishing a strengthening services board, however there was little appetite for this from partners. Therefore, the children's improvement board will be focused on the key areas for development.	Martin Purbrick	22/08/2024
1a. Workforce - building the right capacity within the workforce The action plan outlines activities within		31/03/2025

In particular Police, County Council and other agencies to identify child sexual exploitation, including supporting children and young people transitions to adulthood, with the oversight of the Safeguarding Boards. Regular monitoring of social care providers and information sharing meetings with other local organisations. An DfE advisor has recently started to develop some further work with the Board		and development. Recommendations are being added to the improvement plan along with other key areas.
3. Comprehensive and up-to-date Safeguarding Policies, Procedures and Practice Standards. Continuous process of updating practice and procedures, linking to local and national trends, including learning from local and national reviews such as Child Safeguarding Practice Reviews (SPR's).	Good	Several practice and processes have recently been reviewed and revised to ensure they are robust and includes; Our Practice Standards, Guidance and Toolkit (Big 6); Our Threshold document; MASH Manual and Guidance etc.
4. Safeguarding Training & Development Comprehensive and robust safeguarding training, ongoing development opportunities for staff, and regular supervisions monitor and instil safeguarding procedures and practice.	Good	Effective training and development ensures all staff understand and can implement key safeguarding processes. Social care academy launched on 20th November with new ASYE and International workers starting in January 2024.
5. Quality Assurance Framework. Robust process of internal Quality Assurance (QA framework) including case auditing and monitoring of performance.	Good	Recently revised and implemented new practice governance ensuring performance information is more accessible and training has been provided to ensure performance is monitored more closely. In addition, an audit schedule has been reviewed, updated and is underway. QA framework that is understood by all that are using it; reflects the lived experience of children; and helps with practice improvement, whilst supporting practice standards.
6. Clear processes for reporting concerns.	Good	Effective processes for

Workforce and building the right capacity within the workforce to ensure consistency, quality and timeliness and developing the workforce framework		
1b. Placement Sufficiency - the residential strategy is within the approval process Placement Sufficiency - the residential strategy has been drafted and is going through the approval process. Additional work around emergency placements, increase of foster-carers is also underway		31/03/2025
1c. Assessments - additional capacity to improve the quality, consistency and timeliness of assessments		31/03/2025
1d. Achieving permanence - permanence protocol is being introduced and a clear tracking process is being developed		31/03/2025
1e. Care leavers - Improving the pathway plan and beteer preparation for independent support Improving the pathway plan and completion rate, redevising the Local Offer and better preparation for independent support to young people from 14 years in care is being developed. In addition, building partner relationships to ensure Care Leavers are able to access support more easily.		31/03/2025
1f. Out of hours support - a review of the out of hours services will be completed		31/12/2024
1g. Homelessness 16/17 year olds - review of this area is planned to ensure a more joined up approach		31/03/2025
2. Recruitment of a permanent workforce Successful recruitment within management areas with over 90% of permanent Directors, Heads of Services, Service Managers and Team Managers. Over 70% of Social Workers are now		30/09/2024

Whistleblowing policy, robust Local Authority Designated Officer (LADO) arrangements and complaints process inform practice.		reporting concerns ensure that the response to concerns is timely and effective, with the involvement of appropriate partners.
7. Strength based approaches review After a review of the family safeguarding approaches, Cambridgeshire is developing a systemic practice model using strength based approaches	Reasonable	
Full leadership team recruitment A permanent and stable leadership team is in place and established to provide crucial leadership across Children, Education and Families.	Good	Permananent team in place and established

managers. Over 70% of Social Workers are now permanent. As part of the children's improvement work, there is a focus on ensuring the recruitment and support of children's workforce		
3. Children's Placement Sufficiency. Market engagement happened during January 2024 and Social Care & Commissioning working more closely together as a strong focus on recruiting in-house foster, showing early signs of success, however, there are still a number of children in unregistered placements Work to manage the local market with support from Commissioning services is underway to support placement sufficiency for Cambridgeshire. This action is likely to remain ongoing	Martin Purbrick	30/09/2024
4. Review of key areas of Children's, Education and Families services Essex diagnostics throughout 20023 has now been completed. CCC was successful in receiving additional Sector Led Improvement partner work and additional support throughout 2024 is planned. Essex is supporting Cambridgeshire with a sector led improvement review of key frontline services to help understand their strengths and key areas for development.		30/09/2024

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	03. The Council does not have enough budget to deliver agreed short and medium term corporate objectives

Likelihood					
5					
4					
3				X	RA
2					
1					
	1	2	3	4	5

Consequence

Risk Owners	Michael Hudson

Current Score	12
Risk Appetite	15
Previous Score	12

Last Review	18/06/2024
Next Review	16/09/2024

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
1. The Council spends more resources than it has by the end of the year and does not have sufficient reserves to cover cumulative variances. 2. Policies, procedures or governance framework for budget setting and monitoring fail or are circumvented. 3. Demand management, prevention or service reform activity is insufficient. 4. Inflationary pressures and market failures / supply shortages lead to rising costs. 5. Staff without appropriate skills, knowledge, experience. Greater staff turnover. 6. The Council is a victim of major fraud, cyber crime or corruption. 7. Failure to meet Safety Valve agreed trajectory - Council has to fund DSG High Needs deficit or jeopardises DfE funds. 8. Lack of clarity regarding central government grant allocations. 9. Commercial failure	1. Increased demand for services remains a key risk in care, SEND and related transport services. 2. Economic/market conditions - continued impact on supply of services by providers and impact on commercial factors remain due to higher interest rates. 3. Changes to government funding; short term national planning - these are not a risk for the short term but the uncertainy of changes increases the likelihood of risk. 4. Legislative and regulatory changes could impact but none noted at this stage. 5. Partnership risks - additional costs or reduced funding in collaborations. Change programmes require additional short term risk. 6. Waste management reforms; Industrial Emissions Directive. 7. Home to School Transport and children's social care placements markets. 8. Credit loss on long term debtors.	1. Council issues a s114 report or requires capitalisation direction. 2. Breach of prudential code or capital strategy benchmark/indicators due to levels of borrowing. 3. The Council does not deliver its statutory responsibilities. 4. People do not receive the services to which they are entitled or require, and may be harmed as a result. 5. Reputational damage.

Controls	Adequacy	Critical Success
01. Robust Business Planning process; demand/demography and inflation challenge.	Good	Continued support from CLT to act collectively to develop budget proposals which meet the financial challenge
02.Robust service planning, priorities cascaded through management teams and through Our Conversations process.	Good	Staff have clarity of what is expected of them and deliver services within the available budget. There is a clear timetable that links the business and financial planning.
03. Integrated resources and performance reporting (accountable quarterly to SR&P Committee), tracking budget, savings, activity and performance.	Good	A high percentage of saving proposals delivered in previous years. The focus on this tracking remains key to delivery

Action Plans	Responsibility	Target Date
01. Submission of credible revenue and capital plans into safety valve process to continue receipt of DfE payments. This will include: - Improved EHP reporting to monitor backlogs, reviews, etc for modelling and monitoring purposes. - Revised demand management projections.	Michael Hudson Martin Purbrick	30/09/2024
05. Programme and project delivery governance: Waste Management; Energy income mobilisation	Michael Hudson Frank Jordan	30/09/2024
06. Programme and project delivery MTFS 2025-29	Tom Kelly Joe Lacey-Holland	30/09/2024
07. Review of Financial Regulations	Tom Kelly	30/06/2024

		as savings required becomes harder with the funding uncertainty
04.Operational division Finance Monitoring Reports (accountable monthly to Service Committees), tracking budget, savings, activity and performance	Good	Finance reports produced on time, high accuracy, ownership by budget manager to forecast accurately and take actions as a result. Training continues to be provided to the budget managers.
05. Scheme of Financial Management, including Budget Control Report for the Council as a whole and operational divisions	Good	Clear budget process, effective engagement with it and compliance
06.Procurement processes and controls ensure that best value is achieved through procurement	Good	Realisation of procurement savings through competition. Basis for effective contract management and productivity. External Auditors have recognised the improvements in both procurement controls and operation.
07.Budget challenge and independent advisory: Finance and budget managers at all levels of the organisation to track exceptions and identify remedial actions	Good	Meeting of financial targets and deadlines. Political engagement and approval
08.Rigorous treasury management system plus tracking of national and international economic factors and Government policy	Good	Prudential Indicators met
09.Rigorous risk management discipline embedded in services and projects	Reasonable	Risk scoring
10.Adequate reserves	Good	Reserves held at recommended level as per section 25 statement
11. Integrated Financial Monitoring Report	Good	Received quarterly at S&R
12. Anti-fraud and corruption policy	Good	Organisational awareness campaigns
13. whistleblowing policy	Good	Organisational awareness campaigns

08. Review of Reserves	Michael Hudson	30/09/2024
09. Review of Commercial activities and risk	Michael Hudson	30/07/2024

14. Internal control framework	Good	Organisational awareness campaigns
15. Fraud detection work undertaken by IA, Counter Fraud	Good	Organisational awareness campaigns
16. Awareness Campaigns	Good	Organisational awareness campaigns
17. Anti money laundering policy	Good	Organisational awareness campaigns
18. Publication of transparency data	Good	Organisational awareness campaigns
19. Statutory Officer meetings	Good	The Statutory officers regularly review the financial standing as part of their set agenda and consider any actions for discussions with CLT, this included for example need for Vacancy Panel.
20. Safety Valve	Poor	The year end 23/24 position was significantly worse than forecast and base budget. The previous plan of action is being revised as is the service system and further discussions with DfE being held.

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	04. A serious incident occurs, preventing services from operating and /or requiring a major/critical incident response.

Likelihood					
5					
4					
3				X	RA
2					
1					
	1	2	3	4	5

Consequence

Risk Owners	Sue Grace

Current Score	12
Risk Appetite	15
Previous Score	12
Last Review	18/06/2024
Next Review	16/09/2024

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
1. Loss of large quantity of staff or key staff 2. Loss of key premises (including temporary denial of access) 3. Loss of IT, equipment or data 4. Loss of a key supplier 5. Loss of utilities or fuel 6. Decreasing resilience in CCC services due to ongoing financial constraints and cost reduction 7. Serious major external incident 8. Officer non-compliance with Business Continuity planning or processes 9. Co-operation and engagement of partners 10. An outbreak of infectious disease resulting in non BAU activity 11. A pandemic or localised outbreak resulting in non BAU activity	1. Ongoing risk of environment hazards such as flooding and severe weather 2. Pandemic 3. Cyber Attack / Cyber Crime (see Risk 09) 4. Possible power outages caused by gas shortages 5. Resource issues due to shared service 'decoupling'	1. Inability to deliver services to vulnerable people, resulting in harm to them 2. Inability to meet legislative and statutory requirements 3. Increase in service demand 4. Reputational damage

Controls	Adequacy	Critical Success
1. Corporate and service Business Continuity Plans Up to date business continuity plans available across the Council.	Reasonable	All services have up-to-date Business Continuity Plans which provide a clear and comprehensive plan for how services will respond in the event of a major/critical incident to minimise business disruption.
2. Corporate communication channels in case of emergency. The Emergency Planning team work with Communications Teams in Cambridgeshire and Peterborough to respond to any emergency incidents. The Council's Emergency Messaging System allows contact with staff via SMS in the event of IT system disruption.	Good	The Council is able to communicate effectively externally and internally in the event of a major/critical incident.
3. Cambridgeshire & Peterborough Local	Good	The Council is able to work

Action Plans	Responsibility	Target Date
Business Continuity Plan Testing Once the corporate review of BCPs is complete, the Emergency Planning team will re-implement a programme of service-level testing of BC plans and a corporate BC testing exercise.	Stewart Thomas	01/10/2024
Corporate review of Business Continuity Plans. Emergency Planning Team supporting service Business Continuity leads to review Business Continuity Plans.	Stewart Thomas	01/08/2024
IT Disaster Recovery Exercise	Michael Hudson	31/10/2024
Lessons Learned Implementing lessons learned from recent critical incidents and CLT MAGIC training resulting in a strengthened and improved programme of training and exercising for BCP & EP across the organisation	Stewart Thomas	01/09/2024

Resilience Forum The LRF allows multi-agency collaboration regarding local resilience issues. The LRF follows a clear process to allow agencies across the region to share information, plan and prepare for major incidents, and maintains a tactical response process.		effectively with other agencies across Cambridgeshire & Peterborough in responding to a major/critical incident.
4. IT disaster recovery arrangements Up to date IT disaster recovery plans in place.	Reasonable	ICT downtime and disruption to front-line business is minimised in the event of an IT critical incident or loss of data.
5. Resilient Internet feed	Good	
6. Corporate Emergency Plan	Reasonable	
7. Internal Audit of Business Continuity In April 2024 an internal audit was completed of Business Continuity.	Good	
8. Improved resilience through a strengthened EP & BC team As of June 2024 the EP has been restructured and additional positions have been recruited for resulting in a strengthened team. This has subsequently improved resilience.	Good	

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	05. Failure of corporate governance

Likelihood					
5					
4					
3					RA
2					X
1					
	1	2	3	4	5

Consequence

Risk Owners	Emma Duncan

Current Score	10
Risk Appetite	15
Previous Score	10

Last Review	17/06/2024
Next Review	15/09/2024

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
1. Major business disruption. 2. Lack of management oversight. 3. Negative inspection judgement . 4. Poor financial management. 5. Insufficient finance. 6. Personal Data is inappropriately accessed or shared. 7. Lack of awareness of or preparedness for legislative changes. 8. Lack of clear corporate policy framework. 9. Officer non-compliance with policy framework.	1. Current local financial pressures. 2. Ongoing national reduction in public sector funding. 3. Changes to statutory/Legislative duties. 4. Current major corporate restructures and service change. 5. Increasing instances of Councils not able to meet expenditure commitments due to pressures in the local government sector.	1. Harm to people as a result of them not getting services they need or are entitled to. 2. Criminal or civil action against the Council. 3. Negative impact on Council's reputation. 4. Lack of control over financial or operational delivery. 5. S114 Report or Public Interest Report. 6. S5 Report.

Controls	Adequacy	Critical Success
01. Monitoring Officer role.	Good	Lack of or reduced risk of successful legal challenge to decision making.
02. Annual Governance Statement (AGS).	Good	AGS process ensure that the Council reviews the effectiveness of its corporate governance arrangements and its compliance with the corporate governance framework.
03. Code of Corporate Governance (CoCG).	Good	Annual review of the Code of Corporate Governance provides assurance that the Council has a robust governance framework in place.
04. Business Planning process used to identify and address changes to legislative/regulatory requirements	Good	
05. The Council's Constitution, including Scheme of Financial Management, Contract Procedure Rules, Scheme of Delegation etc.	Good	Officers and Members comply with statutory obligations
06. Corporate Complaints procedure and response to Local Government & Social Care Ombudsman reviews.	Good	The Council can identify and respond to any breaches of legislative or statutory obligations.

Action Plans	Responsibility	Target Date
01. Corporate Response to the Covid Public Inquiry.		31/03/2023
02. Implement Action Plan from Annual	Emma Duncan	31/03/2025
03. CLT's commitment CLT to address audit action implementation in a timely manner and presenting their directorate assurance statements at Audit and Accounts Committee		01/09/2024
04. LGA Code of Conduct CCC to move to the LGA model of the Code of Conduct for Members		01/08/2024

07. Service managers kept up to date with changes by Monitoring Officer / Pathfinder, Government departments, professional bodies, involvement in regional and national networks	Good	Lack of or reduced risk of successful legal challenge to decision making
08. New Committee report template and process developed following the Governance Review. Key statutory and legislative considerations in Committee reports are highlighted in sufficient detail and signed off by key officers prior to submission to Committee.	Good	Committee papers and key decisions are scrutinised to identify any statutory/legislative impact.
09. Roles of Statutory Officers. inc. Head of Paid Service, Section 151 Officer, Director of Adult Social Services, Caldicott Guardian, etc.	Good	Active postholders for all statutory roles for the Council.
10. Statutory Officers Group Statutory Officers Group meetings to discuss corporate governance arrangements and issues, and to reflect on recurring themes relating to Council improvement.	Good	Regular scrutiny of corporate governance by senior officers.
11. Performance Management Framework Performance management is a tool that allows us to measure whether we are on track to achieve our corporate priorities. If we are off-track, we change our activities to improve service delivery, value for money and the outcomes people experience.	Reasonable	Clear information on organisational performance against objectives provided in a timely way to decision-makers.
12. Corporate Clearance Group The Corporate Clearance Group has been established to ensure draft reports receive sufficient corporate review prior to being submitted to Committee.	Good	All Committee reports are subject to corporate scrutiny and challenge to ensure that Committee decisions are taken on the basis of sufficient, robust information.

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	06. The Council's workforce is not able to meet business need

Likelihood					
5					
4					
3					X/RA
2					
1					
	1	2	3	4	5

Consequence

Risk Owners	Janet Atkin

Current Score	15
Risk Appetite	15
Previous Score	15

Last Review	11/06/2024
Next Review	09/09/2024

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
1. Skills shortage in key areas including partners. 2. Employee retention beneath optimal leading to unhealthy level of turnover. 3. Low levels of employee engagement. 4. Failure to achieve a healthy organisational culture and working environment. 5. Ineffective or inadequate workforce planning. 6. Financial pressures mean the Council is not able to offer pay in line with the market. 7. Decline in Council's reputation as an employer. 8. High absence levels. 9. Inability to recruit and develop staff 10. High volume of organisational change leading to loss of experience and knowledge 11. Working days lost to strike action/ industrial action 12. Competitive local labour market impacting recruitment locally.	1. Cost of living continues to be high, causing major concern for many of our workforce. 2. Acute skills shortage in key areas including partners. 3. Increased challenges across all areas of the council's functions in recruiting. 4. Changing expectations regarding how and where people want to work. 5. The extent and scale of change programmes being undertaken across the Council can heighten the likelihood of disruption and challenge with motivation and engagement. 6. Increasing demand in services. 7. Increased workplace expectations of employees.	1. The Council is unable to recruit & retain staff with the right skills and experience. 2. Failure to deliver effective services or meet commitments. 3. Reputational damage to the Council. 4. Low morale and negative impact on staff wellbeing. 5. Expenditure on costly interims or agency staff. 6. Workforce lacks relevant skills, knowledge and training and is not continually developed.

Controls	Adequacy	Critical Success
A. Fair Recruitment Policy. A Children's Workforce Board has been re-established under the leadership of the new DCS to focus on workforce challenges including recruitment. This meeting continues to focus on key areas of challenge and concern, engaging with our providers of agency workers as well around hard to fill posts to identify opportunities to improve candidate attraction and employee retention.	Good	Staffing levels become more stable to support service delivery.
B. Employee engagement survey activity. Full independent employee engagement survey carried out in September 2023 and will be re-run every two to three years moving forward to be able to track employee engagement levels and respond to changes in a timely manner.	Good	Employee Engagement is demonstrated through employees seeing the value of and therefore contributing to these opportunities to shape the organisation as an employer.

Action Plans	Responsibility	Target Date
Agile and flexible workforce Future workforce changes delivered through change programmes need to deliver increased flexibility of the workforce and more multi skilled roles.		31/03/2025
Children's Workforce Improvement Programme. Programme to address challenges in children's workforce retention and recruitment, launched in September 2022 and led by Chief Executive. This piece of work has broadened in scope and has now become part of the ongoing and independently chaired Children's Rapid Improvement Programme and incorporates the response to the Ofsted inspection.	Janet Atkin	31/03/2025
Employee Engagement Survey Follow up listening sessions have been carried out to gain deeper understanding of the	Janet Atkin	30/09/2025

C. 5 year People Strategy, endorsed by Members with accompanying action plan to ensure the right focus on recruitment, retention and talent management. New People Strategy has been launched and has a clear focus on the shifting employment market and employment challenges that the Council faces, to establish clear plans for the workforce.	Good	Clear workforce plan in place for the Council.
D. Dedicated Recruitment Team supporting the whole Council. Targeted recruitment campaigns and new e-recruitment system. The team engage with services to understand the specific and differing challenges that they face and target recruitment campaigns accordingly, as well as maximising usage of social media channels, and widely promoting initiatives such as the WeAreCambs campaign to promote the Council as an employer of	Good	The Council is able to recruit staff with the right skills and experience.
E. Staff appraisal system linked to performance management Comprehensive framework is in place to provide a clear and structured means of ensuring that everyone has meaningful performance reviews and clear outcomes to work to, as well as a focus on wellbeing and career development.	Good	Staff performance is quantifiable across the Council services.
F. Role of HR Business Partners. HR Business Partners work with services to anticipate and meet demands within service areas. BPs attend management meetings and meet Service Directors regularly.	Good	Services are supported in successful recruitment, engagement, development and retention of staff.
G. Annual report to Staffing and Appeals Committee Reports are delivered to Staffing and Appeals Committee in February each year setting out a clear review of the workforce profile and activity during the year as well as key policy changes, employee engagement activity and an update around employee wellbeing	Good	Impact of workforce policies and engagement is measured and evaluated to inform future policy development.
Grow our own strategy	Good	Gold status in the 5% Club by

employee engagement survey results so that a comprehensive set of actions can be captured under the People Strategy Action Plan. A further engagement survey will run in September 2025.		
Strategic Workforce Plan for Adult Services Development of a clear plan to address the workforce challenges faced by adult social care has been carried out, led by the Service Director for Adult Services with engagement from corporate teams such as HR and Finance.		31/07/2024
The values and behaviours framework has been reviewed in line with the new People Strategy. The People Strategy was approved in 2023 and work is underway to develop an action plan for approval by Strategy, Resources and Performance Committee that incorporates the outputs from the recently held Directorate listening sessions	Janet Atkin	31/07/2024
Work with the service directors to create a comprehensive L&D framework to support the wider People Strategy. Can only be completed once People strategy in place and agreed therefore target date to be aligned –June 2024	Janet Atkin	30/09/2024

Organisation wide commitment to using the grow our own approach to recruitment and retention challenges using apprenticeship, graduate development schemes and work experience opportunities to attract candidates		May 2025 demonstrating that 5% of our workforce or more are in earn as you learn roles. Full use of our apprenticeship levy without returning funds.
H. Report on quarterly basis to CLT and to management teams on workforce and performance. CLT received monthly reports on Health, Safety and Wellbeing. Quarterly dashboard reports on workforce matters including absence and turnover are provided to Directorate Management Teams for them to keep a focus on their workforce profile and any emerging or potential concerns.	Good	CLT and Directorate Management teams are able to identify and address any emerging or potential concerns.
I. Use of Consultants Policy and Interim & Agency Workers Policy. Clear policy is in place to guide managers through the process to ensure that Procurement Rules are adhered to and value for money is at the heart of decision making.	Reasonable	Hiring managers use appropriate and compliant routes to market to obtain interim, agency staff and consultants.
J. Agency Staff framework with Opus. The agency worker policy clearly stipulates that Opus Cambridgeshire should be the source of all agency workers unless they are unable to provide them in which case there is an option to source alternatively.	Good	Hiring managers use Opus as an accessible and cost-effective route to market for agency staff and as a provider of the skills and expertise we need to reach through our joint venture.
K. Well established consultative framework with trade unions. Meetings take place monthly, chaired by Service Director, HR. Chief Executive joins the meetings on a quarterly basis.	Good	Well established and positive relationships enable constructive discussions with trade union colleagues around any challenging workforce related matters, as well as an opportunity to gain valuable insights and contributions to help shape policy development.
L. Effective Learning & Development platform and work of the Learning & Development team. Comprehensive learning offer that covers a wide range of topics and is delivered in a variety of ways to maximise accessibility for people.	Good	Staff are able to access targeted learning and development opportunities and the Council can monitor training undertaken.
M. Equality Diversity & Inclusion Working Group.	Good	The Council has a strong culture of equality, diversity and

EDI Working Group meets monthly to discuss EDI issues and engage staff across the organisation.		inclusion which supports staff engagement and retention.
N. Employee Wellbeing offer Wellbeing is key to a healthy workforce as well as healthy levels of employee engagement. An Employee Engagement & Wellbeing Advisor post is now in place to maintain the ongoing development of resources to support the workforce.	Good	Staff are supported to maintain wellbeing, reducing absence and supporting employee engagement and retention.

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	07. Failure to Deliver Key Council Services

Likelihood

5					
4					
3					RA
2					X
1					
	1	2	3	4	5

Consequence

Risk Owners	Stephen Moir

Current Score	10
Risk Appetite	15
Previous Score	10

Last Review	17/06/2024
Next Review	15/09/2024

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
01. This risk may be triggered by the realisation of any of the other risks on the Corporate Risk Register: - Failure of safeguarding arrangements (Risks 1 and 2) - Failure of financial management (Risk 3) - Impact of a major/critical incident (Risk 4), cyber attack (Risk 8) or climate change (Risk 12) - Failure of corporate governance (Risk 5), key contracts (Risk 10) or partnership and collaborative working (Risk 11) - Insufficient workforce (Risk 6) - Failure to comply with Information Governance legislation (Risk 9) 02. Changing county demography and high levels of growth create pressure on Council resources and increase the risk that funding does not match demand; this may also be exacerbated by weak demand management process within the Council. 03. Failure to identify changing policy or legislation, or an inability to respond to changes in policy or legislation. 04. Failure to develop, effectively communicate and implement clear Council strategies and service plans, including the Business Plan. 05. Insufficient corporate oversight of performance. 06. Non-compliance with corporate policies and procedures. 07. Failure of arrangements for health and safety.	01. Changes to legislation or Government policy having an adverse impact upon Council services and funding. 02. Local Government Financial reforms and funding reductions leading to direct upon Council budgets. 03. High levels of growth in Cambridgeshire outstripping forecasts and creating increased demand for key services. 04. Pandemic or other form of long running incident. 05. Organisational changes impacting service delivery. 06. Economic uncertainty due to national and international events 07. Political changes arising from General or Local Elections impacting upon service priorities. 08. Commissioned service providers unable to continue service (if not managed under Risk 10)	01. Harm or risk to vulnerable people. 02. Financial penalties 03. Reputational damage to the Council. 04. Government or regulatory intervention/sanctions. 05. Statutory penalties or prosecution.

Controls	Adequacy	Critical Success
1. Role of the Corporate Leadership Team for the operational delivery of services CLT have a leading role in ensuring that the Council delivers key services and legislative requirements. Individual Executive Directors have Service Plans setting out the required delivery from their teams for the year ahead.	Good	The Corporate Leadership Team has clear terms of reference and regulary reviews service performance dashboards, financial reporting, workforce information, contract/commissioning and audit and risk matters.
2. Policy and Budget Framework	Reasonable	The Council's Strategic

Action Plans	Responsibility	Target Date
1. Redevelopment of the Council's Performance Framework.	Sue Grace	09/07/2024
2.Preparation for Full Council Elections	Sue Grace Stephen Moir	31/12/2024

A clear, approved Policy and Budget Framework for the Council (including the Strategic Framework, Medium Term Financial Strategy, Capital Programme and Treasury Management Strategy).		Framework should set the high level Vision and Ambitions for the authority, from which individual service plans should be developed and delivered.
3. The role and responsibilities of Council and Committess for decision making and scrutiny Full Council and through Council Committees there is robust overview, scrutiny and challenge in respect of the delivery of key services, performance reporting and the development and approval of policy and strategy for the Council.	Good	Council and Committees have cleared, defined constitutional roles and terms of reference, with clear schemes of delegation. Each Service/Policy Committee has a clear agenda and training plan. Committee governance and effectiveness is the subject of review during each Council
4. Systems providing oversight of Council performance and service delivery. The Council's Performance Framework and Key Performance Indicators, along with associated systems for identifying performance issues such as the Complaints Procedure and Feedback Policy, provide corporate oversight of performance and delivery of key services	Reasonable	Councillors and the Corporate Leadership Team have a robust overview of service performance, delivery and risks to enable scrutiny, accountability and performance improvement activities.
5. Demand forecasting. The Council operates forecasting mechanisms to inform budget setting and long-term planning. This includes placement sufficiency processes to inform provision of school and early years places.	Good	The Council has an accurate view of likely demand for services, from both a demographic, inflationary and needs basis, in the short and long term to inform business planning.
6. Policy Horizon Scanning The Council operates an approach to policy and horizon scanning, to understand and assess the potential implications arising from policy, legislation and regulation that may impact the authority as a consequence of any change to Government due to the General Election.	Reasonable	The Council is aware off and able to inform, influence and respond to likely changes in policy from a new Government.

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

05. A comprehensive set of information and security policies.	Good	Policies reviewed and refreshed annually with redundant documents removed.
06. Established procedure for notifying, handling and managing data breaches	Good	Compliance with policy and clear reporting on breaches.
07. Subject Access Requests responded to within the statutory timeframe.	Good	Targeting compliance rate of 90% SARs completed within statutory timeframe.
8. FOI responses issued within the statutory timeframe.	Good	Targeting compliance rate of 90% FOIs completed within statutory timeframe.

best practice shared		

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	10. Failure of key contracts.

Likelihood					
5					
4					
3				X	RA
2					
1					
	1	2	3	4	5

Consequence

Risk Owners	Michael Hudson	Current Score	12	Last Review	12/06/2024
		Risk Appetite	15	Next Review	10/09/2024
		Previous Score	12		

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
01. Different partnership arrangements and/or contracts have conflicting aims or priorities. 02. Large scale handback / collapse of major suppliers for economic/profitability reasons 03. Supply chain failure and/or significant cost increases in supply chain or CPI. 04. The Council fails to identify key/business-critical contracts. 05. Lack of robust, formally agreed contract documents to set deliverables, performance and governance arrangements for all key contracts. 06. Failure to compliantly procure key contracts leads to legal challenge. 07. Contracts lack clear corporate owners; or contract owners have a conflict of interest between their CCC role and external interests. 08. Contracts fail to drive desired deliverables/outcomes through appropriate penalties/rewards. 09. Lack of in-house contract management expertise and/or capacity. 10. Third party fraud committed by or against suppliers and/or internal fraud or corruption in collusion with suppliers. 11. Relationship breakdown with key contractors, potentially leading to a legal dispute. 12. Heavy reliance on single suppliers leading to lack of a diversified supply chain.	01. Uncertainty and major change programmes underway within the Council. 02. Significant economic and inflationary volatility. 03. Industrial Emissions Directive and the Best Available Techniques conclusions (BATc). 04. Capacity and experience to deliver robust contract and supplier relationship management for key contracts. 05. Understanding of market conditions for the specific markets in which the key contracts sit.	01. Financial impact of credit loss or default on monies owed. 02. Revenue impact of increased costs or reduced income returns. 03. Interruption to outcomes and service delivery. 04. Construction quality and health & safety matters. 05. Reputational damage. 6. Failure to fulfil statutory duties.

Controls	Adequacy	Critical Success
01. Contract Procedure Rules and associated guidance and training.	Good	Clear set of regulations around contracting which are accessible and communicated to officers.
02. Contracts Register.	Good	The Council has a list of all contracts valued over £5,000, updated monthly and published quarterly in line with the Transparency Code regulations.

Action Plans	Responsibility	Target Date
Ensure compliance with Procurement Act 2023.	Clare Ellis	31/03/2025
Ensure compliance with Provider Selection Regime (PSR) for health care contracts		28/03/2025

03. Procurement Governance Board.	Good	Corporate oversight over the delivery of compliance with CPRs.
04. Business Continuity Planning processes.	Poor	
05. Head of Diligence & Best Value role.	Reasonable	Additional resource for deep dive scrutiny and challenge of contract management.
06. Corporate due diligence processes.	Good	Capability and capacity of suppliers is verified prior to entering into contracts valued over £100k, including checking e.g. insurance, accreditation, finance, health and safety etc.
07. Declarations of Interest processes within the Codes of Conduct for officers and members and within the Procurement Planning process.	Good	Responsible Officer and anyone involved in procurement evaluations has to sign a Declaration of Interest to ensure that any conflicts of interest are identified and
08. Corporate process for identifying key contracts and the use of the procurement pipeline.	Reasonable	Major procurements are planned well in advance and the risk of contracts is understood.
09. Budget monitoring and forecasting processes.	Reasonable	The risk of contract overspends is identified early and can be addressed effectively.
10. Contract Management Toolkit in place along with other supporting guidance. Contract management training is delivered to key contract managers via the Government Commercial Function.	Good	Officers know how to manage contracts effectively and use the Toolkit as part of their management processes.
Decision Making Framework for Joint Procurements A decision making framework has been agreed by CLT and will be used in all procurements valued over £100,000 where a joint procurement is being planned. This enables the risks of such a joint procurement to be identified and scored.	Good	The use of the decision making framework.

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	11. Failure of collaborative working.

Likelihood					
5					
4					
3				X	RA
2					
1					
	1	2	3	4	5

Consequence

Risk Owners	Sue Grace	Current Score	12	Last Review	31/05/2024
		Risk Appetite	15	Next Review	30/08/2024
		Previous Score	12		

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
01. Different partnership arrangements have conflicting aims or priorities. 02. The Council fails to identify and manage key/business-critical partnerships. 03. Lack of robust, formally agreed partnership agreements or equivalent to set scope, deliverables and governance arrangements for all key partnerships. 04. Partnerships lack clear corporate owners; or partnership owners have a conflict of interest between their CCC role and external interests. 05. Partnership agreements fail to drive desired deliverables/outcomes. 06. Relationship challenges and/or breakdown with key partners, potentially leading to a legal dispute and potential longer term impact on collaborative working. 07. Policy or leadership changes in central government or local partnership organisations. 08. Lack of transparency regarding the operation of key partnerships.	1. Uncertainty and major change programmes underway within CCC and partner organisations. 2. Restricted budgets across sector, coupled with significant economic and inflationary volatility. 3. Current negotiations regarding LD pooled budgets.	01. Financial impact of partnership failure particularly where budgets are pooled. 02. Revenue impact of increased costs or reduced income returns. 03. Interruption to outcomes and service delivery. 04. Reputational damage. 05. Failure to fulfil statutory duties.

Controls	Adequacy	Critical Success
0.6 Alignment of Partnership Guidance with the Constitution Ensure continued alignment between Partnership Guidance for Officers and the Council's Constitution with its conditions for Members' and partnerships/outside bodies	Good	Partnership Guidance for Officers is reviewed whenever the Constitution is reviewed
01. Partnerships Advice & Guidance Document.	Reasonable	Clear guidance is available to Council officers and members on operating effectively in partnerships.
02. Grants to Voluntary Organisations Policy.	Good	Officers have clear guidance on how to manage award of grant monies effectively, to ensure that grants achieve best value and are awarded to partners who are able to deliver the

Action Plans	Responsibility	Target Date
01. Review and update Partnerships Advice & Guidance document linking in to the Appointments to Outside Bodies Process. Advice and Guidance document presented to CLT on 19/02/2024. Further amendments being made prior to publication on Camweb by end of July 2024. Toolkit and training will subsequently be developed with an anticipated launch by end of Q3.	Sue Grace	31/07/2024
02. Conduct a fact-finding exercise to review our key partnerships, engagements and collaborative work. Initial findings were reported to CLT in March 2024. Self-assessment of key partnerships will be conducted over summer 2024 to develop evidence base with a report to the Risk & Assurance Group in September 2024.	Sue Grace	30/08/2024

		who are able to deliver the agreed objectives.
03. Appointments to Outside Bodies Process	Good	Officers and Members have guidance on the law around serving on external bodies, and Democratic Services maintain a record of Member appointments to outside bodies.
04. Council’s Strategic Framework	Good	Clear statement of our Vision and Ambitions as a basis for our collaborative working.
05. Regular liaison with key partners ICS, CPCA, District & City Council, CAPALC (Cambs & Peterbr’ Association of Local Councils), CPSB (Cambs & Peterbr’ Strategic Board).	Good	Partners are clear about where they can work together for the benefits of the communities of Cambridgeshire

03. Identify opportunities for collaborative working around shared ambitions with our key partners Opportunities for collaborative working around shared ambitions with our key partners will be identified following the completion of the above	Sue Grace	31/12/2024

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Risk	NEW 12. Cambridgeshire County Council is not adequately prepared for the impacts of the changing climate

Likelihood

5					
4				X	
3					
2				T	
1					
	1	2	3	4	5

Consequence

Risk Owners	Frank Jordan	Current Score	16	Last Review	25/06/2024
		Target Score	8	Next Review	24/09/2024
		Previous Score	16		

Triggers	Likelihood Factors (Vulnerability)	Potential Consequences
1.Local government is not adequately funded to address the issues relating to climate change and to deliver climate mitigation, adaptation and/or natural capital enhancement at the pace and scale required 2.Lack of a clear regulatory environment to enable actions to manage climate change to be enforced. 3.Local strategic partnerships fail to align, deliver strategic coordinated action and clarify roles and responsibilities 4.Key national and local partners make decisions that undermine action and progress to deliver climate mitigation and nature related action 5.Internal skills, knowledge, resource and capacity do not keep pace with action delivery requirements 6.Lack of awareness, skills, engagement and buy-in for climate and nature action within the Council at all levels and across all services 7.Council's Budget Position does not enable key projects to reduce carbon, enhance nature or provide mitigation are able to be taken forward (Please Note Link Risk 3) 8.Supply chain is insufficiently developed to deliver low carbon solutions, adaptation and/or biodiversity enhancements at required pace, scale and cost	1.Significant longer-term costs, impacts on assets and demand for services which impacts on the financial position of the County and the Council 2.Increased cost to council services to mange climate impacts on service delivery – e.g. highways pot holes, increased number of service users from flooding, or school closures from overheating; increasingly complex needs etc 3.Undermining of business continuity and deliverability of statutory functions and legislative requirements due to climate impacts impeding Officers and/or service users delivering or accessing services 4.Significant reputational damage associated with lack of action by the Council to support its communities to cope with increased extreme weather events – e.g. flooding, overheating 5.Significant political and reputational damage to the Council for not acting on the climate emergency that has been declared. 6.Raised political tensions with partner local authorities where CCC does not deliver actions due to budget constraints which then undermines partnership collaborations. 7.Potential for community and business legal challenges on the Council's failure to deliver the Council's duties	1.Increased demand on council services and budgets limits capacity for investment into carbon, adaptation and nature related projects 2.Other priorities with short-term acute challenges are prioritised – financially and/or officer capacity/resource - ahead of carbon, adaptation and nature related projects 3.national policy changes reduce the support for climate and/or nature action, undermining ability to prioritise projects, funding availability and/or ability for key partners to collaborate on coordinated action 4.Carbon, climate resilience and nature enhancements are not sufficiently embedded into service planning. 5.Inability to effectively quantify the cost impacts of the changing climate on council services and/or Cambridgeshire communities undermines ability to plan, fund and deliver resilience. 6.Existing culture – internal and external – regarding views on climate and nature issues and its relevant importance reduces deliverability of actions 7.Forecast annual Carbon reductions within the Council and County are not realised 8.New technologies and innovations are technically complex and/or challenging to implement

Controls	Adequacy	Critical Success
Climate Change & Environment Programme The programme is in place to manage and ensure delivery of the CCES and action plan (relates to 01 above)	Good	"Governance established feeding directly into Change Programme Board and Corporate Leadership Team (CLT). Recruitment underway to increase capacity. Phase 2 and Phase 3 mobilisation programmes developed"
Climate Change & Environment Strategy Council's Climate Change and Environment Strategy and Action Plan are in place to	Good	CCES approved, Phase 1 Enabling Net Zero Programme approved and mobilised.

Action Plans	Responsibility	Target Date
Annual review and update of the CCES Action Plan Annual review and update of actions within the CCES Action Plan to monitor progress towards targets. Remedial actions to service plans to update relevance of new and emerging technology, knowledge and political (local/national) ambition Integration of climate into land Asset & Property Strategy	Sheryl French	31/10/2024
CCES Programme Closure Plan	Sheryl French	30/06/2026

guide decarbonisation and nature recovery priorities.		
Climate Change and Environment Service The service supports, facilitates and delivers action across the Council including a watching brief on governmental policy, legislation and funding opportunities to enable pro-active responses to emerging changes.	Good	" Phase 2 JTF funding bid secured to support delivery of the CCES. Increase external funding success for climate/ decarbonisation/nature."
Community Flood Action Programme Programme in place to support communities to develop local flood action plans	Good	Growth in number of resilient communities and establishment of network of community flood action groups.
Embedding into council decision making processes Integration of climate and nature into Council decision making frameworks and processes	Reasonable	Committee reports include climate/ nature impacts. Net Zero design guide to support project management framework. Capital Programme Board carbon reporting.
Highways Impacts Programme Drainage systems management, Grip Cutting Programme, Peat Soil impacted roads action plan	Good	Cyclical gulley emptying is on track to complete the emptying of all known galleys within a two-year cycle. Assets have been plotted onto our Kaarbontech system. Drainage and Resilience Team have delivered programmed drainage repairs across the county"
Performance Management Reporting to monthly change Programme Board by the Executive Director Place & Sustainability	Reasonable	Unlocking organisational barriers for implementation.
Performance Management Annual monitoring of action plan and target delivery established	Reasonable	Baseline assessments in place for carbon and biodiversity.
Strategic CPCA Climate Action Delivery and Programme Management support to the CPCA Climate Change Action Plan.	Reasonable	CPCA pays for 3 days a week programme management support. Programme manager links into the Council climate work to feed through progress on CPCA funded projects.

Development of CCES Programme Closure Plan, embedding of the CCES Programme into "business as usual" and assurances for on-going monitoring of action delivery and targets		
Cleantech Sector Monitoring Collaboration and monitoring of the cleantech market to inform knowledge/skills/technology to support carbon emissions	Sheryl French	01/07/2025
Climate risk to council services Increase understanding of climate risk and its impacts on Council services including increased demand on services	Sheryl French	31/07/2025
Collaboration with Government On-going closer collaboration with government departments to share net zero and climate risk projects and programmes	Sheryl French	31/12/2024
Control effectivness Undertake an assessment of the controls to understand the confidence in these controls to manage the corporate risk	Sheryl French	31/12/2024
Embedding climate and nature into council processess Further integration of climate and nature considerations into existing Council structures, frameworks and governance	Joe Lacey-Holland	30/12/2025
Engagement Development and commence delivery of an Engagement and awareness campaign: To deliver behavioural change and empower individuals, communities and businesses to act independently of the Council: a) internal and b) external	Andrew Hadfield-Ames	31/12/2024
Funding & Resource Long-term Funding and Resource Plan is developed and approved (via business planning and other mechanisms, e.g. grant, changes to business case methodology etc) to support on-going delivery of CCES.	Frank Jordan	31/03/2026
Inclusion of biodiversity	Emma Fitch	31/03/2025

Strategic Partnerships and collaborations Continued involvement in various strategic partnerships/collaborative spaces to feedback information and establish collaborative working approaches e.g. Local Climate Change Officers Group, UK100, ADEPT, UKPN Innovation Teams, Biodiversity Officers group, Fenland SOIL.	Good	Sharing best practice for policy and delivery improvements.

Further embedding of Biodiversity Strategy and nature into the Climate Change & Environment Programme		
Internal Audit recommendations from 2023 review of the Climate Change and Environment Strategy Implementation of Internal Audit recommendations from 2023/2024 audit of the Climate Change and Environment Strategy	Sheryl French	01/07/2025
Net Zero KPIs Establishment of Net Zero/Climate KPIs and their quarterly reporting	Rachel Hallam	31/12/2024
Procurement Further integration of climate and environment (esp biodiversity) into procurement strategy and frameworks e.g. Climate Change Charter, implementation of the Social Value toolkit, training and support for commissioning officers, standard specification text etc.	Clare Ellis	31/12/2024
Public Health Public Health messaging to communities on climate related health impacts and how to manage these e.g overheating	Val Thomas	31/12/2024

Risk Path: Cambridgeshire County Council CRR/Cambridgeshire County Council

Risk Category:

Linked Objective(s):

Cambridgeshire County Council

ANNEX B

CAMBRIDGESHIRE COUNTY COUNCIL

Risk Management Policy

The aims of this policy and the supporting Risk Management Toolkit are to:

- Outline Cambridgeshire County Council's approach to risk management, including the identification, assessment, monitoring and mitigation of risk.
- Ensure that good practice in risk management is embedded across the Council throughout 'business as usual' policies, processes and activity.
- Help Council staff understand the key principles of effective risk management and risk management roles and responsibilities across the organisation.
- Establish the Council's corporate risk appetite and guide staff in managing risk in a consistent and proportionate way.
- Outline a clear corporate escalation process for new and emerging risks.
- Signpost officers to further detailed guidance and support on risk management.

Policy Owner
Name: Mairead Claydon
Post: Head of Internal Audit & Risk Management
Email: Mairead.Claydon@cambridgeshire.gov.uk
Version: 1.1 (reviewed June 2024, next review due June 2025)

1. BACKGROUND AND CONTEXT

1.1 There are many factors which might prevent Cambridgeshire County Council achieving its plans. We therefore adopt a risk management approach which is embedded throughout the entire organisation, with the aim of identifying, assessing and managing any key risks we might face. This approach is defined in this Risk Management Policy and the supporting Risk Management Toolkit.

1.2 Risk management is a fundamental element of the Council's Code of Corporate Governance, which enhances our organisation's strategic planning and prioritisation, supports us in achieving our objectives and strengthens our ability to be agile in response to challenges faced.

1.3 This Risk Management Policy is fully supported by the Council, the Chief Executive and the Corporate Leadership Team (CLT) who are accountable for the effective management of risk within the Council.

1.4 On a daily basis, all officers of the Council have a responsibility to recognise and manage risk in accordance with this Policy. Detailed information on roles and responsibilities for risk management is outlined in the Risk Management Toolkit (Section 3), along with in-depth guidance on how to implement this policy in practice.

2. WHAT IS RISK MANAGEMENT?

2.1 Risk can be defined as "an **uncertain** event which, should it occur, will have an effect on the achievement of objectives."

2.2 Risk management is the process by which the Council seeks to:

- **Identify** possible risks it may face;
- **Assess** the severity and likelihood of these risks, in order to **prioritise** them;
- Identify proportionate actions to minimise, monitor and **control** possible risks (or to maximise possible opportunities).

3. RISK MANAGEMENT OBJECTIVE

3.1 The objective of this Policy is to define a systematic corporate approach to risk management, which ensures that risks which might impact upon the achievement of the Council's objectives are identified and managed on a timely basis and in a proportionate manner.

3.2 Along with the associated Risk Management Toolkit, this Policy clarifies risk management roles and responsibilities across the organisation and seeks to ensure that good practice on risk management is embedded in everyday policies, processes and activity.

4 RISK MANAGEMENT APPROACH

4.0.1 The risk management approach adopted by the Council is based on identifying, assessing, managing and monitoring risks at all levels across the Council.

4.0.2 Detailed guidance on the application of the risk management approach is set out in the Council's Risk Management Toolkit. The Toolkit document can also be located on the staff intranet by searching for 'Risk Management'.

4.1 Identifying Risks:

4.1.1 The first step of risk management is to identify risks, factors, events or circumstances which could impact on the organisation's ability to achieve its objectives. For example, the Council not having enough budget to achieve its objectives, or the Council being a victim of cyber crime are risks that we always face.

4.1.2 When risks are identified, the possible triggers of each risk should also be articulated. A trigger is an event or condition that causes a risk to occur; identifying triggers therefore assists in identifying any controls or mitigating actions necessary to prevent the risk occurring, or to recover quickly should a risk occur. Finally, the owner of each risk should be identified, preferably at an individual officer level (post title).

4.1.3 Section 4.1 of the Risk Management Toolkit provides additional guidance and prompts to support officers in identifying the types of risk they may be facing. Further guidance and support on the risk identification process, including facilitation of workshops, can be obtained from the Internal Audit & Risk Management service.

4.2 Assessing Risks:

4.2.1 The risk should next be assessed to identify the likelihood of the risk occurring as well as the potential consequences if the risk should occur. This is done by assigning a 'risk score' to each risk and identifying the arrangements in place to manage the risk or reduce the chance of it occurring.

4.2.2 The Council maintains a Risk Scoring Matrix (Appendix A) to ensure officers across the Council can take a consistent approach to assessing risks. Risk scores are calculated using the Matrix by scoring both the likelihood and potential impact of the risk on scales of 1-5, and multiplying those figures to get the risk score.

4.2.3 The risk should be initially scored, using the Risk Scoring Matrix, as if there were no arrangements in place to manage or mitigate the risk. This is known as the **inherent risk level**. Identifying inherent risk in this way benefits the organisation by providing a listing of all major risks faced, regardless of how well they are being managed in practice.

4.2.4 Next, officers should identify the key controls which are already in place to manage or mitigate against the risk. Risk can be managed or mitigated in the following ways:

- **Avoid:** The Council could decide not to start or continue with the activity which gives rise to the risk.
- **Transfer:** The Council can seek to transfer the consequences of a risk occurrence (for example, via insurance).
- **Reduction**: The likelihood of a risk occurring, or the impact if it does occur, could be reduced via policies and procedures in our everyday business processes. For example, our safeguarding policies and procedures seek to reduce the risk that a child or vulnerable adult comes to harm.
- **Recovery**: The Council can seek to reduce the impact of risks when they do occur through effective business continuity planning.

4.2.5 The risk should then be re-scored using the Risk Assessment Matrix, taking account of the key controls which are in place. This is the **residual risk level.**

4.2.6 The outcomes of this process of identifying and assessing risk should be captured in a Risk Register (see also Section 4.4, below). By following these steps, the Council ensures that it has a documented control framework for the management of all major risks. Further guidance may be found in Section 4.2 of the Risk Management Toolkit.

4.3 Managing Risks and Risk Appetite:

4.3.1 The residual risk score should be evaluated and an assessment made if this level of risk is appropriate, or if further action is required to reduce the risk in addition to the controls already in place.

4.3.2 The Council has defined its **maximum risk appetite** as not accepting a residual risk score of 16 or more unless actions are planned to reduce the score to below this level on a timely basis. In exceptional circumstances, the Strategy and Resources Committee can approve a residual risk in excess of the risk appetite if it is agreed that it is impractical or impossible to reduce the risk level below 16. Such risks should be escalated through the management reporting line to Corporate Leadership Team (CLT) before being presented to the Strategy and Resources Committee.

4.3.3 If the residual risk is too high, a documented action plan must be designed to reduce the risk to below the risk appetite in a timely way. Individual actions must be assigned to a named owner, and an achievable specified target date for completion set. It is not acceptable to set a target date of 'ongoing' for actions, as this does not facilitate the effective management of action delivery.

4.3.4 Further guidance on managing risks may be found in Section 4.3 of the Risk Management Toolkit. If officers feel they are not able to identify achievable actions to reduce the risk to an appropriate level in a timely way, this should be escalated through the management line.

4.4 Recording Risks:

4.4.1 Once identified, risks should be recorded in a Risk Register. Under this policy, as a minimum the Council is required to maintain:

- A **Corporate Risk Register** (CRR) capturing the organisation's key corporate risks that could threaten the Council's operations as a whole. The CRR is held on GRACE, the Council's corporate risk management system; is managed and overseen by the Corporate Leadership Team (CLT); and is reported to Strategy & Resources Committee.
- **Directorate Risk Registers** (DRR) identifying risks that could threaten day-to-day operational activities within each Directorate. DRRs must be held on GRACE; managed and owned by Executive Directors; and are reported to the relevant Service Committee.

4.4.2 Individual services and sub-directorates should also consider their arrangements for identifying, recording and managing risks. Individual services, projects and programmes which manage significant risks on behalf of the Council as a whole should ensure that they maintain sufficient documented risk management records.

4.4.3 Below the Directorate level, there is no corporate requirement to use the GRACE risk management system for risk registers. Officers seeking to use the GRACE system should contact the Internal Audit & Risk Management team internal.audit@cambridgeshire.gov.uk to obtain system access and training.

4.4.4 Services/projects are able to use whatever risk register format suits their needs, provided it can be demonstrated that this facilitates effective risk management in line with the principles of this policy. Specific services or business areas (such as project management, contract management, etc.) may set their own requirements for risk management processes, and officers should consult the relevant policies/procedures to ensure they are familiar with any such requirements. Further guidance may be found in Section 4.4 of the Risk Management Toolkit.

4.5 Risk Monitoring & Reporting:

4.5.1 The frequency of risk monitoring should take into consideration the speed at which risks are emerging and the level of their materiality, rather than being determined by organisational administrative cycles. However, a full formal review of risk should be undertaken on at least a quarterly basis at all levels of management (i.e. CLT, directorate, service, etc.). Guidance on what these reviews should cover as a minimum is provided in the Risk Management Toolkit, Section 4.5.

4.5.2 Managers should have regard to potential risks at all times and should use the risk management approach to help them analyse and manage risks at the point they are identified. Officers should not wait for the next formal quarterly review to escalate concerns or serious emerging risks, but should escalate via normal management reporting lines (see also Section 5, below).

4.5.3 Directorate Risk Registers should be reported to the relevant Committee at least every six months, and more frequently if there is a significant change in risk profile. The Corporate Risk Register will be reported to Strategy & Resources Committee and Audit & Accounts Committee on at least a six monthly basis, or more frequently to reflect any significant changes in the corporate risk profile.

5. RISK ESCALATION PROCESS

5.0.1 A key principle is that risk should be managed at the lowest appropriate level of management. The risk management process should enable emerging or worsening risks to be escalated to more senior levels of management for awareness and effective action planning. Conversely, where risk levels are reducing, risks should be de-escalated accordingly.

5.1 Escalation to the Directorate Risk Register:

5.1.1 There may be times when a risk that has been identified/managed within a service, project or programme needs to be escalated to the Directorate Risk Register (DRR). This should be managed through Directorate Management Team (DMT) meetings. Risks with a score of 16 or higher must be escalated to the DRR and on to the Corporate Risk Register; but below this, it will also be appropriate to escalate risks based on the best judgement of officers rather than a specific risk score.

5.1.2 Examples of situations when it may be appropriate to escalate risks, and additional guidance on escalation processes, are set out in Section 5 of the Risk Management Toolkit.

5.2 Escalation to the Corporate Risk Register:

5.2.1 Identified risks within Directorate Risk Registers may need to be escalated for inclusion into the Corporate Risk Register. Risks will need to be escalated if:

- The risk remains red (above the agreed risk appetite) according to the Risk Scoring Matrix in Appendix A after all available mitigations have been implemented, and;
- The relevant director deems the risk to be a significant risk to the organisation as a whole.

5.2.2 To escalate a risk to the Cambridgeshire Corporate Risk Register: first the relevant Directorate Management Team must agree that the risk meets the escalation criteria above and recommend it goes forward to be included within the Cambridgeshire Corporate Risk Register. A paper outlining the risk should be taken to the next available CLT meeting and, if agreed, escalated from that meeting on to Strategy & Resources Committee.

6. PARTNERSHIPS AND CONTRACTS

6.1 This policy applies to all of the Council's core functions. Where Cambridgeshire County Council enters into joint working arrangements or partnerships, the principles of risk management established by this Policy and supporting guidance should be considered as best practice and applied where possible.

6.2 It is also expected that the Council's key contractors have risk management arrangements at a similar level, which should be established and monitored through commissioning processes and contract management arrangements.

6.3 Officers engaged in partnership working or contract management should ensure there are clear routes for risks to be communicated from partners/contractors to the Council and escalated onto Cambridgeshire risk registers where appropriate, in line with the principles set out at Section 5, above.

6.4 Further guidance on risk management within contracts, partnerships, projects and other business processes can be found in the Council's detailed Risk Management Toolkit, Section 3.2.

7. TRAINING and DEVELOPMENT

7.1 The Council recognises that the effectiveness of its risk management approach will be dependant upon the degree of knowledge of the approach and its application by officers and councillors. This will be supported through the delivery of formal training programmes, risk workshops, briefings and internal communication channels.

7.2 This Risk Management Policy will be subject to regular review, with updates to be approved by CLT and the Strategy & Resources Committee at least once every three years.

ANNEX B
Appendix A

CAMBRIDGESHIRE COUNTY COUNCIL

RISK MANAGEMENT SCORING MATRIX

The Council's Risk Management Scoring Matrix and supporting guidance seeks to ensure that officers across the Council take a consistent approach to assessing risks as part of the risk management process. Risk scores are calculated using the Matrix below, by scoring both the likelihood and potential impact of the risk on scales of 1-5, and multiplying those figures to get the risk score.

In assessing the **impact score**, officers should consult the Risk Impact Descriptors table at Appendix B of this document. In assessing the **likelihood score**, officers should consult the Risk Likelihood Descriptors table at Appendix C of this document.

Officers are also encouraged to consult the Council's Risk Management Toolkit, Section 4.2, for detailed guidance on the application of the Risk Management Scoring Matrix.

VERY HIGH	**5**	**10**	**15**	**20**	**25**
HIGH	**4**	**8**	**12**	**16**	**20**
MEDIUM	**3**	**6**	**9**	**12**	**15**
LOW	**2**	**4**	**6**	**8**	**10**
NEGLIGIBLE	**1**	**2**	**3**	**4**	**5**
IMPACT / LIKELIHOOD	**VERY RARE**	**UNLIKELY**	**POSSIBLE**	**LIKELY**	**VERY LIKELY**

Once **residual risk scores** have been agreed, they should be approached as follows:

Red: (scores 16 – 25) In excess of Council's risk appetite. Must be escalated to CLT (and on to Strategy & Resources Committee if CLT agree with the risk assessment). Officers must seek to manage the risk down to an acceptable level as a matter of urgency.

Amber: (scores 12 – 15) On the borders of the Council's risk appetite. Management should ensure that they are closely monitoring these risks and that they have arrangements in place to provide assurance over the effectiveness of the controls in place to manage these risks.

Yellow (scores 5 – 10) Risks should be recorded and reviewed quarterly to assess any increases in the risk score.

Green: (scores 1 – 4) Minimal risk. Monitor as necessary. No actions required.

ANNEX B
Appendix B

RISK IMPACT DESCRIPTORS TABLE

The following descriptors are designed to assist officers in scoring the impact of a risk, to ensure a consistent approach across the Council. The descriptions are a guide and there may be exceptions depending on the specific nature of the risk:

	Negligible (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Legal and Regulatory	Minor civil litigation or regulatory criticism.	Minor regulatory enforcement.	Major civil litigation and/or local public enquiry.	Major civil litigation setting precedent and/or national public enquiry.	Section 151 or government intervention or criminal charges.
Financial cost (per annum)	Less than £0.5m.	Less than £1 million.	Less than £5 million.	Less than £10 million.	More than £10 million.
Service provision	Insignificant disruption to service delivery.	Minor disruption to service delivery.	Moderate direct effect on service delivery.	Major disruption to service delivery.	Critical long term disruption to service delivery.
Safeguarding and Health & Safety	No injuries.	Low level of minor injuries.	Significant level of minor injuries of employees and/or instances of mistreatment or abuse of individuals for whom the Council has a responsibility.	Serious injury of an employee; and/or serious mistreatment or abuse of an individual for whom the Council has a responsibility.	Death of an employee or individual for whom the Council has a responsibility; and/or serious mistreatment or abuse resulting in criminal charges.
Reputation	No reputational impact.	Minimal negative local media reporting.	Significant negative front page reports/editorial comment in the local media.	Sustained negative coverage in local media or negative reporting in the national media.	Significant and sustained local opposition to the Council's policies and/or sustained negative media reporting in national media.
Environment	No or insignificant environmental damage.	Minor local environmental damage.	Moderate local environmental damage.	Major local environmental damage.	Major national or international environmental damage.

Cambridgeshire County Council

ANNEX B

Appendix C

CAMBRIDGESHIRE COUNTY COUNCIL

RISK LIKELIHOOD DESCRIPTORS TABLE

The table below provides guidance to officers on scoring the likelihood of risk occurrences, to support a consistent approach across the Council:

Score	Description
5 **Very High** (90%+)	Without action, is highly likely to occur. Annual similar occurrences in local government/Council history.
4 **Likely** (60%-90%)	Strong possibility. Regular similar occurrences known in local government/Council history.
3 **Possible** (40%-60%)	Might occur. Similar occurrences known in local government/Council history.
2 **Unlikely** (10%-40%)	Not expected. Rare but not unheard-of occurrence in local government/Council history.
1 **Very rare** (0%-10%)	Very unlikely to occur. No recent similar instances in local government/Council history.

ANNEX C

Risk Management Strategy 2024 – 26

1. Introduction:

1.1 Risk Management is the identification, assessment and prioritisation of risks followed by the coordinated and economical application of resources to minimise, monitor and control the probability or impact of unfortunate events/threats. Risk management can also play an important role in maximising the realisation of opportunities.

1.2 Cambridgeshire County Council does not seek to reduce all risk to the minimum possible level, as this would not be a proportionate use of scarce resources. Instead, our risk management processes aim to manage risk in a proportionate manner, relative to the severity of the risk.

1.3 Effective risk management is a critical part of good organisational governance, and as such the Council seeks to continually monitor, adapt and improve its risk management framework to address external and internal changes.

1.4 While the Council's Risk Management Policy and Toolkit documents define a clear and consistent approach to risk management across the organisation, this Strategy captures the development activity that the Council will undertake to ensure that its policy and procedures for risk management reflect best practice; are communicated effectively across the organisation; and are effectively complied with in practice.

2. Context:

2.1 This Strategy and Action Plan was originally developed following a Risk Maturity Assessment undertaken by the Cambridgeshire County Council Internal Audit & Risk Management service in April 2023, in line with Institute for Internal Auditors (IIA) guidance.

2.2 This assessment involved benchmarking the Council's risk management processes against a model framework, to identify any gaps in current arrangements as well as to help plan and prioritise actions to further enhance and embed effective risk management at Cambridgeshire.

2.3 The table below shows the maturity of risk management arrangements at Cambridgeshire County Council, as identified by the Risk Maturity Assessment in April 2023:

Risk Stages	Definition	No. areas at this level
1. Risk enabled	*Risk management and internal controls fully embedded into the operations.*	9 (56%)
2. Risk managed	*Enterprise approach to risk management developed and communicated.*	0
3. Risk defined	*Strategy and policies in place and communicated. Risk appetite defined.*	6 (38%)
4. Risk aware	*Scattered silo approach to risk management.*	1 (6%)
5. Risk naive	*No formal approach defined to risk management.*	0

2.4 The assessment identified that while 56% of areas reviewed at the Council were assessed as being ‘risk enabled’, the highest level of risk maturity in the framework, there was room for further development and improvement of some areas of the Council’s risk management processes, particularly with regards to compliance with some areas of corporate risk management policy and the need for co-ordinated risk training for Council officers and members.

2.5 This Strategy was initially prepared in response to the findings of the risk maturity assessment, with reference to the updated guidance document *The Orange Book: Management of Risk – Principles & Concepts* (April 2023) published by the UK Government. The elements of Cambridgeshire County Council’s risk strategy outlined below are aligned to the five key principles set out in the Orange Book.

2.6 The present version of the Strategy has been updated in June 2024 to reflect progress to date, rephasing of planned activity, and to incorporate further actions that have been identified during the 2023/4 financial year.

3. Objectives:

3.1 The chief objective of this Risk Strategy is to outline the key actions that will be undertaken by Cambridgeshire County Council to move to a consistently 'risk enabled' level of risk management maturity, reflecting that 'risk management and internal controls are fully embedded into the organisation's operations'.

3.2 These actions are captured throughout the document and in the Risk Management Action Plan, below.

4. Risk Management Strategy

4.1 Key Principles

4.1.1 The elements of Cambridgeshire County Council's risk strategy are aligned to the five key principles set out in the Orange Book: governance and leadership; integration; collaboration and best information; risk management process; and continuous improvement.

4.2 Principle 1: Governance & Leadership

"*Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.*"

4.2.1 At Cambridgeshire County Council, roles and responsibilities for risk management are set out in the Risk Management Policy & Toolkit. The CLT Risk & Assurance Group meets quarterly to scrutinise the Corporate Risk Register, and to consider reports on emerging risks and sources of assurance over risk. The Corporate and Directorate Risk Registers are regularly reported to Committee, and risk management activity is owned by management with guidance, advice and support provided by the Head of Internal Audit & Risk Management.

4.2.2 The Council has identified the following next steps to strengthen the leadership and governance around risk management:

Action:	Owner:	Due Date:
All Committees should receive a copy of the relevant Directorate Risk Register (DRR) in the first six months of 2023/24. [*N.B. implementation of this action was delayed by the need to clarify which DRRs should be reported to which Committee where there is a non-linear relationship between directorate and Committee structures*]	CLT	30th September 2024 [*previously 30/09/23*]
Internal Audit & Risk Management will develop a risk management e-learning module that can be made	Head of Internal Audit	31st October 2024

available to all staff. This will particularly include guidance on how to escalate risks between different management levels/risk registers. Once this is completed, it will be publicised internally via the intranet and to targeted staff including budget managers. [*N.B. draft training has been developed and shared with the Learning & Development team to create the eLearning, but the team currently have a busy work schedule so it is hoped to launch the training later in the year. In the interim, training has been rolled out to the Corporate Risk Group who have undertaken a range of different training sessions including identifying risk, escalating and de-escalating risks, and how to use the corporate risk management system*]	& Risk Management	[*previously 31/03/24*]
A risk management training session will be planned for Members, with all Members encouraged to attend.	Head of Internal Audit & Risk Management	COMPLETE
Internal Audit will review how the Corporate Risk Registers link into the new Strategic Framework and Performance Framework.	Head of Internal Audit & Risk Management	31st March 2025
An annual communications plan will be developed for risk management, to raise awareness among staff of the existence of the Risk Management Policy and Toolkit via the staff intranet, Friday Focus and other internal communication channels	Head of Internal Audit & Risk Management	COMPLETE
Appoint to new Corporate Risk Manager role in 2024/5 to develop greater capacity and resilience in corporate risk management support.	Head of Internal Audit & Risk Management	31st August 2024 [NEW]
Facilitate a Risk Management Workshop for members of the Strategy, Resources & Performance Committee.	Head of Internal Audit & Risk Management	12th June 2024 [NEW]

4.3 Principle 2: Integration

"*Risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives*."

4.3.1 At Cambridgeshire County Council, the Risk Management Policy & Toolkit outline how risk management activity should be incorporated into all aspects of organisational decision-making.

4.3.2 The Council has identified the following next steps to strengthen the integration of risk management processes:

Action:	Owner:	Due Date:
The Council should review how risk information is presented as part of decision-making processes and identify any areas for improvement, as part of the development of decision-making guidance to improve quality of report writing.	Service Director: Legal & Governance	COMPLETE
New project management procedures to include guidance on the routine management of risk for corporate projects.	Assistant Director: Policy, Insight & Programmes	COMPLETE
A process should be put in place to ensure all significant new revenue and capital projects are routinely and consistently assessed for risk as part of new project management procedures.	Assistant Director: Policy, Insight & Programmes	COMPLETE
Internal Audit to re-introduce the Corporate Risk Group on a quarterly basis with Risk Champion from each Directorate. This should ensure a wider range of perspectives are brought to bear on the CRR and will re-establish compliance with the Risk Management Toolkit.	Head of Internal Audit & Risk Management	COMPLETE
The Council should consider integrating the Corporate Risk group with an equivalent network of Performance Champions or similar.	Executive Director: Strategy & Partnerships	31st March 2025
The Council should consider integrating risk reporting alongside the performance/financial reporting received by Committees, to give a more holistic overview of the Council's performance.	Executive Director: Strategy & Partnerships	31st March 2025

4.4 Principle 3: Collaboration and Best Information

"*Risk management shall be collaborative and informed by the best available information and expertise*."

4.4.1 At Cambridgeshire County Council, the Risk Management Policy and Toolkit set out guidance on managing risk across partnerships, contracts and other relationships with third party organisations.

4.4.2 The Council has identified the following next steps to strengthen the risk management processes around collaborative, partnership and third party working and to ensure risk management is informed by the best available information:

Action:	Owner:	Due Date:
Review the guidance set out in the Risk Management Policy and Toolkit to update the guidance provided on managing risk across partnerships, contracts and other relationships with third party organisations.	Head of Internal Audit & Risk Management	COMPLETE
Corporate risk owners to review their risks to ensure all controls include details of the way(s) in which the risk owner obtains assurance that controls are a) in place and b) operating effectively. Where there are no assurances, these areas should be targeted for additional review to provide assurance that controls are indeed operating as expected.	CLT	COMPLETE
Risk management arrangements for partnerships and collaborative working arrangements to be set out in the updated Partnerships Advice & Guidance document following review.	Assistant Director: Policy, Insight & Programmes	COMPLETE
As notice has been given on the current shared iteration of the GRACE risk management system that Cambridgeshire shares with Milton Keynes, the Council will need to conduct a formal exercise to evaluate and procure a new risk management system.	Head of Internal Audit & Risk Management	31st March 2025 [NEW]

4.5 Principle 4: Risk Management Processes

"*Risk management processes shall be structured to include:*

a) risk identification and assessment to determine and prioritise how the risks should be managed;

b) *the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level;*
c) *the design and operation of integrated, insightful and informative risk monitoring; and*
d) *timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities*."

4.5.1 At Cambridgeshire County Council, the Risk Management Policy and Toolkit set out a clear approach to identifying and assessing risk, treating risk, and risk monitoring and reporting. The Council has set a defined risk appetite and risk matrix to support a consistent approach to risk across the organisation. The Policy and Toolkit are reviewed regularly and approved by the Strategy & Resources Committee. Risk assurance reviews are conducted by staff from within the Internal Audit & Risk Management service.

4.5.2 The Council has identified the following next steps to further develop Cambridgeshire County Council's risk management processes:

Action:	Owner:	Due Date:
Risk Management Policy and Toolkit to be reviewed and updated. Specifically this will include: incorporating the role of the new CLT Risk and Assurance workshops, and including a copy of the Terms of Reference for the group; reducing the requirement for Directorate Risk Register reporting to Committee to six monthly; updating guidance on the use of a single corporate system for risk management; and updating documentation where job titles/organisational structures have changed.	Head of Internal Audit & Risk Management	COMPLETE
The Strategy and Resources Committee has previously suggested that there should be a mechanism outside the current system to differentiate the severity of risks ranked on the 5x5 risk matrix. The Head of Internal Audit and Risk Management in consultation with CLT to reconsider other matrices, which includes weighting and other factors to help assess severity and importance.	Head of Internal Audit & Risk Management	COMPLETE
Reimplement the Risk Assurance Review process in 2024/5 to provide assurance over the management of risks across the Corporate Risk Register.	Head of Internal Audit & Risk Management	31st March 2025 [NEW]

Develop and share a template to allow risk owners to self-assess the effectiveness of the current control environment for their risks.	Head of Internal Audit & Risk Management	31st March 2025 [NEW]

4.6 Principle 5: Continual Improvement

"*Risk management shall be continually improved through learning and experience.*"

4.6.1 At Cambridgeshire County Council, the Head of Internal Audit & Risk Management prepares an annual report on risk management which is presented to CLT, Strategy and Resources Committee and the Audit & Accounts Committee. This considers the risk management environment at the Council and areas for further improvement and development.

4.6.2 This Risk Strategy document outlines the Council's planned approach to developing and improving its risk management framework over the next three years, and all the actions outlined in this Strategy support this principle. In particular, the following key actions are highlighted as supporting the principle of continuous improvement of risk management practice:

Action:	Owner:	Due Date:
A full audit of risk management will be undertaken in 2024/25. This will include a detailed review of Directorate Risk Registers (DRR); consideration of how risk management processes serve to communicate risks from partners and suppliers; looking at how risk management performance is assessed; and a staff survey to gain a deeper understanding of how embedded risk management is across the organisation. [*N.B. This action was delayed to enable this work to be undertaken in conjunction with the new Corporate Risk Manager post which has been created for the 2024/5 financial year*]	Head of Internal Audit & Risk Management	31st March 2025 *[previously 31st March 2024]*
Follow-up Risk Maturity Assessment to be conducted in Q4 2024/25, to assess the development of the organisation's risk maturity in light of the implementation of key actions from this Strategy.	Head of Internal Audit & Risk Management	31st March 2025
Council to consider commissioning an external review of risk management arrangements.	CLT	31st March 2026

Full review and refresh of the Risk Strategy to be undertaken.	Head of Internal Audit & Risk Management	COMPLETE

5. Implementation of the Strategy

5.1 The implementation of the Action Plan outlined in this Strategy document will be reported by the Head of Internal Audit & Risk Management to Corporate Leadership Team Risk and Assurance meetings on a six-monthly basis. The implementation of actions will also be reflected in the Annual Risk Report to Strategy & Resources Committee and Audit & Accounts Committee.

5.2 The Risk Management Strategy is not intended to be a static document. The Strategy and Action Plan will be informally updated on an ongoing basis by the Head of Internal Audit & Risk Management, taking into account the findings of internal audit reviews, the developing risk environment, and feedback from management and Members.

Audit and Accounts Committee Forward Agenda Plan

Updated 22nd July 2024

The following are standing agenda items which are considered at every Committee meeting:

- Minutes of previous meeting and Action Log
- Financial Reporting and Related Matters Update – Monitoring at each meeting, covering Integrated Finance Monitoring Report. Lead officers: Tom Kelly/Stephen Howarth/Michelle Parker/Eleanor Tod.
- Internal Audit Progress Report including progress of Implementation of Management Actions, Internal Audit Plan Update, Update on the value of the National Fraud Initiative and Risk Register. Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date. Lead Officer: Mairead Claydon
- Agenda Plan/Training

Meeting Date/ (report deadline)	Report title	Frequency of report	Director/ responsible officer	Report author
30/07/24	Draft Cambridgeshire County Council Statement of Accounts 2023-24	Annual	Service Director: Finance & Procurement	Tom Kelly
	External Audit Plan for Cambridgeshire Pension Fund 2022-23	Annual	External Auditor/ Investments and Fund Accounting Manager - Pensions	Sarah Brown/ Ben Barlow
	Consultants and Agency Worker Data	Six monthly	Head of Procurement and Commercial	Clare Ellis
	Annual Procurement and Commercial Report	Annual	Head of Procurement and Commercial	Clare Ellis
	Annual Risk Management Report	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
31/10/24	Audit & Accounts Committee Annual Report 2023-24	Annual	Head of Internal Audit & Risk Management	Mairead Claydon
	Review of the Committee Terms of Reference		Head of Internal Audit & Risk Management	Mairead Claydon

	External Audit Plan for Cambridgeshire County Council 2022-23	Annual	External Auditor/ Head of Finance	Sarah Brown/ Stephen Howarth
	Pension Fund Annual Report and Statement of Accounts 2023-24	Annual	Investments and Fund Accounting Manager - Pensions	Ben Barlow/ Fiona Coates
	Corporate Risk Register	Six monthly	Head of Internal Audit & Risk Management	Mairead Claydon
	Debt Management Update		Head of Revenue & Benefits	Alison Balcombe
30/01/25	Cambridgeshire County Council Statement of Accounts 2023-24 and Audit Results Report	Annual	External Auditor/ Head of Finance	Sarah Brown/ Stephen Howarth
	Consultants and Agency Worker Data	Six monthly	Head of Procurement and Commercial	Clare Ellis
27/03/25	Draft Internal Audit Plan 2025/26	Annual	Head of Internal Audit & Risk Management	Mairead Claydon

+ = indicates Exempt report