

AUDIT AND ACCOUNTS COMMITTEE



Date: Thursday, 22 November 2018

Democratic and Members' Services

Fiona McMillan
Monitoring Officer

14:00hr

Shire Hall
Castle Hill
Cambridge
CB3 0AP

**Kreis Viersen Room
Shire Hall, Castle Hill, Cambridge, CB3 0AP**

AGENDA

Open to Public and Press

- 1. Apologies for absence and declarations of interest**
Guidance on declaring interests is available at
<http://tinyurl.com/ccc-conduct-code>
- 2. 20th September 2018 Audit and Accounts Committee Minutes** **5 - 16**
- 3. Minute Action Log update** **17 - 24**
- 4. 31st October 2018 Minutes of Special Audit and Accounts Committee** **25 - 36**
- 5. Petitions and Public Questions**
- 6. Community Transport Action Plan - Update** **37 - 40**
- 7. Use of Consultants Report** **41 - 86**

8.	Street Lighting Energy update	87 - 90
9.	Review of Implementation of 'Change for Children Programme including development of Shared Services across Cambs and Peterborough	91 - 106
10.	Transformation Fund Monitoring Report Q2 18-19	107 - 114
11.	Draft Whistleblowing Policy and Manager Guidance Document	115 - 138
12.	Internal Audit Progress Report 1st September to October 2018	139 - 162
13.	Integrated Resources and Performance Report to end of August	163 - 190
14.	Audit and Accounts Committee Agenda Plan	191 - 200
15.	Date of Next Meeting -24th January	

The Audit and Accounts Committee comprises the following members:

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

Councillor Peter Hudson Councillor Noel Kavanagh Councillor Mac McGuire Councillor David Wells and Councillor John Williams

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

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AUDIT AND ACCOUNTS COMMITTEE: MINUTES

Date: Thursday, 20th September 2018

Time: 2.00pm – 5.05pm

Place: Kreis Viersen Room, Shire Hall, Cambridge

Present: Councillors: P Hudson, M McGuire, M Shellens, (Chairman), T Rogers (Vice Chairman) and D Wells

Apologies: Councillors Kavanagh and Williams

115. DECLARATIONS OF INTEREST

Councillor McGuire notified the Committee that he would leave the meeting prior to the start of the item regarding Community Transport.

116. PETITIONS AND PUBLIC QUESTIONS

No petitions or public questions had been received.

117. MINUTES AND ACTION LOG

The minutes of the meetings held on 30th and 31st July 2018 were agreed as a correct record and signed by the Chairman.

Members noted the Action Log and the update provided regarding the following items:

- Minute 92 – Energy usage by streetlights above target had been updated to account for part-night lighting and lighting funded by District and Parish Councils. The Chairman commented that the target required review and requested a report be presented in November that explained the recent trends in usage for street-lighting. **ACTION**
- Minute 108 – Debts had not been matched with income partly due to the migration to ERP Gold. A more rigorous suspense account had been established to improve management. The projection for year-end was unlikely to be zero but would be below the materiality threshold of the external auditor.
- Minute 108 – noted that the second cycle of the WGA data collection tool was presently being audited.

118. CHILDREN'S SOCIAL CARE CASELOADS QUARTERLY UPDATE

The Committee received a report that set out Children's Social Care caseloads. The presenting officer informed the Committee that caseloads had stabilised and drew attention to successful recruitment campaigns that had been undertaken to support the launch of the new social work model.

During the course of discussion Members:

- Sought greater clarity regarding paragraph 2.3 of the report. Officers explained that the Integrated Front Door which continued to have vacancies would be re-modelled where social workers were not required and alternatively qualified staff were offered roles, which had greatly improved the situation.
- Confirmed the cost of an agency social work was almost double that of a directly employed social worker.
- Noted that there were currently 18 agency social workers employed and they were gradually being released as the new social work model was rolled out.
- Noted that while it was not possible to provide forecast savings that would result from the new social work model in relation to agency staff not being employed, officers informed Members that the budget for agency staff was £240k and it was anticipated that it would not be used in the new-year. Officers agreed to provide further information.
ACTION.
- Confirmed that the recruitment stall at the national Community Care Live Conference was taking place in the last week of September and noted the optimism of officers regarding the recruitment opportunities it would provide.

It was resolved to:

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

119. DRAFT AUDIT AND ACCOUNTS ANNUAL REPORT 2017-18

Members were presented the draft annual report of the Audit and Accounts Committee that would be presented to Full Council.

In discussing the draft annual report Members confirmed that contact had not yet been made with Ernst and Young, external auditors, but would take place before the next meeting of the Committee.

It was resolved:

To review and comment on the report before it is submitted to Council.

120. INTERNAL AUDIT PROGRESS REPORT

The Internal Audit progress report was received by the Committee that provided detail of the main areas of audit coverage for the period 1st June 2018 to 31st August 2018 and the key control issues that arose.

During discussion of the report Members:

- Expressed surprise that Community Transport had not featured in paragraph 1.2 of the report.
- Noted that whistleblowing would become the sole remit of the Audit and Accounts Committee.
- Noted that with regard to the Highways Contract Review, issues had been experienced regarding software that had not been implemented by the contractor that was the basis for the contract governance.
- Expressed concern that the majority of the problems faced by the Committee was due to the failure of the Council to manage contracts effectively and highlighted a lack of contract managers within the organisation as a possible cause. Members noted that the Public Health directorate requested an audit of a poor performing Public Health contract which was an example of where concerns were being addressed before they became much larger issues.
- Commented that it was disappointing that the reporting mechanism had not been established prior to entering into the contract and it was essential that the contract was correct in the first place.
- Noted that there was an increased attention on monitoring contracts and their output that would be presented to a future meeting of the Committee. Members noted the limited resources through which contracts could be monitored and looked forward to receiving a further report and would consider whether a Committee review of contract management would be undertaken.
- Drew attention to the Deprivation of Liberty Standards (DOLS) assessments and expressed concern regarding the average assessment waiting times. Officers explained the context of DOLS and how the change of legislation had made the process challenging for Local Authorities to manage. Officers provided assurance that waiting

lists were managed continuously and cases prioritised appropriately. Members requested that a further report regarding DOLS assessments be programmed regarding the implementation of recommendations made by the audit. **ACTION**

It was resolved to:

Consider the contents of the report.

121. ERP GOLD IMPLEMENTATION REPORT

Members received a report that provided an update regarding the implementation of the Enterprise Resource Planning (ERP) Gold system. The presenting officer informed Members that the project was large and difficult to implement. It had also been adversely affected by Milton Keynes Council joining LGSS part way through the project.

The live application had encountered certain issues at launch. There was a backlog of invoice processing within the Accounts Payable team and it had taken time to reduce. Members were informed that the backlog in May 2018 stood at 9,000 invoices and this had reduced to 3,600. Members noted that some invoices were being held because they were in dispute.

The system, the presenting officer advised ran slow at certain times of day due to issues with the database and work was ongoing with the supplier to identify the cause and resolve it. LGSS was in contact with other Councils that had implemented the Unit 4 Businessworld System to understand whether they too had encountered similar issues.

Cambridgeshire County Council had also experienced additional challenges regarding remote access to the system which was an access issue rather than the system itself and IT were working to resolve the issue.

During discussion Members:

- Welcomed the progress that had been made regarding the processing of the backlog invoices and noted that some dated back to 2016/17 and were being reviewed.
- Noted that of the 3,600 invoices that were still to be processed, approximately 1,000 related to Cambridgeshire County Council, of which approximately 100 were on hold and being reviewed.
- Noted that the Accounts Payable team was now more established and the Tradeshift system that provided some atomisation was now running however, a greater number of suppliers needed to use it. A review of the system would be undertaken and suppliers encouraged to register.

- Questioned whether there would be an impact upon the year end accounts. Officers explained that there would be no impact as the purchase order was the commitment to pay the invoice.
- Expressed concern regarding the numbers of invoices that had no purchase order associated with them. There was further internal communications work planned to ensure purchase orders were properly used.
- Noted the issues relating to remote access, unique to Cambridgeshire County Council and expressed concern that additional funding had been provided to the project by the three partner Council's and issues persisted, questioning the quality of the testing undertaken.
- Drew attention to the table contained at paragraph 5.1 of the report and requested that it be presented to a future meeting of the Committee. Officers confirmed that the results should be ready by the end of September ready for the next Committee cycle. **ACTION**
- Confirmed that there were no additional costs being charged for by Unit 4 and that the ongoing work was being funded through the support contract including the remote access issue that was related to a software issue.
- Noted that with regard to staff training, classroom based learning would have been preferable however the limited resources available did not allow for that.
- Drew attention to an issue relating to timesheets and flexible working hours that could not be entered on to the system. Officers undertook to investigate further. **ACTION**
- Noted that the sickness reporting module was close to being launched.

It was resolved to:

Note the progress on ERP Gold Assurance.

122. REVIEW OF THE 2017/18 STATEMENT OF ACCOUNTS PROCESS

The Committee received the review of the 2017/18 Statement of Accounts process. Officers had completed a review of the closedown process for 17/18 and identified a number of areas that had arisen as a result of the external audit report and the implementation of ERP Gold, with there had been many process changes as a result of the migration to the new system.

An action plan had been developed and officers advised that an update would be presented at the November meeting of the Committee and each following meeting.

It was anticipated that a majority of the work required for the Statement of Accounts could be brought forward to month 9 or 10, rather than being completed at year end.

Members noted that officers would be completing checks using specialist software that would ensure double entry on the accounts was correct and complete high level checks that would assist the audit process.

During the course of discussion Members:

- Confirmed that the timetable for the 2018/19 Statement of Accounts was resourced appropriately.
- Noted the comments of the outgoing external auditor regarding the efficiencies that ERP Gold would afford in producing the accounts.
- Noted that much of the preparation work within ERP Gold for the production of the accounts had been completed and officers were now refining elements of the closedown template.
- Noted that a handover would take place between the incoming and outgoing external auditor, and the external auditor agreed to notify Members when the handover would take place. Members noted that BDO would retain responsibility for the 2016/17 and 2017/18 accounts.
- Noted that with regard to paragraph 2.4.6 of the officer report, vehicles, plant and equipment and were not capitalised and were charged as an in year expense unless there was a PFI agreement in place.
- Expressed concern regarding ERP Gold and whether the necessary functionality to produce the accounts would be available in time. Officers commented that the majority of the necessary functions would be available and they anticipated that improvements would be made year on year which was true of any system.
- Noted that the capital register could be inputted in advance.
- Noted that ERP Gold had been in use since April and the system was an improvement over the old one. There had also been a period of testing prior to launch.
- Questioned how dependent officers were on having a fully functioning ERP system to produce the Statement of Accounts. Officers advised that it would be challenging if the system was not fully functioning but would still be possible as long as the data was accessible. Members noted that it was true of any system old or new.

It was resolved to:

Note and comment on the contents of the report.

123. LEVEL OF OUTSTANDING DEBT

The Committee was presented a report that detailed the level of outstanding debt. Members noted that Councils across the country were struggling with collecting debt, especially debt that related to adult social care. Councils across the country are struggling with debt especially for ASC.

Members were informed that some managers did not have the skills to run debt reports and this was being addressed through training. The ERP Gold system brought greater automation and improved reporting that was constantly evolving. The Chairman and Vice-Chairman requested such reports be sent to them. **ACTION**

Members noted that the Collections Strategy had been updated in accordance with the launch of ERP Gold.

During discussion of the report Members:

- Considered that the targets set out at paragraph 3.1 of the report were not challenging enough.
- Requested that the Chartered Institute of Public Finance and Accountancy (CIPFA) report be circulated to Members when received.
ACTION
- Clarified that an invoiced amount became a debt on the 31st day following the issuing of the invoice.
- Confirmed that there was one temporary member of staff and two vacancies currently within a team of nine.
- Noted that regarding disputed invoices, report were run regularly and services chased in order to ensure action was being taken.
- Noted that organisations such as the NHS had different payment terms that could present issues regarding debt figures. Any invoices that were disputed by care providers or the NHS were forwarded to locality teams within adult social care for resolution.
- Clarified with officers that the interest that would be accrued annually on £18m would be approximately £200k.
- Requested that information relating to the initial total debt, the current debt position, how much had been written off and how much was secured or part of a payment plan, that demonstrates the relationship

to the Council's revenue budget be forwarded to the Committee.

ACTION

- Noted that in relation to the levels of long-term outstanding debt it was anticipated that levels would reduce and the position improve in coming months.
- Noted that it was anticipated that analysis of the causes of debt would be able to be undertaken in the future. The analysis would be able to provide greater clarity regarding those that were unable to pay invoices and those that would not pay.

The Chairman with the unanimous agreement of the Committee proposed to amend recommendation d) of the report in order that a further update would be provided in January 2019.

It was resolved to:

- a) Note the actions being taken to manage income collection and debt recovery
- b) That the 2018/19 debt reduction targets agreed last year were now applied in their entirety to debt aged over 90 days old at 31 March 2018 as follows:

	Adult Social Care	All other Sundry Debt
91+ day debt as at 31/03/18	£3,655k	£2,007
Reduction %	8%	15%
Reduction value	£286k	£298k
91+ day debt Target 31/03/19	£3,369k	£1,709k

- c) To note the revised collections strategy
- d) Agree that a further update will be provided in January 2019

124. INTEGRATED RESOURCES AND PERFORMANCE REPORT TO END OF JULY 2018

Members received a report that presented financial and business information to assess progress in delivering the Council's Business Plan.

During the course of discussion Members:

- Requested that additional narrative be included in the data presented in the outcomes indicators contained in the report.
- Expressed and emphasised concern regarding the financial position of the Council.

- Noted that significant additional investment was being made in children's services that reflected the increased demographic pressures and the higher cost placements that have to be used because lower cost placements were full. .
- Noted that the Council planned sustainable investment in preventative services
- Questioned why there had been a significant increase in the number of recorded children in need. Officers agreed to provide further commentary and circulate to Members. **ACTION**
- Noted that the costs associated to asylum seekers was offset by government funding but a deficit remained.
- Welcomed the results of the smoking cessation programme in the Fenland area through which 660 people had stopped smoking from the previous year.
- Requested further information regarding the Huntingdon link road.
ACTION

It was resolved to note the following recommendations to General Purposes Committee on 20th September 2018:

- a) Note the additional section 106 funding received as set out in section 6.8 of the officer report;
- b) Approve the allocation of the increased £112.7k Extended Rights to Free School Travel Grant to People and Communities so that it can be used for its intended purpose, as set out in section 7.2 of the officer report;
- c) Note the open purchase order reconciliation issue and the accounting entries required to correct the treatment, as previously recommended in the June 18 report, as set out in Appendix 3 of the officer report;
- d) Approve the -£18.8m revised phasing of funding relating to changes in the capital programme variations budget, as previously recommended in the June 18 report, as set out in Appendix 3 of the officer report;
- e) Approve the -£7.2m re-phasing of P&C's capital funding for the St. Neots Wintringham Park scheme, as previously recommended in the June 18 report, as set out in Appendix 3 of the officer report.

125. MEMBER WORKING GROUP - COMMUNITY TRANSPORT

The Committee received a report from the Chief Internal Auditor that sought the establishment of a Member Working Group to monitor the implementation

of the Community Transport Action Plan. Councillor McGuire withdrew from the meeting at this point.

The Chairman updated the Committee with regard to the progress that had been made since the meeting held on 31st July 2018. Members noted that Jo Philpott had resigned from her position at Fenland and Huntingdon Associations for Community Transport (HACT and FACT). The Council had issued contracts to FACT and HACT which had resulted in formal objection being received. Councillor McGuire had resigned as the Council's appointed representative on the board of HACT and FACT and Councillor Boden had been appointed.

The Chairman expressed concern regarding the draft grant agreement that had been produced in terms of quality and content. There were numerous errors within the document and repetitions. The document appeared to be a contract rather than a grant agreement.

Members made the following comments during the course of discussion:

- The responsibility to ensure proper licences and permits had been obtained was the responsibility of the organisation being contracted to provide the service and suggested a checklist for the Council to provide assurance.
- Drew a distinction between the requirements for transporting adults and children in terms of safeguarding.
- Suggested that LGSS Law be requested to comment on the draft grant agreement and provide a steer regarding wider liabilities if issues arose.
- Noted that the view of Internal Audit related to the process and governance arrangements regarding the establishment of the agreement and not the overall quality of the document.
- The Chairman advised that he would review the action plan and the minutes of the meeting held on 31st July 2018 with Internal Audit.

It was resolved:

To agree to the creation of a Member Working Group.

125. FORWARD AGENDA PLAN

The Committee received its forward agenda plan. The Committee noted the following amendments and updates.

- Outstanding level of debt update would be presented in January 2019 rather than March.

- Street lighting usage report to be presented in November 2019

It was resolved to note the forward agenda plan.

Chairman

AUDIT AND ACCOUNTS COMMITTEE MINUTES ACTION LOG FOR 22nd NOVEMBER 2018 COMMITTEE MEETING

<u>NO</u>	<u>TITLE OF REPORT / MINUTE AND ACTION REQUESTED</u>	<u>LEAD</u>	<u>PROGRESS / RESPONSE</u>
ACTIONS ARISING FROM THE MINUTES OF THE JULY 2016 COMMITTEE MEETING			
1.	MINUTE 226. MINUTES		
	<p>Minute 213 'Systems in place to ensure that Section 106 Funds do not go unspent'</p> <p>The November 2016 Committee meeting agreed that updates either to the Committee or to the Chairman should be provided on a six monthly basis.</p>	Tom Kelly	<p>Next update due in March 2019. (Action: Tom Kelly)</p> <p>ACTION ONGOING</p>
ACTIONS ARISING FROM THE MINUTES OF THE 29th NOVEMBER 2016 COMMITTEE MEETING			
2.	MINUTE 261 – CAMBRIDGESHIRE COUNCIL WORKFORCE STRATEGY UPDATE		
	<p>There was a request that once implemented, there should be a regular quarterly report on the Action Plan progress.</p>	Martin Cox / Lynsey Fulcher	<p>The report submitting the final Strategy for endorsement by General Purposes Committee and for final approval by full Council has been rescheduled a number of times since the report to the November 2016 Committee. The intention now is that it will be included as part of the Business Plan to go to the January meeting of GPC and Council in February. ACTION ONGOING</p>

ACTIONS ARISING FROM THE MINUTES OF THE 23rd JANUARY 2018 COMMITTEE MEETING			
3.	61. AUDIT AND ACCOUNTS MINUTE ACTION LOG FOR JANUARY 2018		
	a) Audit and Accounts Training Plan – Running through the detail of a non-contentious project - It was originally agreed that the session requested by the Chairman, should be before the March meeting.	M Kelly	<p>This was to have been held before the January Committee meeting. However, due to officer illness on the day of the Committee, this session had to be postponed and a new date arranged.</p> <p>As agreed at the May 2018 meeting that having consulted with the Committee, the Chairman was still keen for Internal Audit to offer this training to the Committee. Internal Audit to liaise with Chairman on finding a suitable date in the autumn.</p> <p>ACTION ONGOING</p>
ACTIONS ARISING FROM THE MINUTES OF THE MARCH 2018 COMMITTEE MEETING			
4.	MINUTE 77 - DRAFT INTERNAL AUDIT PLAN 2018-19		
	Action: Internal Audit look at lower contract thresholds for reassurance (to ensure greater value for money was being achieved) and also to look at the administrative cost of procurement compliance.	D Wilkinson / Mairead Kelly	<p>These would be undertaken as part of the reviews included in the Internal Audit Plan being undertaken.</p> <p>Economy and Environment Committee at their meeting in April when considering the Ely Bypass overspend Capital Report requested that Internal Audit should review this project as part of one of the reviews on capital project overspends to establish whether any lessons could be learnt going forward.</p> <p>An update on progress is included in the Internal Audit Report.</p> <p>ACTION ONGOING</p>

ACTIONS ARISING FROM THE MINUTES OF THE 29TH MAY 2018 COMMITTEE MEETING			
5.	MINUTE 85- CHILDREN'S SOCIAL CARE CASE LOADS QUARTELY UPDATE	Sarah-Jane Smedmor	The Next update report is due in March 2019.
6.	MINUTE 91 - WHISTLE BLOWING POLICY ANNUAL REPORT		
	a) it was requested that a further report should come back to the September Committee with update details of the number complaints received under the Policy to help Members consider further, the effectiveness of the current publicity measures.		<p>This was not available for the September meeting.</p> <p>A Whistleblowing Report is included on the current agenda.</p>
ACTIONS ARISING FROM THE MINUTES OF THE 30TH JULY 2018 COMMITTEE MEETING			
7.	MINUTE 102 - SAFER RECRUITMENT IN SCHOOLS UPDATE		
	In terms of progress on the gaps in provision and when a good time would be to receive an update report, the officers indicated that this should be around Easter 2019.	R Sander-son / C Meddle to agree	Easter is April in 2019 and therefore May 2019 should be added as the date for the next substantive update.

8.	MINUTE 103 - TRANSFORMATION FUND MONITORING REPORT QUARTER 2017-18		
	To update the summary table for future reports to better show how each scheme was performing across the length of the scheme and to provide an explanation of the table.	Julia Turner	<p>The officer agreed this would be undertaken and that the whole design of the report would be reviewed to ensure future versions provided greater clarity.</p> <p>The latest report is included on the agenda. It is in draft form as it has not yet been considered by General Purposes Committee.</p>
9.	MINUTE 108 - AUDIT COMPLETION REPORT (ISA 260) DRAFT FOR THE YEAR ENDED 31ST MARCH 2018		
	a) Democratic Services to liaise with BDO on scheduling a date for BDO to report back on the current objection and with the detail on the outcome of the objection on the previous year's Accounts.	RVS / L Clampin	<p>External Audit indicated that they would alert Democratic Services as to the appropriate Committee to which the report should go. At the time of preparing this Minute Action log update External Audit had not completed their investigations and therefore were not able to confirm when the likely date would be.</p> <p>It has been confirmed that External Audit are not in a position to report to the November Committee.</p>
10.	MINUTE 110 FORWARD AGENDA PLAN		
	There was a request to receive an update report on Capacity Building and Demand Management in Children's Services to the September Committee meeting.	Lou Williams	<p>Lou Williams responded that a more meaningful report would be provided for the November meeting. The report is included on the agenda.</p> <p>ACTION COMPLETED</p>

ACTIONS ARISING FROM THE MEETING HELD ON 20 TH SEPTEMBER 2018			
11.	MINUTE 117 MINUTES AND ACTION LOG		
	Minute 92 – Energy usage by streetlights above target The response provided to the Committee in an email outside of the meeting had been updated to account for part-night lighting and lighting funded by District and Parish Councils. The Chairman commented that the target required review and requested a report for November that explained the recent trends in usage for street-lighting.		<p>A report is included on the agenda.</p> <p>ACTION COMPLETED</p> <p>Note: Decisions on Street lighting are the remit of Highways and Community Infrastructure Committee.</p>
12.	MINUTE 118.- CHILDREN'S SOCIAL CARE CASELOADS QUARTERLY UPDATE	:	
	The Committee had noted that while it was not possible to provide forecast savings that would result from the new social work model in relation to agency staff not being employed, officers informed Members that the budget for agency staff was £240k and it was anticipated that it would not be used in the new-year. Officers agreed to provide further information.		This update has not as yet been received. The officer has been sent reminders.

14.	MINUTE 120 INTERNAL AUDIT PROGRESS REPORT		
	<ul style="list-style-type: none"> Drew attention to the Deprivation of Liberty Standards (DOLS) assessments and expressed concern regarding the average assessment waiting times. Officers explained the context of DOLS and how the change of legislation had made the process challenging for Local Authorities to manage. Officers provided assurance that waiting lists were managed continuously and cases prioritised appropriately. Members requested that a further report regarding DOLS assessments be programmed regarding the implementation of recommendations made by the audit. 		<p>This will be reported as part of a future Internal Audit progress report. The Committee may wish to ask Internal Audit to provide a target date.</p>
15.	MINUTE 121. ERP GOLD IMPLEMENTATION REPORT		
	<p>A) Table contained at paragraph 5.1 of the report - request that it be presented to a future meeting of the Committee. ACTION</p> <p>B) Drew attention to an issue relating to timesheets and flexible working hours that could not be entered on to the system. Officers undertook to investigate further. ACTION</p>		<p>An update on ERP Gold is included under Paragraph 5.3 of the Internal Audit Progress Report included on the agenda. A report will need to be presented to Strategic Management Team first before coming back to the Committee. ACTION ONGOING</p> <p>Martin Cox has responded to state that ERP does increase and improve employee management issues, including streamlining processes and annual leave, but it has not been designed or in fact requested that it has a time recording system. ACTION COMPLETED</p>

16.	MINUTE 123. LEVEL OF OUTSTANDING DEBT		
	a) The ERP Gold system brought greater automation and improved reporting that was constantly evolving. The Chairman and Vice-Chairman requested the regular Debt update reports be sent to them.	Bob Outram Head of Debt and Income	An oral update on these actions will be provided at the meeting.
	b) Requested that the Chartered Institute of Public Finance and Accountancy (CIPFA) report be circulated to Members when received.		
	c) Requested that information relating to the initial total debt, the current debt position, how much had been written off and how much was secured or part of a payment plan, that demonstrates the relationship to the Council's revenue budget be forwarded to the Committee.		
17.	MINUTE 124 INTEGRATED RESOURCES AND PERFORMANCE REPORT TO END OF JULY 2018		
	a) Questioned why there had been a significant increase in the number of recorded Children in Need (CIN). Officers agreed to provide further		a) An email was sent to the Committee on 8th November explaining that this was due to an error in the number of Children in Need (CIN). The number of CIN was reported as being 2,794 and should have been reported as 2,223, which

	<p>commentary and circulate to Members.</p> <p>b) Requested further information regarding the Huntingdon Link Road. ACTION</p>		<p>was a decrease from the previous month (June 18: 2,311) and was in line with April 18's figure (2,225). This figure has been corrected in the trend analysis, so August's report to the General Purposes Committee showed a decreasing trend since April 18 for the number of CIN. ACTION COMPLETED</p> <p>b) The Deputy Section 151 Officer provided a response in an e-mail sent to the Committee on 7th November explaining that the scheme was completed a couple of years ago but there were outstanding claims as set out in the e-mail along with external advice on it. Discussions were still ongoing. Any costs that the Council does incur will be funded from the Community Infrastructure Levy. ACTION COMPLETED</p>
18.	MINUTE 124. - FORWARD AGENDA PLAN		
	<p>The Committee noted the following amendments and updates:</p> <ul style="list-style-type: none"> • Outstanding level of debt update would be presented in January 2019 rather than March. • Street lighting usage report to be presented in November 2019. 		<p>The agenda plan has been updated.</p> <p>A report is included on the agenda.</p>

SPECIAL MEETING OF AUDIT AND ACCOUNTS COMMITTEE: MINUTES

Date: Wednesday, 31st October 2018

Time: 1.00 p.m. – 2.38 p.m.

Place: Kreis Viersen Room, Shire Hall, Cambridge

Present: Councillors: J French (Substituting for Cllr Wells) P Hudson, N Kavanagh, M McGuire, M Shellens, (Chairman), and J Williams

Apologies: Councillors T Rogers (Vice Chairman) and D Wells

126. DECLARATIONS OF INTEREST

None received

127. PETITIONS AND PUBLIC QUESTIONS / SPEAKING REQUESTS

No petitions had been received by the deadline of five working days before the meeting.

Two speaker requests were received, one from Carole Mansell and one from Jody Day both from C and G Coach Services. As they were unable to attend the meeting, Democratic Services read out their submissions / questions and at appropriate points, a response was provided orally by the Executive Director Place and Economy and the full text of the submissions and responses are included as **an appendix to the Minutes**.

Questions of clarification raised from the responses provided included asking in respect of the PCV Licence what were the Council's procedures to ensure correct licences were carried and what checks were undertaken to ensure the drivers were correctly qualified? In reply it was indicated that all the Council's contracts required the correct vehicle and driving licences to be in place. Checks were undertaken with the operators against a list of both sets of licences. In addition, spot checks were carried out. It was highlighted that there was no legal requirement for drivers to carry their driving licences. For the Council to carry out a full check on the national data base would require their permission to be given. Checks are carried out with the Driver and Vehicle Standards Agency (DVSA) twice a year as they had access to the National Data Base and are the enforcement body. .

Issue raised in subsequent discussion included;

- On the frequency of the spot checks, the response was that they were carried out on a regular basis and as already indicated DVSA checks were carried out twice a year. There was a request to ensure that spot-

checks were carried out at the roadside. It was indicated that this would be included in the grant framework.

- Regarding the checking regime for drivers of school transport vehicles the Monitoring Team had a set programme to cover primary, secondary and special schools and checked 4-8 schools a week. If anything untoward was reported to the team, this would be checked out the same day.
- There was a question regarding how breaches of the regulations were reported back to the relevant committee. It was reported that Children and Young People's Committee (CYP) received details if there were concerns regarding Special Education Needs Transport or breaches of licences.
- While children's transport appeared to be covered in terms of reporting mechanisms to Members, there was a request to investigate if there was a similar reporting process for any breaches of Licences with Adults Committee. **Action: Assistant Director Cultural and Community Services Christine May.**
- The Chairman requested that he should be made aware of any licencing breaches. **Ongoing Action: Assistant Director Cultural and Community Services**
- It was confirmed that relevant monitoring officers were aware of the licence requirements but that there was still some ambiguity around how to apply the regulations. Officers were, however, working closely with the Traffic Commissioners who were aware of the issues.

It was noted that the oral responses provided to the questions as set in the appendix to the minutes would formally be sent to the questioners within 10 working days of the meeting in the name of the Chairman. **Action: Assistant Director Cultural and Community Services in liaison with Chairman**

128. COMMUNITY TRANSPORT ACTION PLAN WORKING GROUP PROGRESS REPORT

Following the major review of Community Transport in Cambridgeshire, the special public meeting of this Committee on July 31st 2018 had reviewed the detail of the Action Plan presented by the Chief Executive. Additional actions were agreed at the meeting, and these had been added to a final full action plan. It was agreed that this Committee would maintain oversight of the implementation of recommendations, to ensure they were carried out as planned. At the September Committee it was agreed to set up a working group open to all members of the Audit & Accounts Committee and the substitutes who attended the 31st July meeting which had subsequently met to undertake an early review of the implementation of actions in advance of the report included on the agenda.

A copy of the full Action Plan consisting of 66 actions was included as Appendix 1 to the report. At the time the report was written, of these actions the following progress had been made:

- 4 were ongoing actions with no expected end date (6%)
- 46 were reported as being complete, with evidence provided (70%)
- 4 were reported as complete but were awaiting evidence to be provided (6%)
- 12 were reported as still being in progress (18%)

The Committee's views were sought on whether the actions were still considered appropriate, proportionate, and sufficient and whether following the implementation of the actions, FH&E should be considered a fit and proper organisation to contract with the Council. Three issues were raised by Internal Audit for further consideration as detailed below, which were taken as individual discussions and where appropriate voted on.

1. Checks on member eligibility:

The Action Plan which went to Committee on 31st July stated as an action (section 43):

“Include in the revised Grant Agreement more detail around the expected checks of eligibility that recipients must undertake on new members. This should include some form of checking to independent documentary evidence to verify e.g. age, proof of address or other relevant documentation relating to the criteria under which membership is sought.”

The Grant Agreement was updated accordingly, to specify that Community Transport operators in receipt of grant were required:

“...to ensure that all of their members meet the required eligibility criteria, i.e. that all passengers, through rural isolation or mobility difficulties, would have difficulty in accessing or using conventional buses. This may be through verification of identity documents, proof of address or other appropriate documentation.”

An officer from LGSS Internal Audit team had visited FH&E to verify the implementation of agreed actions including a review of the implementation of a new membership process. The detail of the process used by the operator was set out in the report.

Two community transport operators from a neighbouring county were also contacted to ascertain their membership processes. One operator awarded membership on the basis of a telephone call; the other required prospective members to complete a membership form (like FH&E) and then conducted a telephone call to verify eligibility. Internal Audit indicated that the process in place at FH&E appeared to be in line with processes at equivalent operators elsewhere, although at the time of the report's preparation the operator was not conducting verification of documentary evidence as originally envisaged by the Community Transport Action Plan.

There was discussion to consider whether the process being undertaken by FH&E provided sufficient assurance over the eligibility of FH&E members or whether full checks should be carried out on all prospective new members.

The majority view was that full checks as required by the grant agreement should be undertaken, including verifying documentary evidence, as with the receipt of public money, came conditions that needed to be adhered to. Verification via a telephone call was not considered appropriate as with the problems of the past, the County Council should be looking to adopt a best practice approach.

There was a request for details of approximately how many new application checks would be undertaken annually. As this could not be answered, this would be investigated and reported back. **Action Assistant Director, Culture and Community Services.**

It was resolved:

That full checks should be required for all new members retaining documentary proof of said checks, along with spot checks being undertaken on members to ensure continued compliance.

2. Access to Membership Data and General Data Protection Regulations

The new Grant Agreement required that membership data should be shared with the Council on request for the purpose of grant monitoring, and that grant recipients must seek the consent of their members for the sharing of data.

At the beginning of October FH&E members were sent a letter intended to ensure that FH&E were fully compliant with the new General Data Protection Regulations (GDPR) stating that *“your information will not be shared with third parties and you have the right to request a copy of the information that we hold on you.”*

FH&E have formally confirmed in writing that Cambridgeshire County Council will be provided access to data as required by the grants terms etc. including for the purpose of verifying the membership process and to enable any future membership surveys or other contact with members to be overseen by the Council. It was confirmed that Internal Audit officers had been given access to all the data requested.

FH&E have advised that the above is compliant with GDPR requirements.

The Cambridgeshire County Council (CCC) Information Governance Team had advised that under the grant agreement there was a lawful basis for FH&E to share data with the Council, but the above due to its lack of transparency constituted a breach of the first principle of GDPR. The Teams' advice was that in order to ensure compliance with GDPR, FH&E should inform all members of the data sharing planned with the County Council.

Discussions with FH&E highlighted that in order to avoid having to undertake a further costly mail-out, FH&E proposed to address the issue by issuing their members with a privacy notice giving details of the data sharing and the organisation's relationship with the Council, when they next used the Dial A Ride service.

This solution means that the information will not be received by all members at the same time. The Committee was therefore asked to consider whether FH&E's proposed solution was acceptable or whether the Council should require FH&E to undertake a second mail-out to all its members.

Questions / issues raised in the debate included:

- How many members were involved? In reply approximately 1500 for which a post out to all of them could have a cost implication in the region of £1000.
- Internal Audit clarifying that FH&E had provided a written assurance that they would provide full member data details and as already indicated had given them all requested access.

As there were strong views expressed by members of the Committee both ways, (with some supporting the compromise suggested on cost grounds and as FH&E had only recently carried out a full post out, while other members supported a full post out to meet the requirements of the grant agreement), there was a vote on whether FH&E should write to all their members. Having received three votes in favour and three against the proposal was carried on the casting vote of the Chairman and,

It was resolved:

To require FH&E to send a letter to all members informing them that their data would be shared with the County Council for the purpose of monitoring the service provided.

3. Community Transport/Commercial Vehicle Fleets

The third issue was an information update with no decision required and followed a query regarding whether or not the FH&E charitable Community Transport organisations were sharing vehicles with the commercial arms of the operation and, if so, whether this was legal.

As the vehicles were assets, they were required to be reported in the accounts of one organisation only, who were then recognised as the owners. Individual vehicles were operated under the terms of a Public Service Vehicle license and / or a Section 19/22 permit. Internal Audit confirmed that all vehicles were owned by the charitable arms of each entity (the Fenland Association for Community Transport Industrial and Provident Society, and the Huntingdonshire and Ely and Soham Associations for Community Transport Charitable Independent Organisations) and were hired out to the commercial organisations, with a charge made for use. The County Council

was continuing to seek assurance from the Traffic Commissioner on this arrangement.

In discussion issues raised included:

- What were the charges and whether they were considered to be a reasonable commercial charge? Officers agreed to obtain this information and circulate it to Committee members. **Action: Internal Audit.**
- When was it likely that the Traffic Commissioner would provide a ruling? As currently no view had been forthcoming, officers would undertake further follow up. **Action: Executive Director Place and Economy / Assistant Director Cultural and Community Services**
Officers agreed to pursue this action with the Traffic Commissioners.

Before final consideration of the report recommendations, the Chairman provided the opportunity for the Committee to review the Action Plan actions set out in the appendix for any comments.

Issues raised included:

- Action 5 – ‘FH and E to reconsider composition of Board to ensure it is capable of fulfilling stewardship requirements in the future’. As an oral update it was reported that the minutes of the 15th October meeting of the Board for sign off of the new revised arrangements had been received by Internal Audit and so this action had been completed. This would be confirmed in the next update report.
- Action 9 – ‘The Chief Executive, Deputy Monitoring Officer and Chief Internal Auditor will consider information and evidence provided by FH&E and judge whether they pass the criteria for a “fit and proper” person to contract with’ -this was also expected to be completed shortly. The point was made that the Deputy Monitoring Officer was now the Monitoring Officer as a result of the recent decision of Staffing and Appeals Committee.
- Action 16 – ‘FH&E must have systems in place to enable reporting on membership, eligibility checks, demand and income’ – the text would require updating in its next iteration following the decision of the Committee earlier in the meeting.
- Action 19 – ‘All FH&E contracts to be re-tendered’. – A member sought clarification of the final sentence on the update column reading “Review of these documents has identified a concern with the quality of some of the contractual documentation, which needs to be resolved”. It was clarified that this was the concern of the Chairman in relation to the large number of grammatical errors he had found in one of the documents provided to him. His concern was, as a legal document, whether it was fit for purpose. He had provided his comments on the draft but his concern going forward was with other legal documents that he had not seen and whether the relevant Committees should see sight of contracts within their remit for sign off and agreement. The Section

151 Officer who was also the Deputy Chief Executive explained that the vast majority of contracts agreed were Executive decisions taken by officers and to change procedures to require them to come to the relevant committee would have huge resource implication in terms of member time and for the Committee meetings themselves. The volume of work needed to be proportionate to the risks involved. **Action: The Chief Finance Officer Chris Malyon undertook to review a random selection of legal documents and provide a short update report to a future Audit and Accounts Committee on the findings.**

- Action 29 – ‘Confirm Citroen loaned to FH&E had been returned’ – Councillor Kavanagh asked whether the van had been returned and the condition it was in, while also expressing surprise that it had been loaned in the first place. The Chairman undertook to pass to him the document he had on the subject. **Action: Councillor Shellens**
- Action 30 – ‘Any money to be reclaimed in respect of State Aid or otherwise would be so’ - As an update the draft report from PKF had been reviewed by management who had asked for further work to be undertaken on whether inappropriate funding had taken place. The Chairman expressed his concerns regarding the length of time taken by the consultants on this issue and asked when a final report would be available. In reply there was the expectation that this would be by the end of November. **There was a request that there should be a verbal update on progress on this item at the 22nd November meeting when agreeing the minutes. Action: Chief Internal Auditor.**
- Action 38 – ‘Additional Staff to be employed to enforce the grant conditions by end of November at the latest’ – as an oral update it was reported that a new member of staff was starting in the following week.
- Action 40 – ‘External Officer to investigate where the issue with Freedom of Information requests originated’ - The report would be available for the November Audit and Accounts Committee
- Action 55 – ‘Chief Executive to meet with FH&E’ – this needed updating, including whether there were to be any further meetings planned with taxi drivers.
- Action 65 – ‘Transfer of payments to PKF from Milton Keynes Council to the Cambridgeshire financial system would take place’ - this transfer was due to take place within the next two months with work already well advanced being overseen by the Deputy Section 151 Officer.

The Chairman in summing up recognised that many things that were previously wrong had now been put right as evidenced in the appendix action responses and that going forward, there was good will and determination to ensure that contracts would be undertaken in a correct and appropriate manner.

Two members of the Committee had still not seen evidence to prove that European Union (EU) state aid regulations had not been breached or that the Committee could guarantee that there would be a clear separation between the community and commercial arms of FH&E, with one Member suggesting that there was still a huge element of trust required on how contracts were being let elsewhere. In response, the Chief Internal Auditor highlighted that nearly everything that had been asked for from officers and from FH&E had been provided within the timescales requested at the last meeting. It was also highlighted that the Committee requested an interim update within three months (i.e, this meeting) recognising that some issues would take longer e.g. State Aid and public funding issues. In respect of Council contracts, nothing was taken on trust and Internal Audit undertook a great deal of work regarding the overall County Council contract environment, accounting structures and work on assurance and control.

Having taken a vote on the main report recommendations with four members in favour and two against,

It was resolved:

- a) to note the progress with implementation.**
- b) That having been invited to express its views, to agree that the actions in the Action Plan were still considered appropriate, proportionate, and sufficient, and that FH&E (the single board overseeing Fenland Association of Community Transport (FACT), Huntingdonshire Association for Community Transport (HACT) and Ely and Soham Association of Community Transport (ESACT)) following the implementation of all actions, would be considered a fit and proper organisation to contract with the Council.**
- c) The Committee having been requested to consider the issues raised at 3.1.6 and 3.2.8. agreed resolutions as set out in the minute namely:**
 - That full checks should be required for all new members retaining documentary proof of said checks, along with spot checks being undertaken on members to ensure continued compliance.**
 - To require FH&E to send a letter to all members informing them that their data would be shared with the County Council for the purpose of monitoring the service provided.**

**Chairman 22nd
November 2018**

AUDIT AND ACCOUNTS COMMITTEE MEETING 31 OCTOBER, 2018
PUBLIC QUESTIONS / STATEMENTS AND OFFICER RESPONSES REPORTED
ORALLY AT THE MEETING

1. QUESTION FROM CAROLE MANSELL, C & G COACH SERVICES, CHATTERIS

Our understanding following the July A & A Committee public meeting was that no new commercial school contracts would be awarded to FACT until after they have satisfied the Committee's full enquiry.

Officer Response: That is correct, and no new contracts were awarded to FHE until our Chief Executive and Chief Internal Auditor were satisfied that sufficient progress had been made with the actions discussed at the 31 July meeting of this Committee. This point was reached in August, when Gillian and Duncan held a meeting with Dave Humphreys and other members of the CTCA to inform them that the Council had taken the decision that it would be awarding contracts to FHE.

The September 3 Cromwell College contracts were awarded to Fenland ACT Trading which we were in line to gain, having been contacted regarding our bid and possible acceptance by the Council after a successful tender in early July. The award process, however, was extended to accommodate Fact's dubious position pending the July A & A Committee public meeting.

Officer Response: FACT were the lowest bidder for these 3 contracts. All bidders were informed, through Intention to Award letters issued on 20 July, that the award of these contracts was 'on hold'. This was because at that time staff had not been authorised to contract with FHE as the Council was still in the process of judging whether FHE were a fit organisation to contract with (there was also no lawful reason to exclude FHE from the procurement process). Staff had previously contacted C&G Coach Services as the second lowest bidder to enquire whether they would be able to deliver the contract if required. No undertaking to actually award the contract was made at that time. Intention to Award letters for those contracts 'on hold' were issued on 17 August, following the decision reached by Gillian / Duncan, which I have already mentioned.

Fact even informed their drivers at the term end that they were not undertaking these contracts - and we had applications from their drivers – one of which we have employed, being the only one with a PCV driving licence, which is necessary for the operation of these contracts.

Officer response: There was no communication between the transport team and FHE during this time - that would not have been appropriate - so it is quite possible FHE thought they would not be delivering those contracts.

Fact quoted such a low price, using what we believe to be some non-PCV drivers – some of the same drivers whose application to us was disregarded because of lack of correct driving qualifications. Whilst they may have category D on their licences

they also had 101 on section 12, which only enables them to drive minibuses for non-commercial operations.

Officer response: There are a number of reasons why different operators are able to put in lower bids for certain contracts – often because they are already operating in a particular geographical area, or in relation to their driver pay rates, overheads and profit margin. It is worth noting that FHE have also been outbid on 46 of our contracts. All of our previous contracts with FHE have now been re-tendered. Our commercial contracts require all drivers to have the correct licences for the types of vehicles they are using and we have stipulated that this must be on O licence or taxi licence; FHE have agreed to these conditions like all our other operators. These new contracts came into effect from the beginning of September. It is possible that ex-FACT employees did not have full PSV licences as they were previously able to operate under a permit 19/s22 licence.

We wrote to Mrs Beasley and the Committee Chairman expressing our dissatisfaction with these commercial awards and we do not accept the explanation that the Council had no choice as this Company correctly tendered and was the cheapest. We also do not accept the further explanation that the tendered prices were comparable with other routes as these routes involve high mileage and are, therefore, not comparable. The contracted prices barely cover a qualified PCV driver's wage and they are only possible because they are subsidised by the drivers going onto publicly funded community transport work on a daily basis.

Officer Response: It is up to each operator to determine how they construct their tender price and we cannot comment on this; however as previously mentioned there are a range of reasons why operators are able to offer lower prices. It is up to each operator to determine their rate of pay.

Fact are still utilising publicly-funded vehicles which apparently the Council say are individually difficult to identify but as almost all Fact vehicles are being used on both subsidised community transport and commercial services we feel this is irrelevant.

Officer response: The Council has investigated this issue and it appears to be lawful as well as common practice elsewhere for vehicles to be used for both commercial services and subsidised community transport. The accepted process for ensuring this does not constitute a cross-subsidy is for the vehicles to be owned by the charitable company and hired out to the commercial company at a commercial rate. The Council has contacted the Traffic Commissioner for confirmation of this position, and we are yet to receive their response, however we understand that the Traffic Commissioner is known to take any reported breaches very seriously and have themselves sought evidence elsewhere of such hire payments being made correctly, which implies this system is allowed. We have been assured by FHE that this is the system they are now operating and we will be checking this as part of the regular financial monitoring we are carrying out with our community transport providers as part of our new Grant Monitoring Framework.

How can we fairly compete! Such cross-subsidisation was agreed by this Committee as grossly unfair and identified by the auditors as contrary to EU grant regulations. We are considering contacting the EU Commission about misuse of public funds, but

have decided to await the conclusion of this Committee's investigations which I still put faith in to be fair in all respects and to at least ensure a level playing field.

Officer response: The new processes and procedures which the Council has put in place, including the requirement for separate commercial arms of FHE and our grant monitoring framework, have been designed to ensure that in future there will be no cross-subsidisation using public funds. The Council is investigating the state aid and cross-subsidisation issue further as part of the action plan which will be discussed later in the meeting.

2. QUESTION FROM JODY DAY, TRAFFIC MANAGER, C & G COACH SERVICES.

We and other operators have witnessed vehicles displaying Permit 19s and not PSV O Licences, on the Cromwell College school contracts.

Officer response: We are grateful that these incidents have been brought to our attention, and agree that this should not be happening. This issue has been raised with FHE who have assured us their drivers are required to swap over permits / licences as appropriate to the use of the vehicle at the time, and we are continuing to monitor this as part of our monitoring framework.

We also believe that non-pcv holding drivers are being utilised at times. Why is this tolerated and can we have assurances that random checks will be regularly made on the correct commercial operation of these contracts to ensure that both vehicles and drivers are correctly licenced?

Officer Response: We would be grateful for any specific examples that operators are able to provide where they have evidence of wrong doing or activity that may be in breach of a PSV licence. The individual or organisation also has a responsibility to report these issues to the Traffic Commissioner directly. We are carrying out random, unannounced spot checks on our operators covering a range of vehicle and driver checks, and working with the DVSA to check on driver licensing.

We would also like reassurance that the Traffic Commissioner will be involved in these investigations and that the Council's passenger transport inspectors are completely aware of exactly what type of both operating licence and driving licence is required for commercial school contract work?

Officer Response: As noted above we are in touch with the Traffic Commissioner and working closely with the DVSA. We can confirm that our Transport Officers are aware of the vehicle and driver licensing requirements for our commercial contracts.

Community Transport Action Plan - Update

To: **Audit & Accounts Committee**

Meeting Date: **22nd November 2018**

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

Purpose: **To provide the Committee with an update on progress with the Community Transport Action Plan, following the previous update to Committee on the 31st October 2018.**

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

<i>Officer contact:</i>		<i>Member contacts:</i>	
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1. BACKGROUND

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

2. CURRENT PROGRESS

- 2.1 A copy of the Action Plan, showing only actions which were not marked as 'complete' at the previous Committee meeting, is provided at Appendix 1. In this document, the numbering of actions has been retained from the full Action Plan, to ensure continuity.
- 2.2 At the October meeting of the Committee, of the 66 actions in the full Action Plan, 46 (70%) were marked as complete, with evidence provided.
- 2.3 A further seven actions have now been completed, meaning that the Action Plan is now 80% complete.
- 2.4 Of the 20 actions which had not been completed at the time of the previous meeting:
 - 4 are ongoing actions, with no expected end date
 - 7 are now reported as complete, with evidence provided
 - 9 remain in progress
- 2.5 Committee is requested to note the progress with implementation of the Action Plan.

SOURCE DOCUMENTS

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

Community Transport Action Plan Log

Update for Audit & Accounts Committee - As At 22nd October 2018 (Committee Reporting Deadline)

* Action Log: Page, item no, Action section, item
Minute16/08/2018: Page, Para

	Onus	Issue	Source*	Progress	Document Cross-Reference	Notes	Next Action	By	Due
5	FH&E	FH&E to reconsider composition of Board, to ensure it is capable of fulfilling stewardship requirements in future.	M 5.7 M 16.5	Complete	27.1 (Status Update) 14.1 (Note from Jill Tuck) 14.2 (Exec. Committee Structure) 14.3 (Exec Committee remit) 14.4 (F&GP Committee remit) 30.1 (Exec Committee minutes)	A new Finance & General Purposes Committee has been created at FH&E, and a new Audit Committee for FH&E was created at Board sign-off on 15th October 2018. FH&E have also appointed a new Interim Chairman who has been recommended to be made permanent by the new Committee.			
9	CCC	The Chief Executive, Deputy Monitoring Office, and Chief Internal Auditor will consider information and evidence provided by FH&E, and judge whether they pass the criteria for a 'fit and proper' person to contract with.	M 4.5 M 6.6	Complete	27.1 (Status Update)	This decision has been based on the completion of the agreed Action Plan by FH&E, as verified by Internal Audit. Chief Internal Auditor will provide update to Audit & Accounts Committee on this matter.			
16	FH&E	FH&E must have systems in place to enable reporting on membership, eligibility checks, demand and income.	AL 5 19.1	Complete	27.1 (Status Update) 18.1 (Membership database headings)	Reviewed by Internal Audit. Final implementation at Board meeting on 15th October 2018.			
19	CCC	All FH&E contracts to be retendered.	AL 7 33.2	In Progress	21.1 (Home to School Mainstream Contracts) 21.2 (Home to School Mainstream Contracts) 21.3 (Home to School SEN Contracts) 21.4 (Ad Hoc Day Centre Contracts) 25.1 (Local Bus Contracts) 25.2 - 6 (Local Bus Awards) 26.1 - 2 (Day Centre Contracts)	Day centre contracts re-tendered and awarded April 2018. Home to School contracts re-tendered and awarded July 2018. Ad Hoc Day Centre contracts terminated August 2018 for re-tender. Local Bus service contracts re-tendered and awarded 4th October 2018.			
24	CCC	The Council must consider how to ensure that it does not continue to confer advantage on FH&E because of past actions, and take action to ensure this is not the case.	M 11.2	In Progress	TBC	PKF have produced a draft report looking at calculating any competitive advantage conferred on FH&E through previous grant awards. The next step will be for management to review this.			
30	CCC	Any money to be reclaimed in respect of State Aid or otherwise would be so. (also see 24)	M 10.3 AL 5 18.1.4	In Progress	TBC	See action 24, above.			
31	CCC	Annual review of outcomes and benefits from the grant awards will be reported to E & E Committee.	M 8.6	In Progress	TBC	This is planned as part of the new grant framework, but the first report will not take place until a year after the first grant award, which has not yet occurred.			
34	CCC	A & A to receive action implementation reports and provide robust review.	M 3.1	Ongoing	N/A	Working Party formed.	Prepare reports	I A	Sep-18
37	CCC	The report on the Member role on Outside Bodies to be shared with District Councils.	M 13.7	In Progress	4.1 (Report) 4.2 (Guidance)	Awaiting final agreement by Full Council - expected in December.			

40	CCC	External officer to investigate where the issue with FOI requests originated (FOI team or Transport team).	M 13.5	Complete	N/A	Data Protection Officer from PCC conducting a review - draft report has now been issued. The report or a summary of key findings is expected to be available for the November Audit & Accounts Committee.			
41	CCC	Chief Executive to share the outcomes of the investigation into the FOI requests with Audit & Accounts Committee.	M 13.5	Complete	N/A	As above.			
44	CCC	CCC to check that O or taxi licences are in place for commercial providers.	AL 8 37.2.2 M 12.2	In Progress	24.1 (Schools checks)	This is currently monitored as part of Home to School contracts. Plans are in place to monitor this for Day Centre contracts, however no checks have yet been undertaken. Checks are undertaken for commercial bus routes but have not been formally recorded. The service is now planning to add these checks to their formal contract monitoring schedule to ensure there is a full record of these checks in future.			
49	FH&E	According to their Memorandum of Association, FH&E Members are approved at either an AGM or by its Executive Committee. This was not taking place so a new process is needed.	M 6.7	Complete	27.1 (Status Update)	New membership process is in place following Board sign-off on 15th October 2018.			
52	CCC	Report State Aid issue to the Mayor, in relation to the Bus Review.	M 9.3	In Progress	TBC	Dependent on action 24, above.			
53	CCC	Chief Executive to report state Aid issue to other District Councils.	M 8.6	In Progress	TBC	As above. The Chief Executive has liaised with District Councils to ensure they are aware of the issue, but a final calculation of the estimated level of state aid is required before progression.			
62	CCC	Demonstrate that Action Plan actions are put in place.	M 10.1	Ongoing	N/A	Working Party formed.			
63	CCC	An interim report to Audit & Accounts Committee on the implementation of actions would be considered in 3 months.	M 15.8	Complete	N/A	In progress. Initial report to Working Party on the 31st October, followed by main report to Committee on the 22nd November.			
64	CCC	Further update reports would be received by Audit & Accounts Committee until implementation is complete.	M 16.4	Ongoing	N/A	Working Party formed.			
65	CCC	Transfer of payments to PKF from Milton Keynes Council to the Cambridgeshire financial system would take place.	M 15.1	In Progress	TBC	Initial transfer made. Action remains ongoing to transfer final balance to CCC.			
66	CCC	Member consideration of how best to provide community transport services to be deferred until all possibilities including the Mayor's Bus review, could be taken into consideration.	M 15.2	Ongoing	N/A				

USE OF CONSULTANTS

To: **Audit & Accounts Committee**

Meeting Date: **22nd November 2018**

From: **Chris Malyon, Deputy Chief Executive**

Purpose: **To inform the Committee of findings and recommendations arising from the Internal Audit review of the use of consultants.**

Recommendation: **That Members note the agreed improvements (and associated timeframes for implementation) arising from this report.**

<i>Officer contact:</i>		<i>Member contacts:</i>	
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1. BACKGROUND

- 1.1 At the request of the Chief Executive, Internal Audit carried out a review of the use of consultants at Cambridgeshire County Council.
- 1.2 As part of the review, Internal Audit was requested to review the procurement arrangements relating to the appointment of a specific consultancy agency, V4 Services Ltd.
- 1.3 The external auditor subsequently advised that a complaint had also been raised regarding the issue, and consequently a specific briefing note was produced by Internal Audit to give detail of the V4 Services procurement.

2. APPOINTMENT OF V4

- 2.1 Gillian Beasley (GB) took up her role as joint Chief Executive of Cambridgeshire County Council and Peterborough City Council in October 2015. In response financial and other challenges facing the Council, GB worked quickly with the Strategic Management Team (SMT) to identify a number of areas for improvement and transformation:
 - the Council's Medium Term Financial Strategy was formulated in departmental silos and there was a prevailing view that service cuts were inevitable to solve the County Council's financial challenges;
 - expertise and understanding on how service transformation could be achieved was limited and dispersed throughout the organisation, meaning very few transformation proposals had come forward in the draft Medium Term Financial Strategy (MTFS) for 2016/17;
 - the recommendations from a Local Government Association Peer Review in October 2013 were largely unimplemented, particularly the need to bring together corporate support to save money through removing duplication of roles and to create a strong set of corporate services to drive transformation and efficiency;
 - commissioning principles and strategy for Adult Social Care (the largest spending area of the Council) were weak, leading to fragmented arrangements for purchasing care and insufficient financial control around these arrangements;
 - the Council's central contracts register was inadequate and a greater oversight of the Council's full contracting activity was needed to drive good contract management;
 - IT infrastructure experienced daily failures, with significant productivity losses and the organisation lacked a coherent IT strategy; and
 - there were a number of barriers to the corporate centre acting collectively in the interests of the whole council.
- 2.2 Faced with the significant issues identified above and with a short time-frame to make an impact on the MTFS for 2016/17 to prevent services cuts, SMT considered how to address these issues and where support from Peterborough colleagues or external consultants might be required. It was agreed that:
 - a. GB would lead on the IT issues with Sue Grace (SG);
 - b. Chris Malyon (CM) would lead on financial management, and MTFS with support

from the finance team in LGSS;

- c. Will Patten, Director of Commissioning at Peterborough City Council (PCC) would work with Charlotte Black and Claire Bruin to address the commissioning issues in Adult Social Care;
- d. External expertise would be commissioned urgently to support the Corporate Capacity Review (CCR) and to commence the building of transformation proposals to avoid service cuts whilst CCR was in progress. This would be under the leadership of CM and with the support of SG.

- 2.3 At the time, SMT had little experience or expertise in the transformation of services to the degree required to avoid service cuts. However, GB had a track record of leading successful transformation in Peterborough City Council and extensive experience of working with a number of consultancy firms. Taking into consideration both the required expertise and the need for an approach which would transfers skills to the organisation, GB asked SMT to consider working with V4.
- 2.4 Members of SMT met with representatives of V4 to assess whether they brought the right skills and approach to work alongside SMT to address the urgent challenges faced by the Council. CM concluded some due diligence in relation to V4, by benchmarking their costs and by taking references. GB and CM interviewed two national consultancy firms who offered similar consultancy support to that offered by V4. Whilst not a formal process, it provided valuable insight regarding V4's approach and how aligned these were to the outcomes required. It was clear from these sessions that V4's approach was far more about working with the council, building internal capacity and skills, and knowledge transfer than the other providers. Following these assessments, SMT unanimously agreed to appoint V4.
- 2.5 Given the level of urgency to deliver outcomes, V4 were initially engaged under an exemption in December 2016 (please see Appendix 2). When the work started the level of need in some areas was higher than anticipated and new issues were uncovered as the programme developed. In May 2017, SMT identified the need to bring in a managed service provider for consultancy services to give the organisation access to a wide supply chain of transformation expertise. Whilst waiting for procurement through the new MSP to be established, expenditure with V4 did exceed the Council's exemption thresholds. From August 2017 all external consultancy work – including V4 - was procured appropriately through the new MSP framework.
- 2.6 As part of their delivery, V4 supported several work streams and facilitated a number of workshops with Members and officers. The outcomes from the work with V4 included: business improvements in IT including a stable platform and significantly increased productivity; robust contract management; strong corporate capacity corporate services meaning the county council can run its business efficiently and effectively; a transformation programme which delivered £35.9 million in 17/18 (with 86% of proposals being attributed to transformation, limiting service cuts) and a collaborative, confident and accountable SMT.

3. MAIN ISSUES

- 3.1 The Internal Audit report on Use of Consultants is provided at Appendix 1, giving the results of a review undertaken on a sample of consultancy and interim appointments at Cambridgeshire County Council. This review identified satisfactory assurance over the system in place to govern the procurement and management of consultants at the Council, and limited assurance over compliance with the system. The report also identified a lack of central oversight of consultancy expenditure, further hampered by the difficulty of identifying consultancy expenditure on the Council's financial systems.
- 3.2 A more detailed briefing note from Internal Audit regarding the findings of the review into the procurement of V4 Services Ltd is provided at Appendix 2.

4. RESPONSE TO FINDINGS

- 4.1 As a result of the findings of the Internal Audit review, a number of actions to improve systems of governance for the procurement and management of consultants have been identified and agreed.
- 4.2 Agreed actions are detailed in the Use of Consultants report, at Appendix 1. This includes a draft revised Consultants & Interims Policy (provided as an appendix to the Use of Consultants report), incorporating improved processes, which has been produced by Internal Audit. This draft is currently under review with colleagues in HR and Procurement.
- 4.3 It has also been agreed that Internal Audit will conduct a follow-up review of compliance with this policy in the fourth quarter of 2018/19.

SOURCE DOCUMENTS

Source Documents	Location
Appendix 1: Internal Audit Report on the Use of Consultants Appendix 2: Internal Audit Briefing Note on Procurement of V4 Services	Internal Audit Octagon 1, Shire Hall, Cambridge

Appendix 1

Internal Audit Draft Report

USE OF CONSULTANTS

Governance Opinion

Adequacy of System	Satisfactory
Compliance	Limited
Organisational Impact	Minor

Report Issued	July 2018
Follow Up Due	TBC
Audit Committee Schedule	November 2018

Executive Summary

1 Background

- 1.1 Internal Audit was requested to undertake a review of the use of consultants at Cambridgeshire County Council, to provide assurance that consultancy is subject to the appropriate controls; transparent and justifiable; and effective in achieving value for money.
- 1.2 At Cambridgeshire County Council, the policy for procurement of consultants is contained within the Council's Contract Procedure Rules and a separate Consultancy Policy. Consultants provide specialist advice where the knowledge does not exist internally within the Council, and the policy also covers the appointment of interims, who are individuals contracted to cover vacant managerial posts on a temporary basis when these cannot otherwise be filled.

2 Audit Approach / Scope

- 2.1 The review was scoped to cover the lifecycle of a consultancy contract, including:
 - Initial assessment of need and decision to procure consultancy services;
 - Procurement of consultancy;
 - Ongoing management of consultancy contracts;
 - Termination and review of consultancy contracts.
- 2.2 The initial audit approach was to select a sample of ten consultancy arrangements in place during the 2016/17 financial year, and review the way in which these arrangements had been procured and managed.
- 2.3 The audit also included a review of the Council's Consultancy Policy and related documents, review of recent Approval Forms for the use of consultants which had been submitted to the Procurement team, and benchmarking of the current Cambridgeshire policy against the policy in place at Peterborough City Council.

3 Key Risks

- 3.1 The primary risks relating to the use of consultants are the risk that consultancy arrangements do not achieve value for money for the Council, and the risk of fraud and corruption in relation to the appointment of consultants or their subsequent involvement in procurement processes.

4 Limitations of the Review

4.1 Difficulty of identifying consultancy expenditure

Identifying a sample of consultancy expenditure for the review was hampered by the fact that expenditure on the 'Consultancy' subjective code does not exclusively relate to actual consultancy but includes other costs such as delivery of training courses. Significant expenditure on consultancy has been coded to the 'Other Hired Contract Services' subjective code, which also includes expenditure on an extremely wide range of unrelated spend areas including children's breakfast clubs, works on traveller sites, and payments to pharmacies for chlamydia screening. Payments for interim staff are similarly split across different subjective codes. Consequently, identifying a sample of consultancy contracts for review, and identifying the Council's actual expenditure on consultancy costs, proved challenging.

Although LGSS Procurement used to provide regular analysis of consultancy expenditure to SMT as per the Consultancy Policy, these reports are no longer provided. Consequently there is no central oversight or analysis of consultancy expenditure. As LGSS Procurement do not currently undertake compliance reviews as part of their role, and this information is not centrally available to the Council, there is also no overarching review of compliance with the policy.

TABLE 1: Total expenditure on Consultancy, Interim Staff and Other Hired Contract Services subjective codes for the past three full financial year.

Total Expenditure	2014/15	2015/16	2016/17
Consultancy (38906)	£852,516.42	£414,213.85	£639,085.45
Interim Staff (38907)	-	£46,982.90	£282,997.48
OHCS (38900)	£24,498,015.57	£34,101,544.51	£35,396,519.70

Of the sample of ten consultancy contracts from 2016/7, which were selected based on line descriptions and supplier names indicating an element of consultancy work, only seven proved to be expenditure on consultants or interims relating to that year (two were not related to consultancy in any way; and one was an historic payment relating to 2011). Two further contracts were consultants who act as occasional contractors for the Council, in one case as part of a traded service; these arrangements were included in the review although they did not entirely meet the definition of true consultancy or interim services.

Of the five contracts identified and reviewed which did constitute true consultancy or interim services (two consultancy and three interims), expenditure on four of them was coded exclusively to the Other Hired Contract Services subjective.

Recommendation:

Budget holders and financial advisors should be reminded to ensure that all expenditure, and particularly consultancy and interim expenditure, is coded to the correct account code (the new name for subjective codes on ERP Gold) and any mis-codes are corrected, to enable analysis and monitoring of the Council's spend in these areas.

A system for oversight of expenditure on consultancy and interim expenditure should be re-introduced and include oversight from HR and/or Procurement, with reporting to senior management at Cambridgeshire County Council.

4.2 Lack of records relating to consultancy expenditure

For two of the five true consultancy/interim contracts under review, very little information could be identified about the initial procurement (in this case, both were appointments to interim head of service posts where recruitment had failed to identify a viable candidate). This was largely due to turnover of staff within the directorate since the procurement of these interims, but it appears that records relating to the procurement of these individuals had not been retained or passed on.

Recommendation:

Records relating to procurement should always be retained by services and stored in an appropriate location so they can be accessed when staff move on.

Internal Audit Opinion and Main Conclusions

5 Main Conclusions

Based on the completion of our fieldwork we are giving satisfactory assurance over the control environment surrounding the use of consultants and interims at Cambridgeshire County Council, and limited assurance over compliance with that environment. Weaknesses in the current arrangements represent a high risk to the Council's ability to achieve value for money in this area.

5.1 The Consultancy Policy is not followed in practice

The Council's Consultancy Policy is accessible to staff online and sets out a number of clear steps to be taken when procuring consultants, including a formal process of approval and justification for the use of consultants. There was no evidence of the process set out in the policy being followed from the sample of seven consultancy/interim contracts, and feedback from staff was that they were not aware of the policy.

5.2 The Consultancy Policy is not up to date and does not reflect the needs of the Council

The Council's Consultancy Policy has not been updated in a number of years and no longer reflects the needs of the Council; the lead-in time for going out to market for a consultant is considerable and when the Council is under pressure to achieve savings targets, the authority needs the ability to react quickly when risks to those targets are identified. Equally, for larger pieces of work which do not require fast-paced initiation, open competition is likely to be the most appropriate way to ensure that the Council achieves value for money and finds the best consultants for the job.

The Council commissioned a Managed Service Provider framework contract for consultancy services and SMT and CLT have been informed that any consultancy expenditure must go through this arrangement. This must be signed off by the Deputy Chief Executive or the Director of Business Development & Improvement and the provider has been told not to accept any mandates which have not been signed off in this way. Under this contract, work must be allocated out in work packages. This framework and requirements represent new pragmatic controls on the process of appointing consultants at Cambridgeshire County Council, however as yet information on the new arrangements is not reflected in the Consultancy Policy or available to all staff.

Recommendation:

The Consultancy Policy should be updated to reflect the evolving needs of the Council and the new arrangements in place, and should be communicated to staff. A draft suggested Consultancy Policy, which is aligned to the policy in place at Peterborough City Council, has been provided at Appendix 1.

5.3 Lack of ownership of consultancy arrangements

Lack of clear ownership over consultancy arrangements was noted as a factor which prevented effective management of consultancy arrangements. Consultancy work is generally commissioned at the highest levels of management within the organisation, but given the pressure on managers at this level, they are unlikely to have the capacity to undertake day-to-day management of procurement and contracts; consequently there is a need to delegate this role. In the cases that were examined as part of this review, the delegation of these responsibilities was not always clear. While officers were asked to complete specific tasks such as filling-in exemption requests or arranging for a contract to be put in place, from discussions they did not have a sense of ownership with regards to ensuring overall effective procurement and management of consultancy arrangements; their focus was on processing individual tasks. Consequently, individual consultancy arrangements lacked comprehensive oversight.

This was less of an issue for consultants acting as interims, as these arrangements were subject to the usual line-management arrangements for the posts being filled.

Recommendation:

It is appropriate that consultancy should be commissioned at the highest levels within the authority. Consultancy arrangements should have a named responsible officer who takes on the day-to-day procurement and management of the contracts and is responsible for ensuring that the arrangement complies with Council guidance and legislation and that outcomes are delivered; this officer should have the ability to escalate serious issues to the senior commissioning officer where necessary. The responsible officer should be named in the Business Case for the consultancy on Verto.

5.4 Alternative approaches to commissioning consultants/interims

There was evidence of staff following approval and procurement routes other than that set out in the Consultancy Policy, with the intention of ensuring that their

consultancy/interim procurement was transparent and justified. While there were good intentions underpinning these cases, it has not always led to the intended outcomes, with findings from the review including:

- The role of ‘independent person’ for the investigation of Children’s Social Care complaints is effectively a form of consultancy role, with a small group of individuals who may be called upon to undertake reviews. These roles are not appointed through any form of procurement process but through word of mouth. Around £15k was spent with these individuals in 2016/17, so the consolidated spend over several years would breach the £25k threshold at which a procurement process is required.
- One contract was identified where the exemption requests significantly underestimated the actual level of expenditure on consultants and were therefore not approved at the correct level of authority.
- In two cases, gaps between exemption requests meant that expenditure with the supplier was at times not covered by any approved arrangement.
- An instance was identified where an exemption was granted, as recruitment had failed and the usual framework supplier could not supply an interim; in this sense the exemption was justified, but there was no attempt to offer the post to the market as the Council was approached by a supplier and accepted. Consequently there is no evidence that this was secured at a competitive rate.

These approaches to procurement therefore do not provide assurance that the Council secured value for money and maintained an open and transparent approach to procurement of consultants and interims when officers have acted outside the guidance in the Consultancy Policy. It is understood that exemptions to Contract Procedure Rules are now being reviewed by the Council’s Commercial Board, which should provide greater scrutiny over the use of exemptions in future.

Recommendation:

A framework contract should be put in place for Children’s Social Care Independent Persons. Identified individuals should be invited to submit bids to join the framework as part of an open procurement process.

5.5 Repeat and long-term exemptions from Contract Procedure Rules

A number of exemptions to Contract Procedure Rules were repeated over significant periods of time:

- A framework contract with a number of consultants who deliver a traded service was let in 2011 and expired in March 2015. Since then repeat exemptions were

approved (to March 2017) despite Procurement stating in each exemption form that the service needed to re-tender the framework.

- An interim arrangement for a head of service, which started in August 2015 under an exemption, continued under repeat exemptions. The service have stated this is to enable transformation work to be completed. The total expenditure on this arrangement by the end of 2016/17 was £185,390 which puts the arrangement in breach of the EU Procurement threshold.
- A consultancy arrangement which was initiated through an exemption request breached the EU threshold for procurement before arrangements to ensure the consultancy was procured in a compliant way were finalised.
- An interim head of service who started work in the 2014/15 financial year was replaced in 2016/17 by another interim, who is still in post although their successor has now been appointed.

It is recognised that certain management posts can be difficult to recruit successfully and in these cases it may be necessary to appoint an interim to ensure the Council is able to continue to provide services. These arrangements should always be approached as temporary, and as soon as an interim is in post, succession planning should be initiated.

Recommendations:

When a repeat exemption to contract procedure rules is approved for appointments of consultants or interims, the Procurement team should follow-up with the service to ensure an appropriate long-term solution is being put in place, as at present it appears that while services are prompted to consider alternative arrangements at the point of exemption approval, there is a risk that this is then forgotten about afterwards. Repeat exemptions where Procurement advice is not being taken should be flagged by the Procurement team to senior management at the Council.

It is understood that SMT has recently identified succession planning as a priority. As part of this, a review should be undertaken of all posts currently occupied by interims, and plans should be developed to transition these into permanent arrangements through development of existing staff, external recruitment processes etc. Long-term succession planning for these difficult-to-recruit posts should also be put in place.

The Associate Advisers framework contract should be re-tendered in an open procurement process.

5.6 Payments not linked to outcomes

The Council's Consultancy Policy states that payment to consultants should be linked to the achievement of outputs/outcomes and that payment should be staged to ensure the largest proportion is allocated upon completion of the outcomes.

In practice, the review identified little evidence of contracts being set up in this way. Where consultants are used as interims to fill vacant management posts, payment on the basis of a daily rate is likely to be appropriate. In the case of more traditional consultancy work, daily rate payments are not the best way to incentivise performance and ensure that outcomes are delivered in a timely way.

Recommendations:

Payment to consultants should be linked to the achievement of outputs/outcomes and payment should be staged to ensure the largest proportion is allocated upon completion of the outcomes.

5.7 Payment of expenses

The Council's Consultancy Policy states that expenses should only be paid to consultants in line with rates paid to Council staff. Testing identified that expenses were paid for consultants at a higher rate than that paid to Council staff and for items, such as day-to-day accommodation, which would not be covered by the Council's travel and subsistence scheme. This included payment to a consultant acting as an interim member of staff.

Recommendations:

Interim staff should only be paid expenses and travel costs through the Council's usual travel and subsistence scheme and in line with the rates paid to Council staff.

Contracts for consultancy should be clear that providers must include expected costs for expenses as part of their bids for work, and no separate expenses will be paid.

5.8 Cross-Council consultancy

The review identified an instance of a consultant who had been appointed at Peterborough City Council being brought over to Cambridgeshire to work within the People & Communities Directorate. The consultant was effectively loaned to the authority and was paid directly, although there was no contract in place with Cambridgeshire. Officers were not aware of what procurement process was followed at Peterborough, although controls were in place to manage ongoing spend with the consultant.

It is understood that Peterborough Council has a recruitment officer for the People & Communities Directorate who is the key contact for arranging any consultancy or other temporary staff arrangements and ensures they are procured transparently and managed effectively. Given the close working arrangements between the two authorities, there is potential for a joined-up approach between Cambridgeshire and Peterborough Councils.

Recommendations:

As part of the development of the new Consultancy policy, the possibility for cross-Council working should be explored, and particular consideration should be given to the possibility of sharing recruitment officer posts between Councils.

Detailed agreed actions are listed within the Management Action Plan (MAP) at pages 10 to 12 of this report.

MANAGEMENT ACTION PLAN

The Agreed Actions are categorised on the following basis:

Likelihood	H	S	I	E	Essential - Action is imperative to ensure that the objectives for the area under review are met. Important - Requires action to avoid exposure to significant risks in achieving objectives for the area under review. Standard - Action recommended to enhance control or improve operational efficiency.
	M	S	I	E	
	L	S	I	E	
		L	M	H	
		Impact			

Ref	Issues & Risks	Agreed Action	Management Comments	Manager & Target Date
1.	Consultancy Policy. The Council's Consultancy Policy is out of date and no longer reflects current arrangements for procuring consultancy. Although new arrangements have been communicated to SMT/CLT, there is a need for the Policy to be revised and updated in line with the new arrangements, and to reflect key findings of this report.	Important The Council's Consultancy Policy should be updated to reflect the new processes in place and should address the key points outlined in this report, including: <ul style="list-style-type: none"> Requirement for sign-off of all consultancy expenditure by the Deputy Chief Executive or the Director of Business Development & Improvement. Consider a requirement that a business case must be approved on the project management system before any action can be taken to engage temporary resource, as this would fit with existing processes. Require each consultancy arrangement to have a named officer who is responsible for day-to-day management of the contract and has sufficient capacity to do so. This officer should be named in the Verto Business Case. Identifying distinct requirements regarding interims vs. consultants. Requiring expenditure to be coded correctly on the finance system. Requiring payment to consultants to be linked to outcomes and clarifying how expenses should be handled. Providing draft proposed conditions of contract for areas such as conflicts of interest and skills transfer to be incorporated within consultancy contracts. A draft suggested Consultancy Policy, which is aligned to the policy in place at Peterborough City Council, has been prepared by Internal Audit and is now being agreed and finalised with HR and Procurement colleagues. When the policy has been agreed, this should be communicated clearly to staff.	The Consultancy Policy is in the process of being updated with HR and Procurement colleagues, to incorporate the issues outlined in the recommendations. See Appendix I for the current draft.	Janet Atkin, Head of HR Advisory & Internal Audit 30 th September 2018

Ref	Issues & Risks	Agreed Action	Management Comments	Manager & Target Date
2.	<p>Cross-Council Consultancy</p> <p>In at least one case, a consultant has been brought to CCC from Peterborough City Council. Guidance is not clear on how this should be handled.</p>	<p>Important</p> <p>As part of the further development of the new Consultancy Policy, senior management should consider how any cross-Council arrangements should be managed in future.</p> <p>As part of the development of the new policy, the possibility for cross-Council working should be explored, and particular consideration should be given to the possibility of sharing recruitment officer posts between Councils. Such post(s) could act as the named officer with responsibility for ensuring that consultancy contracts are procured in compliance with guidance and legislation, and that they are managed effectively.</p>	<p>The Consultancy Policy is in the process of being updated with HR and Procurement colleagues, to incorporate the issues outlined in the recommendations. See Appendix I for the current draft.</p> <p>Potential for longer-term cross-Council rationalisation will be considered by the Business Improvement and Development Directorate.</p>	<p>Janet Atkin, Head of HR Advisory & Internal Audit 30th September 2018</p> <p>Amanda Askham, Director of Business Improvement and Development 31st January 2019</p>

Ref	Issues & Risks	Agreed Action	Management Comments	Manager & Target Date
3.	Control over Expenditure Expenditure on consultancy and interims is regularly mis-coded on the Council's financial systems, making analysis difficult. There is a lack of management oversight of total expenditure in these areas.	Important Budget holders and financial advisors should be reminded to ensure that all expenditure, and particularly consultancy and interim expenditure is coded to the correct account code to enable analysis and monitoring of the Council's spend in these areas. Miscodes of such expenditure should be corrected. Procurement should produce a report detailing expenditure on consultants and interims and share this with members of SMT and HR on a quarterly basis. This should improve the ability of senior management and HR to identify and address areas of high spend; areas which may be nearing EU Procurement Thresholds; and areas where consultants or interims have been in post for extensive time periods.	This action will be taken forward by the Business Improvement and Development Directorate.	Amanda Askham, Director of Business Improvement and Development 31 st January 2019

Ref	Issues & Risks	Agreed Action	Management Comments	Manager & Target Date
4.	Succession Planning Several instances were identified by the review of interims remaining in post for significant time periods.	Important A review should be undertaken of all posts currently occupied by interims and plans should be developed to transition these into permanent arrangements through development of existing staff, external recruitment processes etc. Long-term succession plans should be developed for these posts, and other posts which have been occupied by interims over the past three years. When a repeat exemption to contract procedure rules is approved for appointments of consultants or interims, the Procurement team should follow-up with the service to ensure an appropriate long-term solution is being put in place, as at present it appears that while services are prompted to consider alternative arrangements at the point of exemption approval, there is a risk that this is then forgotten about afterwards. Repeat exemptions where Procurement advice is not being taken should be flagged by the Procurement team to senior management at the Council.	This action will be taken forward by the Business Improvement and Development Directorate.	Amanda Askham, Director of Business Improvement and Development 31 st January 2019
5.	Independent Persons 'Independent Persons' in Children's Social Care are a small group of consultants who may be called upon to undertake reviews. These are appointed through word of mouth.	Important Around £15k was spent with these individuals in 2016/17, so the consolidated spend over several years would breach the £25k threshold at which a procurement process is required. A framework contract should be put in place for Children's Social Care Independent Persons. Identified individuals should be invited to submit bids to join the framework as part of an open procurement process.	This action will be taken forward by the Children's Directorate.	Lou Williams, Director of Children's Services 31 st January 2019

Ref	Issues & Risks	Agreed Action	Management Comments	Manager & Target Date
6.	Associate Advisers The framework contract for Associate Advisers was let in 2011 and expired in March 2015. Since then repeat exemptions have been approved.	Important The Associate Advisers framework contract should be re-tendered in an open procurement process immediately.	This action will be taken forward by the Education Directorate.	Jon Lewis, Director of Education 31 st January 2019

Appendix 1 – Glossary / Definitions

There are three elements to consider when determining an assurance opinion as set out below.

1 Control Environment / System Assurance

The adequacy of the control environment / system is perhaps the most important as this establishes the key controls and frequently systems ‘police/ enforce’ good control operated by individuals.

Assessed Level	Definitions
Substantial	Substantial governance measures are in place that give confidence the control environment operates effectively.
Good	Governance measures are in place with only minor control weaknesses that present low risk to the control environment.
Satisfactory	Systems operate to a moderate level with some control weaknesses that present a medium risk to the control environment.
Limited	There are significant control weaknesses that present a high risk to the control environment.
No Assurance	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment.

2 Compliance Assurance

Strong systems of control should enforce compliance whilst ensuring ‘ease of use’. Strong systems can be abused / bypassed and therefore testing ascertains the extent to which the controls are being complied with in practice. Operational reality within testing accepts a level of variation from agreed controls where circumstances require.

Assessed Level	Definitions
Substantial	Testing has identified that the control environment has operated as intended without exception.
Good	Testing has identified good compliance. Although some errors have been detected these were exceptional and acceptable.
Satisfactory	The control environment has mainly operated as intended although errors have been detected that should have been prevented / mitigated.
Limited	The control environment has not operated as intended. Significant errors have been detected and/or compliance levels unacceptable.
No Assurance	The control environment has fundamentally broken down and is open to significant error or abuse. The system of control is essentially absent.

3 Organisational Impact

The overall organisational impact of the findings of the audit will be reported as major, moderate or minor. All reports with major organisational impact will be reported to SMT along with the relevant 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.

4 Findings prioritisation key

When assessing findings, reference is made to the Risk Management matrix which scores the impact and likelihood of identified risks arising from the control weakness found, as set out in the MAP.

For ease of reference, we have used a high/medium/low system to prioritise our recommendations, as follows:

E	Essential	I	Important	S	Standard
	<p>Failure to address the weakness has a high probability of leading to the occurrence or recurrence of an identified high-risk event that would have a serious impact on the achievement of service or organisational objectives, or may lead to significant financial/ reputational loss.</p> <p>The improvement is critical to the system of internal control and action should be implemented as quickly as possible.</p>		<p>Failure to respond to the finding may lead to the occurrence or recurrence of an identified risk event that would have a significant impact on achievement of service or organisational objectives, or may lead to material financial/ reputational loss.</p> <p>The improvement will have a significant effect on the system of internal control and action should be prioritised appropriately.</p>		<p>The finding is important to maintain good control, provide better value for money or improve efficiency. Failure to take action may diminish the ability to achieve service objectives effectively and efficiently.</p> <p>Management should implement promptly or formally agree to accept the risks.</p>

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Client: Cambridgeshire County Council

Issued to: Gillian Beasley, Chief Executive
Chris Malyon, Deputy Chief Executive
Amanda Askham, Director: Business Development
& Improvement
Paul White, LGSS Head of Procurement
Janet Atkin, Head of HR Advisory

Date: July 2018

Chief Internal Auditor: Duncan Wilkinson

Lead Auditor: Mairead Kelly

Status of report: Draft

Consultants and Interims Policy

1. Introduction and purpose

- 1.1 The overall objectives of this policy are to:
- Ensure consistent application in the use of Consultants and Interims across the Council;
 - Ensure correct procedures are followed when sourcing a Consultant or Interim, and as a result ensuring there is appropriate transparency;
 - Ensure that all available alternatives are considered prior to engaging a Consultant, and to minimise the use of non-payrolled workers to reduce overall spend; and
 - Ensure the council complies with all HMRC regulations.
- 1.2 Officers should, wherever possible, seek to fill senior management posts with a permanent employee where it is beneficial for the council and consider all other available options (e.g. internal employees acting up) before seeking to recruit an interim to a managerial position.
- 1.3 Where it is not possible to fill posts with a permanent or temporary employee this policy provides Council managers with clear instructions in respect of the engagement and management of Consultants and Interims.
- 1.4 The Council aims to ensure that value for money is received from all non-payrolled workers. Internal resources should always be used where they are available.
- 1.5 This policy does not apply to interim employees where that interim is employed under a fixed-term employment contract, and paid via the payroll to carry out work which is “business as usual”.

2. Definitions

2.1 ‘Non-payrolled’ workers:

The council defines non-payrolled workers as either:-

Consultant

Consultants are any party, whether an individual or a firm, with expertise that is typically not available internally. A Consultant is engaged for a limited period or for short-term projects to provide professional advice or services and will usually specify an endpoint to their involvement in a project. A Consultant transfers skills and/or expertise to the Council which, it either does not possess in-house, or which require an independent evaluation/assessment to be made.

Consultants are not held against an existing post on the establishment.

Engaging a Consultant is a procurement activity, therefore LGSS Procurement must be contacted in the first instance. It is important that any expenditure in relation to engaging Consultants must be in accordance with the Council’s Contract Rules.

A consultant may be sourced through OPUS LGSS; alternatively a consultant can be engaged via framework contracts, or a contract should be advertised. If a direct

appointment is proposed without advertising or appointment via a framework, then an exemption form for the total value of the contract must be approved.

Interim/Agency Worker

An Interim is engaged to cover a substantive post within our organisational structure for a defined period of time. The worker covers business-as-usual activities for that role on a short-term basis, under the supervision of the Council. The maximum length of an agency worker placement is 13 weeks, or 20 weeks for a placement in a Social Care role.

The individual is paid via OPUS LGSS payroll and OPUS LGSS is responsible for making tax and NI deductions. The Council is invoiced by the agency.

The Council has a specific Agency Worker Policy which gives detail on the appointment of agency workers. This is available on LGSS Direct and should be followed by all managers looking to appoint an agency worker.

Interims/Agency Workers are usually fulfilling a substantive post on the establishment or undertaking a temporary increase in workload.

Under no circumstances must a Council Officer engage an Interim/Agency Worker without going through OPUS LGSS. Any appointments outside of OPUS LGSS require an exemption to be approved. See the Agency Worker Policy for more information.

3. Process that must be followed when engaging non-payrolled workers

- 3.1 OPUS LGSS is the first source for appointment of non-payrolled workers. The council also has a number of existing supplier framework contracts available relating to consultancy. The LGSS Procurement team can advise on the use of these framework contracts, and the procurement process that must be followed under each framework.
- 3.2 Engaging a Consultant is a procurement activity. It is important that any expenditure in relation to engaging a Consultant must be in accordance with the council's Contract Rules. Selection criteria for a Consultant should relate both to the technical skills required and the total cost relating to the consultancy placement.
- 3.3 The following table will assist managers to understand the correct process for engaging a non-payrolled worker, and clearly differentiates between consultants, interims and agency workers.

Description	Payment Method	Engagement Process
Consultant	Where IR35 does not apply, the Consultant is paid via OPUS LGSS or set up as a supplier and paid by invoice. Where IR35 applies, the Consultant will be paid via OPUS LGSS subject to tax and National Insurance deductions.	1. A Business Case must be written and approved on Verto. This must include: <ul style="list-style-type: none"> • The name of an accountable officer to act as 'Engaging Manager', who will be responsible for day-to-day management and oversight of the contract and has both seniority and capacity to manage this. • Detail on what alternatives to appointing a consultant have been considered, and why these have been rejected. • Defined outputs required from the Consultant

	<p>Payment must be linked to the achievement of outputs/outcomes. Payment should be staged to ensure the largest proportion is allocated upon completion of the outcomes.</p> <p>Consultants will only be entitled to be reimbursed for reasonably incurred expenses that have been submitted to and approved by the Engaging Manager. Approved expenses will be reimbursed on submission of a valid VAT receipt. Rates for expenses must be in line with those paid to Council employees. If the contract is priced on an inclusive basis, no expenses will be payable.</p>	<p>and detail of how payment will link to delivery.</p> <ul style="list-style-type: none"> •Detail of how quality and performance will be measured, including performance measures. •Defined budget for the Consultant. •Detail of how skills and knowledge acquired will be captured for future use. •Evaluation and award criteria for the procurement stage. <p>The Business Case must be approved by either the Director of Business Development & Improvement or the Deputy Chief Executive, before any expenditure is incurred. You should ensure your Director approves the submission of the Business Case before this is sent for approval.</p> <p>2. LGSS Procurement must be contacted in order to determine the most appropriate solution:</p> <p>(i) Source consultant via OPUS LGSS.</p> <p>(ii) Tendering process to invite bids, in accordance with Contract Procedure Rules: http://sharepoint.lgss.local/sites/lpg/procurement/LGSS%20Direct%20Content%20OPEN/Contract%20Procedure%20Rules.pdf</p> <p>(ii) Call off from existing framework contracts where the appointment falls within the scope of these contracts.</p> <p>3. Determine IR35 status. The Engaging Manager must complete the HMRC Employment Status Tool available here and provide a copy of this to their HR Business Partner.</p> <p>Full details are provided in the flowchart at Appendix A.</p> <p>Any extensions to the original consultancy placement are also subject to approval and a revised Business Case should be sent for approval by the Director of Business Development & Improvement or the Deputy Chief Executive.</p>
Interims	<p>Paid through invoice to OPUS LGSS. Rates for expenses must be in line with those paid to Council employees.</p>	<p>1. Obtain an authorised Recruitment Freeze Exemption form.</p> <p>2. Appoint through OPUS LGSS as per the Agency Worker Policy</p> <p>3. Undertake formal succession planning. As interims provide temporary cover for key roles,</p>

		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. Advice may be sought from HR Advisory.
Agency Workers	Paid through invoice to OPUS LGSS. Rates for expenses must be in line with those paid to Council employees.	<p>1. Obtain an authorised Recruitment Freeze Exemption form.</p> <p>2. Appoint through OPUS LGSS.</p> <p>Full details are provided in the Agency Worker Policy.</p>

3.4 Exemption from the engagement process - only in consultation with LGSS Procurement

Where it is not possible to engage a Consultant/Interim/Agency Worker in accordance with the engagement process stipulated above, a Council Officer may request an exemption from the process. The fundamental principles of exemptions are that they should be used only in exceptional circumstances and any exemption request must be approved at the correct level (stipulated in Contract Procedure Rules, depending on the total value of the contract) prior to engagement. Repeat exemptions should not be sought. LGSS Procurement must be consulted in all instances where an exemption from the above process is sought.

- 3.5 Before any consultant is engaged, a Business Case must be approved on Verto by the Director of Business Development & Improvement or the Deputy Chief Executive. Even where a Business Case has been approved, a separate exemption must be sought if the process outlined above to engage consultants is not being followed.
- 3.6 Budget holders are responsible for ensuring that all consultant and interim expenditure must be coded to the correct account code on ERP Gold.
- 3.7 Engaging managers are responsible for maintaining information for all Consultants engaged. This must include copies of any approvals, the approved Business Case, all relevant procurement and contract information and a copy of the employment status check.
- 3.8 There may be instances where the Council may wish to use the services of a Consultant who has been appointed by a partner organisation; for instance where the Consultant has already undertaken work on aspects of a joint project. In such cases, before the Council incurs any costs or agrees to fund the work, a Business Case must be written and approved as per the steps detailed above, and LGSS Procurement consulted on the most appropriate route to engage the consultant.

4. IR35 Status (HMRC regulations) Consultants/Interims/Agency Workers

- 4.1 IR35 is the reference used to describe a piece of tax legislation which aims to differentiate between genuine businesses and workers who are *for all intents and purposes* a temporary employee. It is our legal responsibility to determine whether IR35 applies. Failure to comply with IR35 rules will result in liability for the additional tax/NI, fines and potentially a full tax audit. In addition, there is potential reputational damage to the organisation if we are not compliant. If

HMRC impose a claim/fine, these will be charged to the cost centre where the Consultant was engaged.

4.2 **IR35 Status (HMRC regulations) Interims/Agency Workers**

The council will adopt a blanket approach in respect of the tax status of each interim/agency worker. All interims/agency workers will be classed as within the IR35 regulations. These workers will be set up via OPUS LGSS and be subject to tax and NI deductions. IR35 status need not be considered further unless the status is disputed by the interim/agency worker, in which case the Engaging Manager will need to complete the HMRC employment status tool.

4.3 **IR35 Status (HMRC regulations) Consultants**

A decision will be required for each consultant engaged. HMRC provide an Employment Status (ESS) tool that enables employers to check what the employment status of each consultant should be (that is whether they are employed or self-employed for tax, National Insurance contributions (NICs) or VAT purposes). This must be used to determine the exact status for each individual. (This tool was previously known as the Employment Status Indicator tool).

4.4 Before starting to use the ESS tool, HMRC recommends that their guidance on employment status has been read. This explains the factors that determine whether a worker is considered employed or self-employed. (These tools cannot be used to check the employment status of agency workers or anyone providing services through an intermediary). The Engaging Manager must answer the questions honestly and accurately based on the requirements of the role. If the result is achieved through contrived answers designed to get a particular outcome, HMRC will treat this as evidence of deliberate noncompliance. HMRC have the ability to award higher penalties in this situation.

[Read more guidance about employment status](#)

Click [here](#) to access the ESS tool. For further advice and guidance contact your HR Business Partner. Following the test you must provide a copy to your HR Business Partner, and keep a copy of the outcome on the Consultant's record for a minimum of 6 years.

4.5 Payment via OPUS LGSS - Where OPUS LGSS is advised that an individual has been identified as outside the scope of IR35, they will check this determination with a HR Business Partner. If HR Advisory confirm that the individual is outside of the scope of IR35 OPUS will process payments to the individual via a limited company.

4.6 Payment via invoices – Alternatively, where a Consultant is determined to be outside of the scope of IR35 they will be set up as a supplier. P2P must see evidence of the employment status check result and will check this determination with the relevant HR Business Partner before setting up the supplier record. The supplier record should clearly state that it is related to consultancy spend.

4.7 During the course of the consultancy contract, precautions should be taken to ensure that Consultants cannot claim employment rights with the Council. Consultants must not be used for a protracted period or integrated into the Council more than necessary. Matters of pay, sickness, leave and any performance problems should be raised with the consulting firm and detailed in the framework agreement contracts. The Engaging Manager must not control the way the Consultant does his/her work but should focus on the achievement of agreed outputs.

4.8 **Officers who choose not to follow this policy and/or process will face disciplinary action which could result in dismissal for a first offence.**

5. Skills Transfer

- 5.1 'Skills transfer' must be a written contractual requirement for appropriate professional skills contracts for Consultants, to enable officers to develop expertise which will directly benefit the council.
- 5.2 The Consultant shall identify the required knowledge and skill set to carry out the services and impart the necessary skills and knowledge to the council's employees with whom the Consultant has contact in the performance of their duties. **This should be undertaken with a view to increasing and consolidating the skills base within the council.**
- 5.3 In addition the Consultant shall deliver training including a Question and Answer Session to those workers and employees with whom the Consultant has had contact together with such others as are nominated by the council. The training shall be of such duration and timing as specified by the council and shall focus on those areas identified by the council that arise from the delivery of the Consultancy Services to the council.
- 5.4 When consultant assignments are coming to end, Engaging Managers must plan accordingly for the decommissioning of the Consultant's agreement, and consider what information needs to be appropriately transferred or distributed within the Council to ensure a smooth transition period. Engaging Managers who have used Consultants to deliver project work, manage a project or carry out any work on a project, should ensure that the usage of external resources is considered in their Lessons Learned Report and Project Closure Report.
- 5.5 Managers should stage the payment of consultancy payments with the largest proportion to be allocated upon successful completion of the project/Consultant's contribution.

6. Conflicts of Interest

- 6.1 Officers must ensure that any contract with the consultant contains a requirement that any conflicts of interest which arise during the course of the contract (including those of any sub-contractor engaged) will be notified to an officer of the council. Consultants must not allow personal and/or private interests to influence their conduct during the assignment. The Consultant must notify a conflict of interest if they, their colleagues, partner and/or close relatives have an interest in a private enterprise that could potentially benefit from the advice given by the Consultant or by information acquired by the Consultant during the course of the engagement.
- 6.2 The principles of the Code of Conduct for Officers applies to those engaged as Consultants, Interims/Agency Workers.

Examples of potential conflicts of interest

- 6.3 The following are matters which could potentially give rise to a conflict between the Consultant and the council's interest. This list is not exhaustive but it might assist in identifying whether any potential conflict of interest arises:
 - The Consultant's financial interests are affected by the outcome of the contract (but this does not include the salary paid to the Consultant).
 - The Consultant is a member of a body or holds a position of responsibility in a body whose interests may conflict with those of the council.

- The Consultant is personally known to the officer or member awarding the contract (this is not necessarily fatal to the contract if the contract has been obtained through fair competition but should be declared in any event).
- The Consultant owns shares or has an interest in any company which is affected by the outcome of the contract.
- The Consultant has another contract which conflicts with the council's interests.

6.4 If the Council considers there is a conflict of interest as a result of the information that has been disclosed, the Consultant will not be considered for assignment. Non-disclosure of a possible conflict of interest could result in the Consultant's contract being terminated and/or legal action taken if identified at a later date or stage of their assignment.

7. Reporting and Monitoring

- 7.1 The Engaging Manager responsible for engaging a Consultant will be required to complete monthly progress reports on Verto, to demonstrate that the objectives of the original Business Case are being achieved.
- 7.2 A report on Consultant usage, bringing together the Verto reporting for each open consultancy appointment, will be submitted to SMT on a monthly basis.
- 7.3 The ongoing monitoring role at Member level is undertaken by Audit & Accounts Committee. Quarterly reports will be produced for the Audit & Accounts Committee.
- 7.4 Senior managers will be expected to confirm that they have complied with IR35 requirements in respect of engaging consultants and office holders, as part of the annual statement of accounts assurance process.

8. Further information for Managers

- 8.1 Managers must always aim to source internal skills, expertise and resources before preparing a Business Case for consultancy resources (including Consultants in interim positions). This will include checking the Council's 'at risk' register of redundant and re-deployed staff.
- 8.2 HR will provide the necessary advice and support to ensure appointments are made via the payroll in the first instance.
- 8.3 Where appropriate, HR should be involved in the recruitment process for Interims occupying managerial positions to ensure that advice can be given on suitable candidates from amongst existing employees and in-house expertise, skills or knowledge utilised in accordance with the council's equality policies.
- 8.4 Engaging Managers are responsible for ensuring Consultants are aware of their responsibilities under the principles of the Data Protection Act and associated legislation, ensuring that external resources such as Consultants provide written confirmation that both the Consultant and their staff will treat the Council information confidentially.

- 8.5 Consultants should acknowledge that the Council is subject to the requirements of the Freedom of Information Act (FOIA) and the Environmental Information Regulations (EIR) and shall assist and cooperate with the Council to enable timely compliance with its information disclosure obligations.
- 8.6 The procurement process itself and the Consultant once appointed must comply with all legislation relevant to their assignment including but not limited to Equalities legislation.
- 8.7 All contracts entered into for consultancy services must have a clear outline of termination conditions, to accommodate a change in organisational requirement, breach of contract and/or poor performance.
- 8.8 Poor performance must be addressed promptly and before serious damage to the project, work or to the Council's reputation can occur. Engaging Managers must consult with LGSS Law on how to exit from a contract if this is outside of the normal termination process and ensure that the available exit strategies and penalties are explicitly written in the contract.
- 8.9 If a Confidentiality Agreement is required, please contact LGSS Law.
- 8.10 An employee terminated on the grounds of voluntary or compulsory redundancy should not normally be re-engaged as a Consultant. Further details are given in the [Re-engagement and re-employment rules](#). In exceptional circumstances a manager who wishes to make a business case to engage an ex-employees who has previously been made redundant from the Council will require prior authorisation from the Director of HR. A summary of all ex-employees reengaged as consultants will be presented to SMT/CMT on a regular basis.

9. Review of policy

This policy will be reviewed by HR and Procurement on an annual basis, in line with any changes in legislation or relevant best practice.

Appendix A Process flow chart for Consultants

APPENDIX A

Appendix A: Engagement of a Consultant

Engaging a consultant is a procurement activity and LGSS Procurement must be involved in the process. It is important that any expenditure in relation to engaging consultants must be in accordance with the council's Contract Procedure Rules.

A summary of the process for engagement of a consultant is outlined below.

STEP 1: The requirement for a consultant is identified.
Consultants are not held against an existing post on the establishment.

STEP 2: A Business Case must be approved on Verto by the Director of Business Development & Improvement or the Deputy Chief Executive. This must contain all key information as set out in the Consultancy Policy.

STEP 3: Please consult with Legal and LGSS Procurement to ensure your engagement of a consultant is completed in accordance with the Contract Procedure Rules and Consultancy Policy.

STEP 4: There are three options available in order to engage a consultant:

Option 1: Where the contract value is between £2k and £100k, three written quotations are required; for consultant engagements over £10,000, also place an advert on the Council's Tender Advertising Portal. For a value between £100k up to the current EU threshold a formal tender process is required.

Option 2:
Utilise OPUS LGSS.

Option 3: Utilise existing supplier framework contracts for the provision of consultants where the council is permitted to call-off from that framework.

STEP 5: In accordance with HMRC Regulations, the consultant's IR35 status must be determined. A decision will be required for each consultant engaged. HMRC provide an Employment Status (ESS) tool that assists in determining IR35 status. Please contact HR Advisory.

STEP 6: You MUST notify your HR Business Partner of the outcome of the ESS tool and provide a copy.

STEP 7: Contact Legal to discuss contract formalities.

STEP 8: Consultant's engagement may formally commence.

Internal Audit Review – V4

1. Introduction

At the request of the Chief Executive, Internal Audit carried out a review of the use of consultants at Cambridgeshire County Council. The outcomes of that review are set out in a separate Internal Audit report.

As part of the review, Internal Audit was requested to review the procurement arrangements relating to the appointment of a specific consultancy agency, V4. The findings relating to these consultants are incorporated in the main audit report, but are also set out here in greater detail.

The external auditor subsequently advised that a complaint had also been raised regarding this issue and consequently this briefing note has been produced to give detail of the V4 procurement and contract.

2. Background

V4 Services commenced work at the Council from the week beginning the 14th December 2015 (REF 1-1). At the time, the Council was considering ways to reorganise key back-office functions to provide greater corporate capacity for transformation; at the time, resource for key functions such as project management and business intelligence was split across separate Council directorates rather than led from the corporate centre. V4 Services Ltd was initially brought in for a piece of work on the Council's Corporate Capacity Review and looking at the effectiveness of SMT.

The earliest contract with V4 Services outlines the following specified scope of work:

“Building capacity and capability within the organisation through the Corporate Capacity Review to ensure that the Council have the capacity and capability at the heart of the organisation to drive through further transformation in a strategic and cross cutting way.”

“Focusing on the delivery of short and medium terms savings particularly in areas such as contracts and commissioning and ICT.”

“Establishing design principles and direction of travel as agreed and approved by the designated Board of the Council.” (REF 1-4, page 15)

Total expenditure with V4 Services from 14th December 2015 to 31st March 2018 is shown at Table 1, below:

TABLE 1: Expenditure with V4 Services to 31st March 2018:

Time Period	Procurement Route	Company Paid	Value of Exemption	Total Expenditure
14/12/2015 - 31/3/2016	First Exemption	V4 Services Ltd	£50,000.00	£48,851.62
01/04/2016 - 30/06/2016	Second Exemption	V4 Services Ltd	£68,900.00	£142,423.89
01/07/2016 - 31/07/2016	No Exemption	V4 Services Ltd	£0.00	£92,856.82
01/08/2016 - 1/04/2017	De Poel Contract ¹	V4 Services Ltd	N/A	£152,755.63
		De Poel	N/A	£370,830.65
1/04/2017 - 31/03/2018	ESPO Framework	V4 Services Ltd	N/A	£252,573.98
		De Poel	N/A	£41,081.29
				£1,101,373

3. Procurement

3.1 Constitution:

Under the Council's Constitution, Member involvement is required for 'key decisions'. These are defined as a decision which:

“Results in the Council incurring expenditure or making savings, in a single transaction or a related series of transactions, in excess of £500,000 and/or is significant in terms of its effect on the community living or working in an area of Cambridgeshire.” (REF 2-4, section 12.03)

The initial procurement of V4 did not exceed the key decision threshold, and therefore the Council's Constitution was not applicable.

3.2 Contract Procedure Rules:

The two corporate policies which are relevant to this procurement are: the Council's Contract Procedure Rules; and the Consultancy Policy, which forms an additional part of the Contract Procedure Rules.

The Council's Consultancy Policy requires an Approval Form for the Use of External Consultants and Interims to be completed and submitted to Procurement for all consultancy placements, except where a Recruitment Freeze Exemption Request has already been approved (REF 1-6, page 6). This involves sign-off by the Chief Officer after consultation with the appropriate Committee Chair (REF 1-6, page 18).

No approval form was completed for the appointment of V4 Services, although the approval of the Chief Officer was obtained via the exemption process. The Procurement

¹ N.B. the start date of this contract is unknown. 1st August 2016 represents the earliest possible start date as responses to the tender were received on 28th July, but it is not likely to contract was in place until later in the month.

team did not prompt the officer applying for an exemption to complete the Approval Form as per the Consultancy Policy.

The Council's Contract Procedure Rules state:

"12.1 For the procurement of a Consultant the relevant Chief Officer must follow the Council's process (available on the Central Procurement Team's pages of the intranet) justifying the requirement and must achieve approval according to that process prior to any procurement activity commencing."

"12.4 The Chief Officer must comply with the Council's policy on Consultancy available on the Council's intranet." (REF 1-2, page 12)

The Council's Consultancy Policy and therefore Contract Procedure Rules were not fully complied with.

A recent Internal Audit review of the Consultancy Policy identified that there is not wide awareness of this policy throughout the organisation, and this policy is not widely complied with. Therefore the non-compliance with the Consultancy Policy in this instance was not unique.

Under Contract Procedure Rules, officers were permitted to apply for exemptions to the normal procurement processes. The Rules stated that exemptions:

"...must be obtained in advance of the Officer commencing procurement and in accordance with the following procedure and will only be granted in exceptional circumstances". (REF 1-2, page 5)

Under Contract Procedure Rules the following requirements applied to contracts from £25,000 to £100,000:

"4.4 Where the Total Value is from £25,000 up to £100,000
Exemptions for proposed Contracts with a Total Value of £25,000 and not exceeding £100,000 must be recorded using the Exemption Request Form located in the central procurement team pages of the intranet. The Officer must secure approval from the Chief Officer and then send to the Central Procurement Team for approval by the Head of the Central Procurement Team. Approval must be obtained by the Officer prior to any procurement activity commencing. The Exemption Request Form will be returned to the relevant department for retention with the Contract records, with a copy retained by the Central Procurement Team." (REF 1-2, page 5)

An officer in the Customer Services and Transformation Directorate sought an exemption from Contract Procedure Rules for the appointment of V4. The exemption was estimated at a total value of £50,000, for work taking place from the week beginning 14th December 2015 for 16 weeks (i.e. to the 1st April 2016). The exemption was sought "based on the urgent nature of the work required". The exemption was approved by the Head of Procurement who stated that he had reviewed the exemption with the Director of Customer Services and Transformation who would have acted as the Chief Officer for the transaction. (REF 1-1).

The exemption form itself does not include detail of when the exemption was applied for or awarded. On the second exemption applied for, the date of award of the first exemption is stated as 18th December 2015 (REF 2-1). This was within the week beginning 14th December 2015, when the consultants were due to have started on site. It is not clear whether the consultants had started work prior to the exemption being awarded.

Subject to the above, the exempted procurement complied with the Contract Procedure Rules in material respects.

3.3 Compliance with awarded exemption:

In the period covered by this exemption request, costs of £48,851.62 (exclusive of VAT) were incurred with V4 Services (REF 1-3).

The approved exemption was therefore complied with.

3.4 Contract Management:

The contract between Cambridgeshire County Council and V4 Services has a commencement date of the 14th December 2015 and an end date of 1st April 2016 (REF 1-4). LGSS Law Limited were engaged to advise. The contract is not dated and has not been signed by V4 Services.

The contract was not recorded on the Council's Contracts Register as required by Contract Procedure Rules (REF 1-2, page 24, section 13.2) and the Consultancy Policy (REF 1-6, page 8).

The contract states:

"4.1 The Council shall pay the Company a fee of £50,000 for the Services payable in four equal instalments of £12,500 each exclusive of VAT". (REF 1-4, page 6)

A schedule of services and payment dates was included in the contract. This gave a general specification of a scope of work to be undertaken to support the Council to deliver the Transformation Agenda including:

"Building capacity and capability within the organisation through the Corporate Capacity Review to ensure that the Council have the capacity and capability at the heart of the organisation to drive through further transformation in a strategic and cross cutting way."

"Focusing on the delivery of short and medium terms savings particularly in areas such as contracts and commissioning and ICT."

"Establishing design principles and direction of travel as agreed and approved by the designated Board of the Council." (REF 1-4, page 15)

The contract does not specify sufficiently measurable outcomes for delivery as required under the Consultancy Policy (REF 1-6, page 7). No documented performance measures were evident for the delivery stage, as required under the Consultancy Policy (REF 1-6, page 7). The contract does not specify any specific resource inputs.

A reporting procedure was specified in the contract, to consist of weekly 'Steering Group' meetings between the Council and the company with reporting on work undertaken and proposed (REF 1-4, page 15). It is understood that these meetings were held as required by the contract and Consultancy Policy.

4 Contract Extension

4.1 Contract Procedure Rules:

A second form was submitted and approved by the Chief Officer requesting exemption from Contract Procedure Rules for the procurement of V4 Services for the period 1st April 2016 to 30th June 2016 (REF 2-1). The Head of Procurement approved the exemption on the 15th April 2016 (REF 2-2).

The estimated total value of the exemption was £68,900. The total value including any previous exemptions is recorded as £118,900. (REF 2-1)

In relation to repeat exemptions, the Council's Contract Procedure Rules state:

"4.8 Repeat Exemptions

In instances where a repeat exemption is requested, then the Total Value of the requested exemption will be added to previous exemptions and the appropriate rule/regulation relating to the Total Value will apply." (REF 1-2, page 6).

Given this requirement, as the total value of invoices received under the repeat exemption had reached £118,900, the following requirement of the Contract Procedure Rules applied:

"4.5 Where the Total Value is £100,000 up to the current EU Threshold.

Exemptions sought that are equal to or over £100,000 and not exceeding the EU Threshold for goods and services must be recorded using the Exemption Request Form located in the central procurement team pages of the intranet. The Officer must secure approval from the Chief Officer, the Monitoring Officer and the Section 151 Officer and then send the approved form to the Central Procurement Team. Approval must be obtained by all parties prior to any procurement activity commencing. The Exemption Request Form will be returned to the relevant department for retention with the Contract records, with a copy retained by the Central Procurement Team." (REF 1-2, page 5)

The audit trail does not evidence approval by the Monitoring Officer and Section 151 Officer as required. Discussions with the Section 151 officer indicate that he was aware and supportive of this exemption. Internal Audit was not able to obtain a response from the

former Monitoring Officer regarding his approval, but there is evidence this was sought (REF 2-2).

The exemption form states that an exemption is being requested on the grounds of “proprietary goods or services (required to complement existing goods or services)” as V4 Services carried out a scoping and recommendation piece of work and further support was required to implement the recommendations (REF 2-1).

The Council’s Contract Procedure Rules state:

“12.5 A Consultant appointed to advise on the procurement or design of the project, or to advise on an evaluation or similar exercise must not be permitted to bid for any subsequent stage of the work or project. Any enhancement or changes to the original appointment on advising on a project must undergo a further justification as per rule/ regulation 12.1 of this section.”

“12.1 For the procurement of a Consultant the relevant Chief Officer must follow the Council’s process (available on the Central Procurement Team’s pages of the intranet) justifying the requirement and must achieve approval according to that process prior to any procurement activity commencing.” (REF 1-2, page 12)

4.2 Contract:

A signed second contract with V4 Services dated 1st April 2016 commenced on 1st April 2016 and had a termination date of 30th June 2016 (REF 2-3, page 3 and page 17 for signatures) in line with the period of the approved exemption request. The fee was specified as £5,300 per week exclusive of VAT (REF 2-3, page 6). The period of the contract covered 13 weeks meaning that the expected cost was £68,900, the value of the exemption which was applied for.

In the period covered by this exemption request, costs of £142,423.89 (exclusive of VAT) were incurred with V4 Services (REF 1-3). This exceeded the £68,900 value of the exemption and contract by £73,523.89.

In relation to the need for contract variations to be formally recorded, the Council’s Contract Procedure Rules state:

“20.1 A variation to a Contract may involve (i) a change to the specification, (ii) a one-off item of work or particular service, or (iii) material change in terms affecting the Contract. If an Officer wishes to vary a Contract, the Central Legal Team must be consulted and the changes if permitted will normally be made using a Deed of Variation or Variation Order, which will be contractually binding on both parties.

20.2 The Officer must always consider whether the Total Value is such that the Contract should be re-Tendered. The Officer should seek advice from the Central Procurement Team.” (REF 1-2, page 26)

Key officers have indicated that additional work was commissioned from V4 beyond the scope initially identified in the contract. At this point a variation to the contract was not carried out, and a tender process was not undertaken.

4.5 Specification and Monitoring:

The second contract states that the services to be provided consist of:

“Supporting the Council to deliver their transformation agenda by:

- Supporting the implementation of the Corporate Capacity Review
- Supporting the transformation/SMT work
- Providing strategic input around the Transformation work which covers the following areas [...]” (REF 2-3, page 15).

The contract does not specify sufficiently measurable outcomes for delivery as required under the Consultancy Policy (REF 1-6, page 7). No documented performance measures were evident for the delivery stage, as required under the Consultancy Policy (REF 1-6, page 7). The contract does not specify any specific resource inputs.

A reporting procedure was specified in the contract, to consist of weekly ‘Steering Group’ meetings between the Council and the company with reporting on work undertaken and proposed (REF 1-4, page 15). It is understood that these meetings were held as required by the contract and Consultancy Policy.

5. Further Extension

5.1 Contract Procedure Rules:

The second exemption expired on the 30th June 2016 (REF 2-3). At this point, no further requests for exemption from Contract Procedure Rules were made. The second contract in place with V4 Services had expired. No tender process had taken place in relation to the consultancy work.

A tender was issued for a Managed Service Provider for Consultancy Services during July 2016. Internal Audit have not been provided with a copy of the contract to show the date it commenced, but the tender evaluation did not begin until the 28th July 2016 (REF 3-1) and therefore the contract would not have commenced until August 2016.

Expenditure with V4 Services continued and a further £92,856.82 was invoiced between the 30th June and 31st July 2016 (REF 1-3).

5.2 EU Procurement Regulations:

Under the Public Contracts Regulations, procurements over a certain threshold (depending on the type of goods or services) require an EU-compliant procurement process to be undertaken. From January 2016, the threshold for public contracts for 'Supply, Services and Design' in local government was £164,176 (REF 3-2). This was a reduction from the previous year requirement.

In total by the end of July 2016, the Council had been invoiced for £284,132.33 by V4 Services and had made payments of £181,941.75 (REF 1-3). The Council had therefore breached EU Procurement Regulations by not conducting an EU-compliant procurement process for this work.

6. Contract with De Poel

6.1 Contract Procedure Rules:

A procurement process was undertaken to appoint a Managed Service Provider to provide consultancy services under a corporate contract with Cambridgeshire County Council. A mini-competition was held under the Yorkshire Purchasing Organisation framework contract, Lot 5. (REF 3-3).

The specification of Lot 5, Flexible HR Solutions, states that "to ensure contract award to the most economically advantageous tender it is imperative that this lot is procured via further competition only" i.e. direct award is not possible under this framework (REF 4-1, page 4).

The mini-competition only returned one bidder, De Poel (REF 3-1).

The Council's Contract Procedure Rules state that for goods, services and works from £100,000 up to the EU Threshold (and over), the procurement process requirement is to:

"Obtain at least 3 tenders using formal tender process". (REF 1-2, page 35)

No total value was estimated as part of the specification for the Managed Service Provider (REF 3-3). Given the level of expenditure with V4 Services to the point that the contract was tendered, it would have been clear that the value of the contract was likely to exceed the EU threshold. To award the contract without obtaining three tenders should therefore have required a further exemption to Contract Procedure Rules. No such exemption was applied for.

The bid by De Poel and Nepro (NEPRO is part of the "One Route" De Poel led consortium) includes the statement that:

"NEPRO understands a particular CCC requirement to use V4 Services Ltd for a number of immediate requirements. V4 Services is already an accredited NEPRO supplier and can therefore be accessed immediately without the need for a further competition." (REF 3-3, Method Statement 1)

Information regarding V4 Services Ltd had not been included in the tender documents provided by Cambridgeshire County Council.

In September 2016, the newly appointed Head of Transformation highlighted that Nepro had two directors in common with V4 and confirmed that the owner of V4 had signposted De Poel / Nepro as a possible provider.

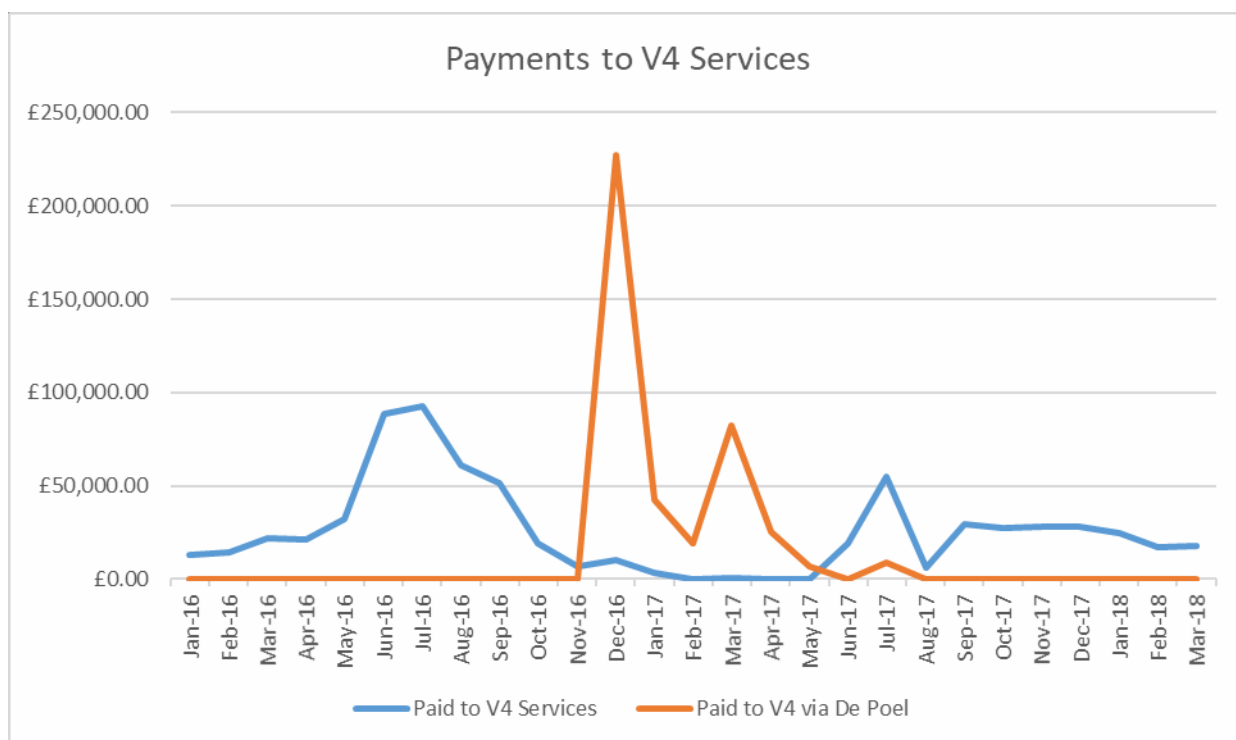
6.2 Contract with De Poel:

A copy of the contract with De Poel has not been supplied. It is not known when the contract commenced although this is presumed to have been in August or September 2016.

The first payment to De Poel for work carried out by V4 Services Ltd was made in December 2016. Between December 2016 and July 2017, when the last payment was made to De Poel, Cambridgeshire County Council paid De Poel a total of £411,911.94 for work carried out by V4 Services (REF 1-3).

Payments also continued to be made direct to V4 Services Ltd during this time period. Although monthly payments reduced from October 2016, V4 Services Ltd received direct payments in August, September, October, November and December 2016, and January and March 2017 (REF 5.1 for payments direct to V4 Services and 5.2 for payments to V4 Services via De Poel).

TABLE 2: Payments to V4 Services Ltd and De Poel:



A review of invoices paid via De Poel indicates that the work carried out by V4 Services Ltd during this time period was largely a continuation of the workstreams which were underway

prior to the appointment of De Poel as Managed Service Provider (Corporate Capacity Review & Transformation, ICT, Commissioning & Procurement). One further workstream was initiated with V4 Services during this time period, which involved work on the Connecting Cambridgeshire programme. For more details, see Appendix 1 below.

7. ESPO Framework:

7.1 ESPO Framework:

From 1st April 2017, V4 Services Ltd were awarded a place on ESPO's National Consultancy Framework, available for use by any UK-based public sector organisation. This framework allows direct award. (REF 6-1).

Payments direct to V4 Services Ltd resumed from June 2017 with a total of £252,573.98 expenditure direct to V4 between June 2017 and March 2018 (REF 1.3).

Two further workstreams were initiated with V4 Services Ltd following the launch of this framework (Smart Cambridge and Digital Transformation). For more details, see Appendix 1 below.

APPENDIX 1

Work Stream Analysis

1.0 Workstreams Undertaken by V4 Services:

V4 Services undertook work in a number of separate areas at Cambridgeshire County Council and the workstreams they were involved in varied over time. Details of each workstream and any specifics about how the workstream was procured are provided at the sections below.

Table 3 sets out the relevant workstreams, the timespan of V4's involvement, and whether payments were made directly to V4 Services Ltd, via De Poel, or both:

TABLE 3: V4 Workstreams (in date order):

Overall V4 workstream costs:	Timespan of work		Payments made to:		NET of VAT
	First Invoice Paid	Last Invoice Paid	V4 Services Ltd	De Poel	
CCR & Transformation	Jan-16	Jan-17	Y	Y	£276,636.80
SMT Support	Mar-16	N/A	Y	N	£8,000.00
ICT	Apr-16	Jul-17	Y	Y	£175,605.86
Highways	Jun-16	Mar-17	Y	N	£111,415.69
Commissioning & Procurement	Jun-16	Mar-18	Y	Y	£366,346.74
Street Lighting	Jul-16	Dec-16	Y	Y	£6,371.71
Connecting Cambridgeshire	Apr-17	Mar-18	Y	Y	£89,072.09
Smart Cambridge	Jun-17	Jul-17	Y	N	£9,625.00
Digital Transformation	Sep-17	Jan-18	Y	N	£58,299.99
					£1,101,373.88

A summary of each workstream is provided below.

1.1 Corporate Capacity Review & Transformation Workstream:

£276,636.80 expenditure between January 2016 and January 2017, paid directly to V4 Services Ltd and via De Poel.

This was part of the initial work commissioned from V4 Services Ltd, which was procured as described in the report above.

1.2 SMT Support Workstream:

£8,000 expenditure in March 2016 paid directly to V4 Services Ltd. This was part of the initial work commissioned from V4 Services Ltd, which was procured as described in the report above.

1.3 ICT Workstream:

£175,605.86 expenditure between April 2016 and July 2017, paid directly to V4 Services Ltd and via De Poel.

This expenditure was for a subcontractor specialising in ICT systems. Cambridgeshire County Council was experiencing repeated IT outages and the Council needed expertise to diagnose and resolve a variety of IT issues. A subcontractor was identified through the V4 Services network, who came in to act as the technical expert on the Corporate Capacity Review; the second phase of the review included the creation of an internal IT structure to act as an intelligent client.

The work subsequently expanded and the subcontractor also worked on brokering the relationship with LGSS IT and developing and implementing IT improvement plans, and provided input to the Citizen first, Digital First programme. It appears likely that this workstream was continued under another name as the 'Digital Transformation' workstream (£58,299.99 expenditure between September 2017 and January 2018, see 1.9 below), as in June and July 2017 the ICT workstream is referred to as "IT & digital services transformation" on invoices, and no further 'ICT' invoices are paid after this point.

There does not appear to have been a separate work package or Business Case for this work, which was initiated prior to the De Poel Managed Service Provider contract.

1.4 Highways Workstream:

£111,415.69 expenditure between June 2016 and March 2017, paid directly to V4 Services. This work was initiated prior to the De Poel Managed Service Provider contract.

The Head of Highways confirmed that V4 Services Ltd undertook a review of the procurement of the new Highways contract and identified a number of recommendations, after which they undertook a follow-up piece of work to implement some of those recommendations by providing expertise and advice throughout the procurement process.

The Highways team state that V4's appointment occurred following a meeting with the Chief Executive, after Internal Audit had raised concerns over the ongoing highways contract procurement process. The team state that they were not involved in specifically commissioning V4 Services Ltd for the work, but they believed that V4 Services were brought in because they were already carrying out work elsewhere at CCC. The actual consultant who carried out the work was not a V4 employee but an employee of Cardiff City Council who was identified as a subject matter expert by V4. Payments went to V4 Services. There was no Business Case or specification for the work that the Highways team were aware of (REF 7-1).

The Highways team state they did not pay the invoices to V4 Services, however an analysis of approvers and requisitioners shows that although the first invoice in this workstream (paid June 2016) was approved by the Deputy Chief Executive, all other expenditure was approved by the Highways Commission Manager.

1.5 Commissioning & Procurement Workstream:

£366,346.74 expenditure between June 2016 and March 2018, paid directly to V4 Services Ltd and via De Poel.

Following a workshop with SMT as part of the CCR and Transformation workstream, procurement contracts and purchasing was identified as an area where short and medium term savings could be identified. This work was then carried out by V4 Services Ltd, and was initiated prior to the De Poel Managed Service Provider contract.

1.6 Street Lighting Workstream:

£6,371.71 expenditure between July and December 2016, paid both directly to V4 Services and via De Poel. This work was initiated prior to the De Poel Managed Service Provider contract.

The Highways team state that V4 Services Ltd were brought in to develop extra terms and conditions for the Street Lighting PFI programme where contract changes with the supplier were required. The Council needed additional expertise and knowledge in this area ([REF 7-1](#)).

There was no Business Case or specification for this work that the Highways team was aware of. The invoices were approved by the Deputy Chief Executive.

1.7 Connecting Cambridgeshire Workstream:

£89,072.09 expenditure from April 2017 to March 2018. Expenditure is ongoing and is expected to continue to March 2019. If costs remain consistent, final total expenditure would be approximately £178,000.

The Programme Manager for Connecting Cambridgeshire stated that this was procured via the ESPO framework contract ([REF 7-2](#)). This is not reflected by the actual expenditure, as the first two payments on this workstream, totalling £15,822, were made to De Poel i.e. not via the ESPO framework contract. The Programme Manager has not responded to a request for clarification on this issue.

The costs relate to a consultant, Colin Skeen-Smith, who is providing technical data and mapping support to the programme. Colin Skeen-Smith worked on this programme in the same role prior to April 2017, during which time his consultancy costs appear to have been met by Peterborough City Council as part of their contribution to the programme ([REF 7-3](#)). It is not clear how this consultant was originally procured for involvement by Peterborough.

A copy of the technical assurance work package was provided ([REF 7-3](#)). This specifies general outputs.

The contract is not recorded on the Council's Contracts Register.

1.8 Smart Cambridge Workstream:

£9,625 expenditure in June and July 2017, paid directly to V4 Services Ltd. The Programme Director confirmed that in March 2017 the Greater Cambridge Partnership Executive Board approved scaling-up of the programme, which required resources to be scaled up within a short timescale. After two rounds of recruitment failed, the service awarded a consultancy contract via the ESPO framework (REF 7-4).

A copy of the work package was provided (REF 7-5).

The total expenditure on this workstream is below the £25,000 cut-off at which a full tender process is needed, although typically multiple quotations would be expected. It has not been ascertained whether alternative quotations were sought.

1.9 Digital Transformation Workstream:

£58,299.99 expenditure from September 2017 to January 2018, paid directly to V4 Services.

It appears likely that this workstream is a continuation of the ICT workstream under another name, as in June and July 2017 the ICT workstream is referred to as "IT & digital services transformation" on invoices, and no further 'ICT' invoices are paid after this point.

Agenda Item No. 8

Street Lighting Energy Update

To: **Audit and Accounts Committee**

Date: 22 November 2018

From: Highways Service, Place and Economy

Electoral Division(s): **All**

Purpose: To update Committee on the recent trends relating to energy usage regarding Street Lights.

Key Issues: None

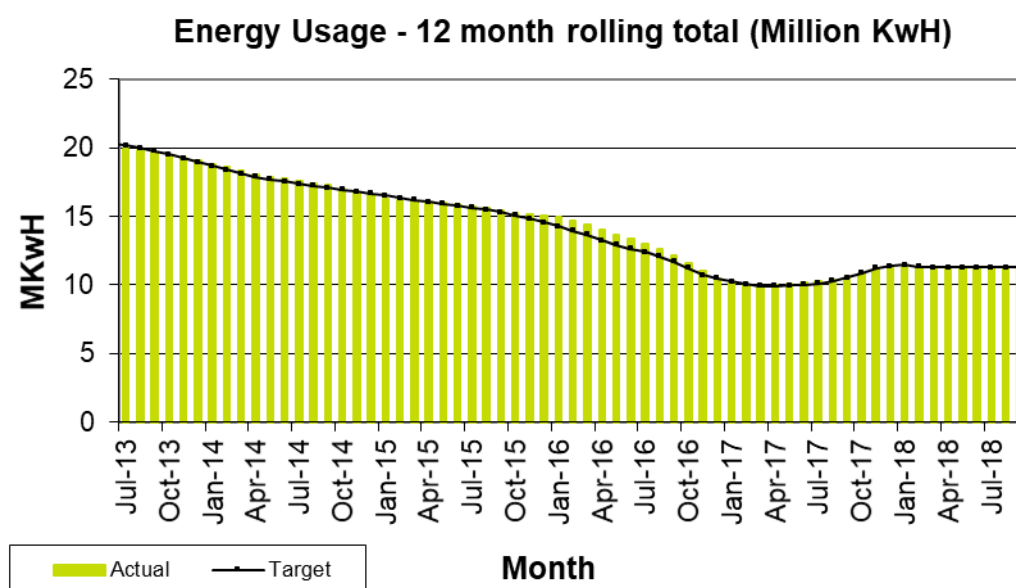
Recommendation: The Committee is asked to note the content of the report.

<i>Officer contact:</i>	
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1. Background

1.1. Assets covered by the street lighting energy payments include street lighting columns (circa 52,500), illuminated traffic signs (3,102) and a small number of illuminated bollards. Energy payments also include energy for lighting of subways and Zebra crossings on the highway network across the county.

1.2. The below graph shows energy consumption for Cambridgeshire County Council (CCC) owned assets over the last 5 years:



1.3. From the start of CCC's Street Lighting Private Finance Initiative (PFI) contract in July 2011, Balfour Beatty (the Council's Street Lighting PFI contractor) undertook to replace the existing street lighting inventory with a more energy efficient set of lights. The Core Investment Programme (CIP) and associated works ran until March 2017. This reduced the County Council's overall energy usage from approximately 21 million Kwh per year, down to approximately 11 million.

1.4. In addition to the above, the Council took the decision to implement reduced lighting levels, as well as switching off some lights between 2am and 6am, in order to deliver additional energy savings. These reductions were made between April 2016 and January 2017, at which point the Council reversed the decision.

1.5. As a result of the reversal of the part night lighting measures, the 12 month rolling total of energy usage increased between January 2017 and January 2018. This increase highlighted the impact of higher lighting levels and increased 'on-periods' resulting in increased energy use.

2. Recent Changes and Trends

- 2.1. In general, energy consumption will increase year-on-year, as additional street lights are adopted into and maintained through the contract. The increase in the county council's inventory relates to new developments and infrastructure improvement schemes across the County.
- 2.2. Recently, CCC have been working with Balfour Beatty to update the energy consumption target that is reported to committee and our energy supplier, in order for it to reflect recent updates (such as newly adopted lighting) to the inventory in line with the contract. There have been 560 lights accrued into the contract since April 2018.
- 2.3. Our new annual energy consumption target is 11.30 MKwH, which compares with our current energy consumption over the past 12 months of 11.35 MKwH. Any energy used in excess of our target is recovered in the form of contract deductions from Balfour Beatty.
- 2.4. These figures above do not include any savings relating to the roll out of the Light Emitting Diode (LED) lantern replacement programme (circa 3635 lanterns). CCC are currently working with our contractor and our energy supplier to calculate this and update both the target and actual consumption from time of installation. This should decrease both of the figures above. Our current estimate is that we should see a reduction of around 500,000 Kwh due to LED rollout in 2018/19, increasing to around 700,000 Kwh in 2019/20. The LED programme is expected to complete by January 2019.
- 2.5. Other measures that are currently applied to deliver energy efficiencies include:
- Dimming of Lanterns
 - Use of the Central Management System (cms) and controls for efficient switching on and off
 - Upgrade of outdated units where appropriate to LED's.

3. Summary

- 3.1. Other than the recent increased energy use resulting from overturning the decision to switch off lights, the general trend has been one of reducing energy use. It is expected that this trend will continue downward as more lights are upgraded to LED.

Background Papers: None

REVIEW OF IMPLEMENTATION OF CHANGE FOR CHILDREN PROGRAMME, INCLUDING DEVELOPMENT OF SHARED SERVICES ACROSS CAMBRIDGESHIRE & PETERBOROUGH

To: **Audit and Accounts Committee**

Date: **22ND November, 2018**

From: **Executive Director People & Communities**

Electoral Division(s): **All**

Purpose: **This report provides Committee with information on the progress of the 'Change for Children' programme, developed in order to address some long-standing challenges in delivering children's social care services in Cambridgeshire.**

Key Issues: **The structure of children's social care services has moved away from being based on small generic 'Units' to one of larger and more specialist teams. Additional case-holding workers within the new teams should lower caseloads. Improved management oversight will improve the quality of planning for children, young people and their families.**

Recommendation: **Committee are asked to note the report and:**

- a) Note the progress made in implementation of a new delivery model in Children's Social Care since May 2018, when the changes were approved by the Children and Young People's Committee;**
- b) Note the areas of performance that the new delivery model is intended to improve and the measures in place to monitor this.**

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1. BACKGROUND

- 1.1. On 22nd May 2018, the Children and Young People's Committee approved recommendations for far reaching changes in the way that children's social care services are delivered in Cambridgeshire.
- 1.2. The changes proposed in May 2018 were designed to build on the areas of change that had worked well in the re-organisation in 2017, while addressing those areas where difficulties remained. In summary, the changes in 2017 laid the foundations to building a district delivery model and bringing children's social care and early help services together. They had also been successful in securing partner input into the Integrated Front Door and Multi-Agency Safeguarding Hub [MASH].
- 1.3. The 2017 changes had not, however, been successful in addressing significant structural issues within children's social care. These structural issues included a lack of resilience within small largely generic social work units, a lack of management oversight and challenge since the Consultant Social Workers held cases of their own while also having responsibility for supervising the work of others, and the challenge of meeting the competing priorities of court work, child protection and children in need and children in care, particularly where there were also vacancies.
- 1.4. At the same time, the model of the MASH implemented in 2017 was very resource heavy and was not operating effectively because of the challenges of recruiting the number of social work qualified staff needed to operate the model. The county-wide team for managing new child protection referrals [the First Response Team] was also struggling to recruit sufficient numbers of experienced and qualified staff.
- 1.5. Given that there reorganisation affecting children's social care delivery had only been last completed in 2017, the decision was taken to ensure that thorough diagnostic work be completed before undertaking further changes to the structure.
- 1.6. Accordingly, in addition to analysing key performance information and listening carefully to the views of our key staff and managers, we commissioned an in-depth piece of research and analysis from Oxford Brookes to help us to understand issues affecting outcomes for our children in care. We also arranged for a peer review of the operation of the Integrated Front Door to take place. Ofsted, meanwhile, undertook a very helpful focused visit during March 2018, examining the impact of

our services on improving outcomes for children in need and children in need of protection.

- 1.7. The above external pieces of work were all completed by March/April 2018. The key points from these, together with key messages from our staff, were collated and analysed. This process then informed the development of the proposals for change, subsequently branded as the change for children programme. These were first presented at the 22nd May 2018 Children and Young People committee meeting, before being developed further before becoming the subject of formal consultation with staff and unions over the course of the summer.
- 1.8. The new structure was mostly implemented on the 1st of November. Changes to the operation of the MASH will not be fully completed before 17th December 2018. This is because we have needed to ensure that additional staffing required in the Customer Service Centre in St Ives are recruited and trained in operating the new approach.
- 1.9. Given that these changes have involved staffing budgets of around £12M, have had a direct impact on over 200 members of staff and have involved the wholesale redesign of the delivery model in Children's Social Care, achieving implementation within a 6 month period is a very substantial achievement, and is testament to the dedication and hard work of all our staff at all levels. Unlike previous changes, this has also been achieved without the use of external consultants. This has been welcomed by our staff in particular, who perceive these changes to be fully owned by permanent senior officers as well as by Members.
- 1.10. The impact on outcomes and performance will not be felt immediately, of course. But we do expect to see some significant improvements in terms of the quality of our services to vulnerable children, young people and their families becoming evident over the coming months.

MAIN ISSUES

Summary of Main Changes in delivery of Children's Social Care Services

- 2.1. The changes discussed in the following sections relate only to the mainstream children's social care service, and not to children with disability or early help services. That said, we have moved line management for children with disabilities back to Children's Services from the learning directorate.
- 2.2. Under the new model of operation, referrals to children's services will be managed more quickly and with fewer hand-offs than previously. The Customer Service Centre at St Ives will pass all referrals about children to the relevant team where it is clear what the response needs to be. Children who would clearly benefit from early help services will be passed through to Early Help. Children who are clearly at potential

risk of significant harm will be passed through to one of the new district assessment teams. The customer service centre will also signpost the referrer to other services where appropriate.

- 2.3. The MASH will now only become involved where the best response to needed to a child who has been referred is unclear from the referral. This is where the multi-agency element of the MASH adds most value; information from partners, for example about other children in the family, informs decision making about whether there are risks to the child that need a social work assessment, or that the family would most benefit from support by early help.
- 2.4. This model has the advantage of requiring many fewer qualified social workers in the MASH, reducing costs and making a better use of what is a scarce resource.
- 2.5. Under the previous Unit model, social worker support to children in need, children in need of protection and most children and young people in care aged 13 years and under was provided through small groups of social workers who also had responsibility for undertaking most assessments of children newly referred into the service.
- 2.6. Analysis of finding from external reviews as well as the key messages from most of our staff confirmed a number of shortcomings of this model in terms of care planning, and because of their small size, found them also to be vulnerable to the impact of leave, sickness and vacancies. The mixed caseload also meant that there was a natural tendency for highest priority work to be undertaken first. Children due visits who were on child protection plans, for example, were sometimes prioritised over a visit to a child in care who was safe and settled in a placement, especially when individual units were struggling with vacancies or leave.
- 2.7. Similarly, children in need also received a much less consistent or intensive service than children who are subject to child protection plans. The Ofsted focused visit identified that children in need were largely being visited by social workers at statutory minimum frequency, for example. Whilst this is understandable given the competing pressures, it also meant that families were likely to remain open to the system for longer than might otherwise be the case, or that difficulties they were experiencing might escalate.
- 2.8. Similarly, any lower priority accorded to working with children in care, risked those children spending longer in care because some tasks associated with care planning were not prioritised as they might otherwise have been. Delays for children in care can be detrimental for the child concerned, and also contribute to higher overall numbers.
- 2.9. The review by Oxford Brookes and the report by Ofsted following their focused visit in March 2018 also found that some of our work with

families lacked sufficient focus on the impact on the lives of children as well as evidence that planning was not always sufficiently child-focused. Oxford Brookes described identifying a number of cases where support had been offered for relatively long periods, before quite quick decisions were made that families were not adequately meeting the needs of their children.

- 2.10. Ofsted identified that many children's plans demonstrated the support being provided to families by a range of professionals, but found that plans were often not sufficiently child focussed, limiting their effectiveness and meaning that families and practitioners alike may not be clear of expectations. Ofsted also commented that social workers undertook considerable amounts of direct work with children, knew their children well, but that for many children, it was not always evident that social workers had a good understanding of their lived experience.
- 2.11. The lack of clear management oversight and challenge in the unit model is likely to be a factor here, slowing decision making as units do all they can to support families staying together. Clearly, supporting families to stay together is the right thing to do in most circumstances, but the work does need to take place in the context of achieving sustainable change within a timeframe that is appropriate for the child. The introduction of non-caseholding team managers within the new system of specialist teams will help to address these issues.
- 2.12. Under the new arrangements, each district will have one assessment team and at least one children's team. There are also two adolescent teams operating across the County, working with young people on the edge of care or at risk of homelessness.
- 2.13. Assessment teams will undertake all new assessments of children and young people including where there are significant child protection concerns. They will also work with families for a period of up to eight weeks, seeking to address emerging difficulties where possible and without the need to transfer the work to one of the longer term children's or adolescent teams.
- 2.14. The children's and adolescent teams will include children's practitioners. These members of staff are not social work qualified but instead have a range of qualifications relevant to working with children and young people. They will hold case responsibility for some of our children in need work and also provide some support to qualified workers working with families where children are subject to child protection plans.
- 2.15. This is a new development in Cambridgeshire, and brings additional skills and diversity to the workforce. It also means that for the first time, many of our children in need are allocated to workers who only work with children in need, as opposed to being part of mixed caseloads

alongside children subject to child protection plans, children in care proceedings and who are in care. This means that this group of children should receive a more timely and effective service.

- 2.16. The adolescent teams work closely with young people on the edge of care as well as helping to support those who are in care to successfully return home where this is in their best interests. These two teams are supported by an outreach provision, which has been re-shaped but retained from the former Hub model, previously based at Victoria Road in Wisbech.
- 2.17. We have developed a new county-wide Corporate Parenting Service that will have responsibility for all children in care [except for those within proceedings, who are expected to return home after only a short time, or who are in care because they have a significant package of short breaks], as well as for our care leavers. A dedicated team is in place to support our unaccompanied asylum seeking young people. This part of the service is also responsible for fostering, supervised contact and the outreach provision noted above.
- 2.18. We have followed best practice in relation to supporting young people leaving care, with a personal adviser presence within our children in care teams and a qualified social worker presence in our leaving care teams. This approach is based on findings that indicate that personal advisers within the children in care teams can provide additional support in relation to independence to young people as they are approaching 18, while qualified social workers in the leaving care teams can provide enhanced support where young people have particularly complex needs.
- 2.19. The dedicated support to unaccompanied asylum seeking young people builds on our nationally recognised experience in this area. Unaccompanied asylum seeking young people often have a need for specialist support. There is often also a need for liaison with external organisations including the Home Office and UK Border Agency. The dedicated support enables the development of specialist knowledge, improving the support available for this vulnerable group of young people.
- 2.20. We have also secured investment through the General Purposes Committee to re-establish a Family Group Conferencing Service, which will be established in the New Year. Family Group Conferences seek to involve broader family members where a child is subject to a child protection plan. The conference aims to support extended family and friends to develop a plan that can support the family and safeguard the child. Failing this, it also seeks to identify extended family members who can offer permanent care to the child as an alternative to that child spending long periods in care.

- 2.21. Finally, we are bringing our quality assurance functions closer together with the equivalent services in Peterborough. This offers significant opportunities for both council to benefit from the sharing of good practice, while helping to build resilience.

Expected Impact

- 2.22. The changes are expected to result in a number of improvements in service quality and consistency. These will be monitored through a variety of qualitative and quantitative measures. The former includes case file and themed audits of quality of practice, while the latter includes analysis of key performance data as this changes over time within Cambridgeshire, and in comparison with other similar authorities [our statistical neighbours].
- 2.23. In summary, we expect to see families receiving a more consistent service, with children being supported by better quality, SMART and child-centred plans informed by good quality assessments including specialist assessments as necessary, and benefiting from much greater management oversight. Getting fundamentals such as these right means that more families with children in need will access the support they need in a timely way, decisions relating to children in need of protection will be more timely and consistent, and better planning for children in care will result in more children moving into permanent arrangements more quickly than is currently the case. Better, more consistent and timelier outcomes also result in a reduced volume of work in the system, leading to a financially more sustainable service.
- 2.24. Delivering the service through a model of specialist teams, with a mixed model of social work qualified and alternatively qualified staff will also help to address recruitment and retention challenges, which have been a particular issue in some parts of the County.
- 2.25. The return to specialisms also reflects the way in which most social workers prefer to work. Those who, for example, want to specialise in working with children in care, were unlikely to have been attracted to work in the 'whole life' units, and we lost a number of experienced social workers partly as a result of the move to this model in 2017. It is encouraging that we are now being contacted by some of these former members of staff, because they are interested in returning to the Council.
- 2.26. Our vacancy situation will also be improved following recent overseas recruitment activities. We welcomed a small group of qualified social workers from southern Africa in October, and are expecting more to arrive shortly. They are to be joined by others from central and Eastern Europe as their registration process with the Health Care Professionals Council is completed.

- 2.27. While in general the implementation of the new model has gone very smoothly, it is fair to say that there have been some challenges in ensuring that there is an appropriate level of business support in place to support the operation of the new teams, and we have had to recruit some temporary staff while the overall approach to business support is reviewed across the People and Communities Directorate as a whole.
- 2.28. It is also important to acknowledge that change of this scale can lead to some short-term negative impacts. Managers and leaders have been focused on implementing the structure including undertaking a significant number of interviews for new roles, for example, diverting them away from activities such as case file audits. Social workers and other staff are moving to new teams, meaning that some children and families will experience a change of social worker.
- 2.29. Meanwhile, some aspects of the change programme, including the move to a new children's information system – Liquid Logic – will not be completed until later in 2019, meaning that some benefits will not be fully realised until then.
- 2.30. For example, until Liquid Logic is available across Cambridgeshire, staff in the customer service centre and MASH will be required to operate two systems; Capita One in Cambridgeshire and Liquid Logic in Peterborough. Once Liquid Logic is in place, the system will operate much more smoothly, particularly as Liquid Logic includes a MASH module that is very effective in supporting multi-agency working.
- 2.31. Liquid Logic also includes full compatibility with Family Safeguarding, meaning that any move to this model of practice in Cambridgeshire in future will be much more straightforward than it would otherwise be. The new team structure in Cambridgeshire is also configured to support a move to this model, again meaning that any decision taken in the future to adopt the model would result in minimal further disruption.
- 2.32. The significant changes to the organisation of children's social care services also means that the availability permanence management information will be affected. This is because the supporting IT systems need to be reconfigured so they can report performance within the new teams. This should not impact overall performance information, such as the number of children open to children's social care, but will affect the extent to which this information can be broken down into individual teams; a situation that should be resolved by early 2019.
- 2.33. Changes in the operation of the Integrated Front Door and MASH should result in better decision making for children and families, with fewer children being assessed unnecessarily by children's social care. This is important since unnecessary assessments by children's social care services cause avoidable stress to families. Unnecessary assessments also risk families disengaging in support services for fear

of possible implications. It is also the case, clearly, that carrying out unnecessary assessments is not the best use of scarce resources.

- 2.34. The changes will also result in better consistency in the way we respond to referrals across Cambridgeshire as a whole as well as across Peterborough. This is important as many of our partners, including the police, work across both local authorities.
- 2.35. As noted above, changes to the Integrated Front Door, including those associated with the change taking place within the customer service centre, will not be implemented until December 2018, slightly later than the other changes taking place.
- 2.36. The Ofsted focused visit that took place in March 2018 identified that most assessments are already of a good quality and showed good evidence of partner engagement. Inspectors did identify, however, that these were not always completed in as timely a manner as they could be within the unit model. Dedicated assessment teams within each district are expected to improve the consistency and timeliness of children and families assessments, while also maintaining these at a good quality. These teams focus on completion of assessments and short term working only, meaning that they will be required to manage fewer competing priorities.
- 2.37. These teams are also responsible for the completion of child protection enquiries for children not already open elsewhere in the service. This function was previously undertaken by the central First Response Team; as noted above this team struggled to recruit sufficient numbers of qualified and experienced staff. The move of this work to the district assessment teams is therefore expected to improve quality and consistency in relation to child protection enquiries.
- 2.38. An area of risk however, particularly in the early days of moving to this new model, is that different thresholds begin to emerge between the assessment teams, as individual managers make decisions about whether children should be assessed under child in need or child protection procedures. This risk is being mitigated by regular meetings between relevant managers, these are also planned to include key partners including the police, in order to review decision making.
- 2.39. As noted above, we expect that children in need, in need of protection and who are in care will also receive a better quality service. In part, this will be because specialist teams will be in a better position to prioritise work across all areas than the previous model where small units were trying to balance a much broader range of competing priorities.
- 2.40. We expect to see a gradual overall reduction in the volume of work across the system as planning for children and young people improves because of increased levels of management oversight and challenge.

- 2.41. We have already increased the scope of our tracking systems and implemented a range of panels to ensure that we are appropriately planning for children across the system. An unborn baby panel is in place, for example, to ensure that we are appropriately planning where there are indications from colleagues working in midwifery and similar services that there are likely to be additional vulnerabilities.
- 2.42. We expect to see improvements in care planning as evidenced by plans that are SMARTer, and that are better informed by specialist assessments as these are required. Timeliness of visits to children subject to child in need and child protection plans and those in care should continue to improve, again as management oversight increases.
- 2.43. As planning and management oversight continues to improve, we expect to see a continuing increase in use of pre-proceedings. Pre-proceedings is a stage before a local authority issues care proceedings. It is mostly considered once a child has been subject to a child protection plan for between 9 and 12 months and where there has been insufficient impact on their lived experience. Pre-proceedings are also often used whenever a child becomes subject to a child protection plan for the second or subsequent time.
- 2.44. The idea of the pre-proceedings stage is that the local authority sets out clearly the changes it expects to see in relation to parenting, while also describing how parents will be supported to make those changes. Any assessments that may be required should the matter end up in care proceedings are also agreed and completed during the pre-proceedings period.
- 2.45. Families are able to access legal aid and so can be represented by a lawyer during pre-proceedings. Where successful, this approach can result in families making the positive changes they need to and so avoid the need for care proceedings.
- 2.46. Where court proceedings do still take place, the fact that most assessments will have been completed beforehand means that courts are able to make decisions more quickly, meaning that plans for children can also progress more quickly. Use of the pre-proceedings in Cambridgeshire has increased over the last 12 months, and we have improved the consistency and accessibility of information received by parents where we are in pre-proceedings. We expect this increase in numbers in pre-proceedings to continue as the new model of service delivery becomes established.
- 2.47. Most children in care [with the exception of those in care proceedings and who are expected to be in care for only a short period] are now the responsibility of the new county-wide corporate parenting service. This means that children in care will be supported by social workers working

in dedicated teams that only work with children and young people in care, with the result that the overall quality of service should improve.

- 2.48. As noted elsewhere, one of the less positive aspects of the 'whole-life' unit approach was that when seeking to meet competing priorities, overstretched units understandably prioritised children in need of protection over children who were safely placed with carers. The longer term impact for children in care, however, has been that they have been more affected by delays in care planning, which has in turn meant that some have waited longer for permanent placements than they may otherwise have done, while others may not have benefited from the amount of focused support necessary in order to help prevent placements from coming to unplanned endings.
- 2.49. One of the key results that we expect to see from the changes overall is that improvements in care planning and the development of dedicated children in care teams for children of all ages is a reduction in overall numbers of children in care from current levels of around 750 to a number that is much more closely aligned to the average of our statistical neighbours, which would equate to 610 based on 2016/17 data. This will take time to achieve, however, and we do not expect numbers to fall to this level before 2021. It is very positive that the Council has accepted that there will be a need for higher levels of expenditure on children in care over this period.
- 2.50. Securing reductions in overall numbers of children in care will be supported by more children moving into legally permanent arrangements [i.e. returning home when this is safe for them to do so, or moving through to permanent care under Special Guardianship Orders and Adoption]. We will therefore be monitoring not only the numbers involved, but also the time taken between a child first coming into care and leaving care via routes such as these.
- 2.51. As noted above, change at this scale is also likely to have some negative short term impacts. We know, for example, that there has been a reduction in case audit activity, as managers have focused on ensuring that the programme of interviews for staff and associated redeployment processes take place smoothly. As the new team managers move into their new roles, auditing of cases will be a high priority for them. This is important as it will help them in becoming familiar with the children within their team for whom they have accountability.
- 2.52. Moving case-holding social workers to new teams means that there is likely to be an impact for some children, some of whom will be allocated to different social workers. We have worked hard to minimise this type of disruption, however, and have ensured that we have included children and young people in our communications, so that they are aware of any changes.

- 2.53. We have spent a considerable amount of time in ensuring that key members of staff receive the support in the short and longer term that they need in order to implement that changes so that our work with children, young people and their families is as effective as it can be. All team managers accessed an induction programme in October, prior to the implementation of the new structure, for example, and will continue to access a bespoke development plan facilitated through Oxford Brookes.
- 2.54. We are also working with colleagues in learning and development to build a programme of training and support for children's practitioners that offers them access to career development for those who want to move on to roles such as qualified social work in the future.
- 2.55. We will also monitor workloads carefully; the model has been developed on the basis of current activity levels and workflows, with case-holding practitioners expected to hold up to 20 cases per full time equivalent, which compares well with recent experience in Cambridgeshire.
- 2.56. Key to helping to ensure that our services remain of a good quality, and to quickly identifying any areas of emerging challenge is our Quality Assurance Service, which as noted above is developing closer links with the equivalent service in Peterborough. Alison Bennett, head of service for quality assurance in Peterborough is now responsible for both service areas and, subject to the usual HR processes, will move into an Assistant Director role in due course.
- 2.57. This change of title reflects the increased span of responsibility, but is also important because it signals the importance of quality assurance services in ensuring that the delivery of children's services is of a consistently good quality, with the leader of the service having the same status in the organisations as the two operational Assistant Directors.
- 2.58. Bringing quality assurance functions closer together across the two authorities brings opportunities to share learning and best practice as well as increasing service resilience in certain areas.
- 2.59. The quality assurance service includes a number of functions that are very important in helping to ensure that plans for children are of good quality and are delivering the necessary outcomes in a timely way. One such function is provided by the conference and review chairs. These experienced practitioners chair reviews for children in care and child protection conferences. Higher numbers of children in care have resulted in some capacity issues within the reviewing officer service, which has in turn impacted on the ability of chairs to review progress of plans between review meetings, see children and young people outside of review meetings and review case files.

- 2.60. While we have increased capacity within this part of the service, we are likely to need to further review capacity given continuing higher than expected numbers in care. This is because ensuring the chairs have the capacity to undertake all aspects of their roles will help us to deliver better and timelier outcomes for children in the care system
- 2.61. As we complete the move into the new structure, it is important that we have a range of mechanisms in place to monitor improvements in outcomes and to ensure that the transition to the new model does not result in increased risks for individual children and young people. The quality assurance service will have a key role to play in these areas. In order to ensure that the changes we are implementing are resulting in improved outcomes, the quality assurance service will be undertaking a number of thematic audits over the coming weeks and months, including in relation to:
- Assessing the quality and timeliness of assessments, including child protection enquiries;
 - Assessing the quality and impact of plans;
 - Assessing the quality of and use of chronologies in informing assessments and planning;
 - Assessing the impact of support to young people vulnerable as a result of being missing, and from sexual and criminal exploitation by others;
 - Assessing the quality and impact of management oversight and supervision;
 - Assessing the extent to which our work with families is informed by a clear understanding of the lived experience of the child.
- 2.62. This initial round of thematic audits, taken together with a focus on the completion of case file audits by managers across the service, and continued monitoring of key performance information, will place us in a good position to establish a baseline against which we will be able to measure on-going improvements to the quality of service and impact for children and young people as the new organisation of service delivery becomes established.
- 2.63. We have also taken steps to ensure that there are no inadvertent increased risks to individual children and young people. During October, we issued an amnesty where practitioners and managers could flag any individual cases about which they had concerns, and which would then be reviewed by the quality assurance service.
- 2.64. This type of approach is helpful since it provides permission for cases to be flagged in the context of a public acknowledgement that the service is aware that the level of management oversight and significant pressures within some units in particular, may have resulted in a reduction in standards. This is particularly important given that some of

these cases may be allocated to a new worker or managed in a different part of the service because of the restructure, resulting in a break in continuity. All cases flagged in this way are fully audited by the Quality Assurance service, and any remedial or other actions required identified and monitored to ensure that they are completed.

- 2.65. In order to support the development of continued good practice, the quality assurance service has recently published a comprehensive series of practice standards, setting out clear expectations for service delivery across the service into the future.

Summary

- 2.66. This report has focused on the changes that are being implemented within children's social care. While these are extensive, it is also important to note the things that have not changed.
- 2.67. Within children's social care, the role of the clinicians has continued as previously. Clinicians play a valuable and valued role in supporting practitioners in reflecting upon and evaluating the impact of their work on children and young people. Clinicians also undertake a considerable amount of direct work with children, young people and their families. Cambridgeshire also retains our systemic model of practice in children's services, which is an approach that is both well understood and established in the County.
- 2.68. The new model of operation builds on the strengths of the district based delivery model developed as a result of the changes in 2017. The latest round of changes align children's social care and early help even more closely, further building upon that district delivery model approach.
- 2.69. It is worth noting that despite the scale of the changes outlined in this report, only 6 practitioners and employees have opted for voluntary redundancy and only one person had an outcome of being compulsorily redundant. Morale in the service is good, with most welcoming the changes being made.
- 2.70. It is also important to remember that external reviews of practice in the County highlight the skills, dedication and commitment of our practitioners across children's services from early help through to children's social care. The changes we have made to the structure seek to enable our practitioners to operate in a framework that increases management support and oversight, and enhances the degree of specialism within which they work.
- 2.71. We are confident that the changes we have made will deliver better outcomes for children and young people and reduce overall volumes of work in the system, thereby also meaning that we can deliver services on a financially sustainable basis into the future.

Source Documents	Location
22 nd May 2018, report to the Children and Young People's Committee	Room 117 Democratic Services Shire hall

TRANSFORMATION FUND MONITORING REPORT QUARTER 2 2018/19

To: General Purposes Committee

Meeting Date: 27 November 2018

From: Julia Turner, Transformation Manager

Electoral division(s): All

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

Purpose: To outline progress in delivery of the projects for which transformation funding has been approved at the end of the second quarter of the 2018/19 financial year.

Recommendation: It is recommended that the Committee note and comment on the report and the impact of transformation fund investment across the Council.

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1. BACKGROUND

- 1.1 General Purposes Committee (GPC) has responsibility for the stewardship of the Transformation Fund, approving business cases for new proposals and reviewing progress of the existing schemes.
- 1.2 This report provides GPC with a high level overview of how the proposals are meeting their financial objectives for schemes that have investment in 2018/19 using a Red, Amber Green (RAG) rating system. Service Committees continue to review relevant projects in detail as appropriate.
- 1.3 This report also highlights where the proposals contribute towards the Council's Outcomes and also where schemes provide benefits across the systems to other organisations, where known.

2. OVERVIEW OF TRANSFORMATION FUND PERFORMANCE

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

RAG Rating	No of Schemes	Investment to Q2 (£000)	Total Investment Committed for lifetime of scheme (£000)	Savings / Income to Q2 (£000)	Projected savings / Income to end 18/19 (£000)	Projected total Projected total savings over the five year MTFS (£000)
Green	13	595	2,511	-5,634	-7,371	-8,293
Amber	1	0	40	0	-150	-150
Red	2	354	1,036	-1,837	-2,641	-6,371
Total	16	949	3,587	-7,471	-10,162	-14,814

2.2 EXCEPTIONS

The following tables show details of the schemes which are rated as RED or AMBER in this Quarter:

Scheme: Dedicated social work and commissioning capacity - Learning Disability (LD)			RED
Investment to date	Total scheme Investment Committed	Savings to date	Total scheme savings anticipated
£354,000	£786,000	-£1,737,000	-£3,100,000
<p><i>Service Comments:</i></p> <p>The above saving figures include 18/19 progress only, however it is important to recognise the success from 17/18 savings from reassessments (reference A/R.6.114) have spanned multiple years. In 17/18, £2,001k savings were achieved through reassessments and this included savings accrued as a result of reassessments undertaken by both the Project Assessment Team (PAT) and LD Locality Teams.</p> <p>In addition, because the work of PAT is not limited only to the reassessment work, it would also be beneficial to outline the wider financial benefit of using the transformation fund to invest in PAT.</p> <p>There are three particular programmes of work that are delivering savings and efficiencies on behalf of the LDP, these are:</p> <ol style="list-style-type: none"> 1. Leading project to de-register residential homes for people living with disabilities and changing the service model to supported living delivering savings (£85k achieved to date in 18/19) and promoting greater independence for service users 2. Work to enable people living with learning disabilities who have been placed 'out of county' to move closer to their family by identifying a placement which is closer to home. There is a business plan savings target of £315k for this work, it is forecast to be delivered in full and to date £169k of savings have been banked (£169k of which is accrued to 2018/19 and £10k to 2019/20) 3. Leading negotiations with all providers on behalf of LD regarding annual fee uplifts within limited resources, applying expert brokerage support and best practice commercial logic to these negotiations on behalf of the council <p>The dedicated social work team and brokerage commissioning capacity has bought real time savings currently standing at 2.5m (recurrent) from a target 3.1m which I am confident can be reached by the end of this financial year. This has been achieved through standing firm in the implementation of the policy lines, negotiating hard with providers and ensuring VFM but never compromising on meeting the client's needs under the Care Act requirements.</p>			

Scheme: Housing Review			RED
Investment to date	Total scheme Investment Committed	Savings to date	Total scheme savings anticipated
£0	£250,000	-£100,000	-£1,000,000
<p><i>Service Comments:</i></p> <p>An extensive review of initiatives currently funded by the Housing Related Support has been undertaken during May – September 2018, in order to inform recommendations for achievement of the required savings. This needs to take into account any unanticipated consequences of proposed savings, and a Community Impact Assessment (CIA) has been completed for each proposal. Following analysis, a set of proposed savings, with timescales, are being presented to the Joint Commissioning Board on the 29th November for decision.</p> <p>In a linked piece of work, extensive work is underway internally and with partners to consider more innovative solutions to meeting accommodation needs of our most vulnerable clients in the medium to longer term. This work will require cross Council working and the opportunity to build on significant collaborations across District Councils which have been formed, for example, around the Homelessness Trailblazer. A paper considering these opportunities with recommendations to take the work forward, is being considered at Communities and Partnership Committee on 8th November – see attached.</p> <p>The investment of the transformation fund will be an essential part of both of these workstreams. Consideration of how it could be best deployed will be made at both the Joint Commissioning Board and also through the transformation work now underway with partners.</p>			

Scheme: External Funding			AMBER
Investment to date	Total scheme Investment Committed	Savings to date	Total scheme savings anticipated
£0	£40,000	£0	£200,000
<p><i>Service Comments</i></p> <p>This scheme is rated as amber due to phasing, the investment has not been drawn down at as the end of Q2 and therefore the expected savings will be delayed.</p>			

3. OUTCOMES

3.1 The table below shows the current financial year schemes with Transformation Fund investment, their RAG status for this period, Q2 2018/19, and where they contribute towards the Councils' Outcomes.

RAG	Investment scheme description	Older people live well independently	People with disabilities live well independently	People at risk of harm are kept safe	People lead a healthy lifestyle	Children & young people reach their potential in settings & schools	Cambridgeshire economy prospers to the benefit of all	People live in a safe environment
GREEN	Total Transport							X
GREEN	Move to full cost recovery for non-statutory highway works						X	
GREEN	Street Lighting Synergies							X
GREEN	Supporting people with physical disabilities & people with autism to live more independently		X	X				X
GREEN	Pilot of Additional safeguarding posts in the Multi Agency Safeguarding Hub (MASH) A/R.6.172			X				X
AMBER	External Funding						X	
GREEN	Support Investment in modernising Social Care Payments	X						
RED	Dedicated social work and commissioning capacity – Learning Disability (LD)		X					
GREEN	Additional capacity in team to conduct financial assessments in Adults	X						
GREEN	Investment in additional upstream Mental Health (MH) social work			X				
RED	Housing Review			X				X
GREEN	LAC Placement Budget Savings			X				
GREEN	Learning services review					X		
GREEN	Dedicated capacity to undertake case reviews of specialist transport provision A/R.6.244,214,210,251			X				
BLUE	Social work capacity to review out of area placements			X				
GREEN	Library Service Transformation Bid	X	X					

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3.3 Some of the schemes provide benefits across the system, the list below shows the areas identified by Services as potential benefits, although these cannot be quantified in terms of number of financial savings:

- Reducing the amount of hospital admissions
- Supporting discharge from hospital
- Reduction in crisis intervention for mental health preventing the use of Accident and Emergency (A & E)

3.3 Conversely, the dedicated social work and commissioning capacity in LD is likely to have resulted in additional benefits being claimed.

4.0 ALIGNMENT WITH CORPORATE PRIORITIES

4.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

4.2 Helping people live healthy and independent lives

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

4.3 Supporting and protecting vulnerable people

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

5.0 SIGNIFICANT IMPLICATIONS

5.1 Resource Implications

The resource implications are captured on the savings tracker showing expenditure from the transformation fund and the actual and anticipated return on investment.

5.1.1 Transformation team resource as at 30th September 2018 = 38.5 Full Time Equivalent posts (FTEs)

5.2 Procurement/Contractual/Council Contract Procedure Rules Implications

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

5.3 Statutory, Legal and Risk Implications

There are no significant impacts for this category.

5.4 Equality and Diversity Implications

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

5.5 Engagement and Communications Implications

There are no significant impacts for this category.

5.6 Localism and Local Member Involvement

There are no significant impacts for this category.

5.7 Public Health Implications

There are no significant impacts for this category.

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

SOURCE DOCUMENTS GUIDANCE

Source Documents	Location
None	

DRAFT WHISTLEBLOWING POLICY AND MANAGERS' GUIDANCE DOCUMENT

To: **Audit & Accounts Committee**

Meeting Date: **22nd November 2018**

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

Purpose: **To share the draft revised Whistleblowing Policy and Whistleblowing Managers' Guidance documents with the Committee, for their comments.**

Recommendation: **Audit & Accounts Committee is requested to comment on the draft policy and guidance.**

<i>Officer contact:</i>		<i>Member contacts:</i>	
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Tel:	01908 252089	Tel:	01223 699170

1. BACKGROUND

- 1.1 At the Audit & Accounts Committee meeting in May 2018, Internal Audit presented a report on the publicity undertaken to increase staff awareness of the new Whistleblowing Policy, which had been updated in September 2017.
- 1.2 Internal Audit were asked to bring a report to Committee later in the year, with information on the number of whistleblowing referrals. Although at the time of the report, no whistleblowing cases had been reported, it was believed that this was likely due to the fact that the launch of the policy had been delayed until the new staff intranet was live. Therefore at the time the report was written, staff had only recently been made aware of the new policy.
- 1.3 Members of the Committee also requested the opportunity to meet with Internal Audit, to discuss the wording of the policy.

2. WHISTLEBLOWING CASES TO DATE IN 2018/19

- 2.1 As at 31st October 2018, six whistleblowing referrals have been recorded by Internal Audit, with outcomes as per the table below:

No. Cases	Outcome
1	Below threshold for investigation.
2	Advice provided to whistleblower.
3	Investigation.

- 2.2 In one instance the investigation is ongoing. The remaining two investigations have been completed. The only significant outcomes from these investigations has been the recommendations that the *Whistleblowing - Manager's Guidance* document should be updated to give staff greater guidance on how to conduct a whistleblowing investigation, and that there should be a clearer process for whistleblowers to raise any complaints regarding the investigation into their concerns. Both of these recommendations have been addressed in the draft updated versions of the Policy and Guidance; see section 3 below.
- 2.3 This is an increase in referrals compared to 2017/18, indicating that the increased publicity has been successful in raising awareness of the Policy.
- 2.4 As per the Whistleblowing Policy, a further report will be brought to the Committee with information on whistleblowing cases and the outcomes of the annual survey, in May 2019.

3. DRAFT REVISED POLICY AND GUIDANCE

- 3.1 In light of comments from Committee members, and the findings of one of the whistleblowing investigations, Internal Audit have revised the Whistleblowing Policy, and conducted a review and revision of the supporting guidance document *Whistleblowing - Manager's Guidance*. These documents may be found at Appendix 1 and 2.

3.2 The key areas of change are as follows:

- Updated key officer contact information.
- Introduction of a clear process for whistleblowers to raise complaints regarding the conduct of the investigation into their concerns.
- Whistleblowing – Manager’s Guidance revised to give more detail on the stages of an investigation, in line with ACAS (Advisory, Conciliation and Arbitration Service) guidance.

3.3 Initial views from Audit and Accounts Committee are therefore invited on the draft documents. The draft policy and guidance will then be updated with any further changes before being shared with senior management and trade unions for their input, and will then come back to the Committee for final approval and implementation.

SOURCE DOCUMENTS

Source Documents	Location
Whistleblowing Policy	Internal Audit Octagon 1, Shire Hall, Cambridge



Cambridgeshire
County Council

WHISTLEBLOWING POLICY

Policy Owner	
Name:	Duncan Wilkinson
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Email:	Duncan.Wilkinson@Milton-keynes.gov.uk
Tel:	01908 252089

THE COUNCIL WANTS YOU TO BE CONFIDENT THAT YOUR CONCERNS WILL BE TAKEN SERIOUSLY AND THAT YOU WILL BE PROTECTED FROM VICTIMISATION OR BULLYING OR HARRASSMENT IF YOU RAISE A CONCERN.

If you have a concern about the Council's services please read this policy. You may think this policy does not apply to the concern you have – IT DOES, we can give confidential advice about ANY concern you may have regarding the Council and its services.

If you want to informally / confidentially discuss this policy or your concerns you can contact:

- Janet Atkin (LGSS Head of HR Advisory) – 01223 699495
- Duncan Wilkinson (LGSS Chief Internal Auditor) - 01908 252089 or email Duncan.Wilkinson@milton-keynes.gov.uk
- Sue Grace (Director of Corporate and Customer Services) – 01223 699248
- Sue Stagg (LGSS Head of Health Safety & Wellbeing) – 07721522896
- Fiona McMillan (Monitoring Officer, LGSS Law) - 01223 699093
- Chris Malyon (Chief Finance Officer & Section 151) - 01223 699241
- Gillian Beasley (Chief Executive) - 01223 728595

Or

The Whistleblowing hotline on 01908 252525

Or

Public Concern At Work on 0207 404 6609 or helpline@pcaw.co.uk

PCAW are an independent charity and information provided to PCAW is protected under the Public Interest Disclosures Act. Their helpline is where their lawyers provide confidential advice free of charge.

You may also wish to contact your trade union for advice or support in making a whistleblowing disclosure.

The details of such discussions will not be released to anyone else within the Council without your express consent and meetings can be held at a time and place of your choosing.

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1. INTRODUCTION

- 1.1 This policy seeks to provide a process that gives anyone with a concern about the Council the confidence to bring that concern to our attention.
- 1.2 All officers, councillors and partners have a responsibility to protect the Council's interests through the proper adherence to this policy. This is required for reasons of open and accountable governance, stakeholder trust and compliance with U.K. and E.U. law.
- 1.3 Cambridgeshire County Council operates within legal requirements and regulations and expects its employees to co-operate in this by adhering to all laws, regulations, policies and procedures. Any employee becoming aware of inappropriate conduct is obliged to report this activity. This policy also applies to contractors, consultants, partners and agency staff and other stakeholders including Councillors.
- 1.4 Employees are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the Council. Councillors, customers and stakeholders are also in a position to identify concerns that affect Council services and need to be addressed.
- 1.5 Individuals with a concern may fear that they will be victimised or harassed if they raise the concern. In these circumstances it may feel easier to ignore the concern. However, such concerns should not be ignored and suspicions of malpractice should be reported.
- 1.6 It is recognised that certain cases will have to proceed on a confidential basis but in accordance with the Freedom of Information Act this policy seeks to provide a transparent method for dealing with concerns. Whistleblowers can have confidence through this policy that they have the fullest protections afforded by the Public Interest Disclosures Act.
- 1.7 Specifically the code of practice set out in this policy makes it clear that staff and others can make reports without fear of reprisals and sets out what protections are in place under this policy. This Code is intended to encourage and enable concerns to be raised within the Council so that they can be addressed, rather than overlooking problems or raising them outside the Council.
- 1.8 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment the Council encourages employees, customers, contractors, employees of subsidiaries, stakeholders or any other person with serious concerns about any aspect of the Council's work to come forward and voice those concerns. This process is commonly referred to as "whistle blowing".

2. AIMS AND SCOPE OF THIS POLICY

2.1 This code of practice aims to:

- Encourage and enable any person to feel confident in raising serious concerns and to question and act upon concerns
- Provide avenues for any person to raise concerns and receive feedback on any action taken
- Ensure everyone making a referral receives a response to their concerns
- Describe how to take the matter further if dissatisfied with the Council's response
- Reassure anyone making a referral that they will be protected from reprisals or victimisation.

2.2 The Whistleblowing Policy is intended to cover concerns that fall outside the scope of other policies and may include:

- Sexual, physical or emotional abuse of clients or other individuals
- Conduct which is an offence or a breach of law
- Disclosures related to miscarriages of justice
- Health and safety risks, including risks to the public as well as employees
- Damage to the environment
- Unauthorised use of public funds
- Action that is contrary to the Council's financial procedures or contract regulations
- Possible fraud, corruption or financial irregularity
- Action that is against the Council's Standing Orders and policies
- Practice that falls below established standards or practice
- Other improper or unethical conduct.

2.3 The concern may be something that makes a person feel uncomfortable in terms of known standards, their experience or the standards to which they believe the Council subscribes. If in doubt, please contact either a named contact on the front cover of this policy or Public Concern at Work to have a confidential discussion.

2.4 For the avoidance of doubt, if you have concerns that any person may be being mistreated / abused you can discuss your concerns in confidence with those listed on the front cover of this policy.

2.5 There are existing procedures in place, which must be followed, to enable staff to lodge a grievance relating to their own employment, customers to complain about the service they receive and regarding concerns whether councillors have breached the National Code of Conduct. The Whistleblowing policy should not be used for such concerns, however, advice can be obtained from the contacts on the front cover of this policy if you have any doubts.

2.6 For the avoidance of doubt, this policy applies to all employees, councillors, contractors, consultants, schools, agency staff and other stakeholders who are acting on behalf of, or in partnership with, the Council.

2.7 Any disclosure of information that, in the reasonable belief of the worker, is made in the public interest, shall be deemed a qualifying disclosure.

2.8 This policy incorporates the provisions that are required from the Public Interest Disclosure Act 1998.

3. HOW TO RAISE A CONCERN

- 3.1 When an individual wishes to raise a concern, he or she will need to identify the issues carefully. They must be clear about the standards against which they are judging practice. Whilst not exhaustive they should consider the following:
- Is it illegal?
 - Does it contravene professional codes of practice?
 - Is it against government guidelines?
 - Is it against the Council's guidelines?
 - Is it about one individual's behaviour or is it about general working practices?
 - Does it contradict what the employee, councillor, contractor, consultant, agency staff or other stakeholder has been taught?
 - Has the individual witnessed the incident?
 - Did anyone else witness the incident at the same time?
- 3.2 Concerns from staff should normally be raised with their immediate manager, in the first instance. Similarly, non-employees (e.g. agency workers or contractors) should raise a concern in the first instance with their contact within the Council, usually the person to whom they directly report.
- 3.3 In some cases, the nature or sensitivity of the concern means that this may not always be appropriate. If a person feels they cannot raise their concern with their immediate manager they are able to go directly to the Chief Internal Auditor. They may also do so if, having raised a concern with the immediate manager/contact, they feel there has not been an appropriate response.
- 3.4 Others wishing to raise a concern should consider whether to raise that concern directly with the relevant senior officer of the service involved or use the Council's existing Complaints process. Details of all such contacts can be found on the Council's website.
- 3.5 Given the possible contractual issues, Annex A of this policy gives specific guidance to contractors and partners of the Council in raising such concerns.
- 3.6 Concerns may be raised verbally or in writing. Anyone who wishes to make a written report should give the background and history of the concern (giving relevant dates if possible) and the reason why they are particularly concerned about the situation.
- 3.7 If the individual wishes, they may ask for a private meeting with the person to whom they wish to make the complaint and can be accompanied if they wish. An employee may invite their trade union or professional association representative, work colleague or legal representative to be present during any meetings or interviews in connection with the concerns they have raised.
- 3.8 When making a complaint verbally, the individual should write down any relevant information and date it. They should keep copies of all correspondence and relevant information.
- 3.9 It should be noted that often the earlier a concern is expressed the easier it is to take appropriate action.
- 3.10 The individual should ask the person to whom they are making the complaint what the next steps will be and if anything more is expected from them.
- 3.11 Although a person is not expected to prove the truth of an allegation that is made, it will be necessary to demonstrate that there are sufficient grounds for concern. It is not

necessary for any person to undertake investigations into their concern prior to contacting the Council, as this may undermine any ultimate action needing to be taken.

- 3.12 Advice and guidance on how specific matters of concern may be pursued can be obtained from the Council's Internal Audit Service. Phone 01908 254230 or email internal.audit@cambridgeshire.gov.uk. Alternatively staff may wish to get confidential advice from their trade union or professional association
- 3.13 Staff may wish to consider discussing their concerns with a colleague first and may find it easier to raise the matter if there are two (or more) of them who have had the same experience or concerns.
- 3.14 Where a person feels that they cannot approach anyone in the Council, they may wish to report their concerns through the external independent reporting scheme called Public Concern At Work. PCAW are an independent charity providing a legal advice service designated by the Bar Council and information provided to PCAW is protected under the Public Interest Disclosures Act. Their helpline number is 0207 404 6609. Their email is helpline@pcaw.co.uk, where their lawyers provide confidential advice free of charge.
- 3.15 The individual who is the subject of an investigation may be made aware that an issue has been raised but this will be entirely dependent on the nature of the issue. This point will be superseded where necessary in order to allow the subject to provide a defence.

4. SUPPORTING THE INDIVIDUAL TO RAISE A CONCERN

4.1 Harassment or Victimisation

- 4.1.1 The Council recognises that the decision to raise a concern can be difficult, not least because of the fear of reprisals.
- 4.1.2 The Council will not tolerate harassment or victimisation and will take action to protect individuals who raise concerns. This does not mean that if the individual is already the subject of disciplinary or redundancy procedures, that those procedures will be halted as a result of raising a concern under this policy.
- 4.1.3 It is the clear instruction to those officers (through this formal policy) of the Council who liaise with whistleblowers that they shall not release information to identify a whistleblower to any person within the Council and will only release those details to a proper person outside the Council when there is a legal requirement to do so, e.g. a court order. The only exception to this shall be where the whistleblower themselves gives written permission to do so.
- 4.1.4 Any person applying pressure upon such officers to identify whistleblowers shall be subject to the same provisions as outlined in 4.1.6 below.
- 4.1.5 Where a whistleblower alleges they are / have been victimised / harassed as a result of raising a concern, that matter shall be reported to Chief Executive or S151 Officer. Such allegations shall be investigated by the Chief Internal Auditor or LGSS Director of Law and Governance. Where the investigations may identify (either indirectly or directly) the whistleblower, the way forward shall be agreed with the whistleblower and any resultant action confidentially reported to the Chair of the Audit & Accounts Committee.
- 4.1.6 Each case will be considered on its merits. Any incident of victimisation or harassment

of someone who has made a referral under this policy would normally be considered:

- A matter of Gross Misconduct if done by an employee of the Council
- A matter for the Council to consider termination of a contract if done by or at the request of a contractor. If there are concerns that a contractor is victimising, or has victimised, a whistleblower an independent review may be requested
- A matter that would be referred to the Constitution & Ethics Committee if undertaken by or at the request of a Councillor
- A matter that could affect the service provided to a customer if done by or at the request of that customer.

4.2 Confidentiality

- 4.2.1 All concerns will be treated in confidence and every effort will be made not to reveal the identity of the person highlighting the concern if that is the wish of the individual.
- 4.2.2 Individuals are encouraged to put their name to any allegation. The Council will do its best to protect the individual's identity when they do not want their name disclosed. It must be appreciated that the investigation process may reveal the source of the information, and a statement by the individual raising the concern may be required as part of the evidence.
- 4.2.3 At the appropriate point in any investigations the subject of the allegation may be made aware of the allegation in order to provide a defence. In these cases the identity of the Whistle-blower will not be divulged to the subject of the allegation or their representatives unless the Whistle-blower gives written consent to do so to the investigating officers.

4.3 Anonymity

- 4.3.1 Concerns expressed anonymously are much less powerful but will be considered at the discretion of the Council. In exercising this discretion, the factors to be taken into account would include :
- Seriousness of the issue
 - Credibility of the concern
 - Likelihood of being able to obtain the necessary information

4.4 Untrue Allegations

- 4.4.1 Any individual who makes an allegation which is not subsequently confirmed by the investigation, will have no action taken against them and will continue to have protection under this policy from victimisation or harassment.
- 4.4.2 If, however, an individual makes malicious or vexatious allegations, action may be taken against them.

5. HOW THE COUNCIL WILL RESPOND

5.1 The action taken by the Council will depend on the nature of the concern. Where appropriate, the matters raised may be:

- Investigated by management, Internal Audit, HR, or other appropriate person
- Referred to the External Auditor
- Referred to the police
- The subject of an independent inquiry.

5.2 In order to protect individuals and the Council, an initial review will be carried out to decide whether a full investigation is appropriate and, if so, what form it should take. Concerns or allegations, which fall within the scope of specific procedures (for example, child protection or discrimination issues), will normally be referred for consideration under those procedures.

5.3 It should be noted that some concerns may be resolved by agreed action without the need for investigation. Equally some issues may be investigated without the need for initial enquiries. If urgent action were required, this would be taken before any investigation is conducted.

5.4 The Council will write to the person raising the concern within 7 -10 working days (i.e. initially the individual or representative with whom the report was lodged as set out in Sections 4.1 and 4.2):

- Acknowledging that the concern has been received
- Indicating how it proposes to deal with the matter
- Giving an indication of when a final response or update will be provided
- Telling the person whether any initial enquiries have been made
- Supplying the person with information on staff support mechanisms and
- Telling the person whether further investigations will take place and, if not, why not.

5.5 Every effort will be made to resolve the matters raised as soon as possible, in the interests of the Council, the person raising the concern and the person(s) being investigated.

- 5.6 The amount of contact between the officers considering the issues and the person raising the concern will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information may be sought from the person raising the concern.
- 5.7 Where any meeting is arranged, staff have the right, if they so wish, to be accompanied by a trade union or professional association representative or a work colleague who is not involved in the area of work to which the concern relates.
- 5.8 The Council will take appropriate steps to minimise any difficulties, which a person may experience as a result of raising a concern and provide advice and support should they be required to give evidence, e.g. at a disciplinary hearing. Such support may include the ability to give evidence via video link.
- 5.9 The Council accepts that the person raising a concern needs to be assured that the matter has been properly addressed. Thus, subject to legal constraints, the person raising the concern will be kept informed as the investigation progresses unless they have requested otherwise. At the very least they should receive an update on the investigation by the date implied by the estimated response time given in section 5.4

6. HOW THE MATTER CAN BE TAKEN FURTHER

- 6.1 Any individual has the right and responsibility to refer a concern to the Police if they suspect a criminal act.
- 6.2 This policy is intended to provide an avenue to raise concerns within the Council. The Council hopes that those using this process will be satisfied with the way their concerns are treated and any investigations that may be carried out. However, if they are not satisfied and feel it right to take the matter outside the Council, the matter can be raised with:
- Public Concern At Work on 0207 404 6609 or helpline@pcaw.co.uk
 - Relevant professional bodies or regulatory organisations
 - A solicitor.
- 6.3 In taking advice from sources outside the Council, a person must ensure that, so far as possible, it is raised without confidential information being divulged and would, other than in exceptional circumstances, be expected to have exhausted the internal routes available first.
- 6.4 If an individual wishes to complain to the Council about how the investigation of their concerns was carried out, they should address their complaint directly to the Head of Human Resources or the Chief Internal Auditor. The Head of Human Resources and Chief Internal Auditor will then notify the Chief Executive that a complaint has been made regarding a whistleblowing investigation, determine which service is best placed to deal with the complaint, and appoint an appropriate officer to deal with the complaint. In deciding who should deal with the complaint the following should be considered:
- Which officer and service conducted the whistleblowing investigation;
 - Which service has the most independence and objectivity in relation to the original investigation; and
 - The skills needed to deal with the complaint.
- 6.5 This is separate to the Council's corporate complaints procedure, which assumes that a complaint should first be dealt with by the relevant service area, as the service area

is likely to have been involved in the investigation. The review of a complaint regarding a whistleblowing investigation will be reported to the Chief Executive, and as such is equivalent to the third and final stage of the corporate complaints procedure.

7. ROLES AND RESPONSIBILITIES

- 7.1 The responsibility for the operation of this policy rests with the Executive Directors to ensure all staff are fully aware of its provisions. The Chief Internal Auditor must be advised of all referrals so that an annual report to the Council's Audit & Accounts Committee can be compiled.
- 7.2 Investigations should be undertaken by appropriate officers with expertise and will be dependent upon the issue raised. Internal Audit and Human Resources will jointly ensure that investigations are swift and effective and undertaken by someone with relevant skills and experience. Internal Audit and Human Resources (HR) will act as the corporate services who maintain records of all referrals and subsequent investigations received by the Council.

Additionally:

- 7.3 Internal Audit will lead on all financial referrals, including those where there are significant financial implications to an allegation. The Audit team will ensure that concerns raised through the informal process are logged and trends identified.
- 7.4 Human Resources will lead on allegations regarding serious misconduct of Council employees. The HR team will advise and support employees involved in the investigation process, to ensure that such processes are fair and supportive to all those involved.
- 7.5 The Monitoring Officer will lead on allegations regarding misconduct of Councillors and any issues where there is alleged unlawfulness or criminality.
- 7.6 As the Monitoring Officer has a statutory obligation to take action to avoid the Council acting unlawfully, officers are required to inform the Monitoring Officer of any whistleblower report received. This will be treated with appropriate confidentiality in line with investigations.
- 7.7 Employees: In all contracts of employment there is an implied understanding of mutual trust and confidence between the employer and employee. All employees, therefore, have a responsibility to raise concerns about work and they may do so in the manner described in this policy.
- 7.8 Line managers: Must create an open and fair culture within their area of responsibility and ensure that staff concerns are listened to and action taken where necessary. Line managers are responsible for ensuring that there is a safe environment for staff to raise their concerns and that there is no retribution as a result of someone raising their concerns.
- 7.9 Audit & Accounts Committee: is responsible for assuring the Council that the risks across the Council are being identified and managed. It is therefore responsible for ensuring that this policy is robust and for ensuring that the principles within this policy are upheld.

8. HOW THE POLICY WILL BE MONITORED

- 8.1 The Council has a responsibility for registering the nature of all concerns raised and to record the outcome. The Council's Internal Audit Service will produce an annual report to the Audit and Accounts Committee, which will identify any patterns of concern and assess the effectiveness of the policy.
- 8.2 This policy will be publicised via the Council's Website and specifically:
 - 8.2.1 Every new employee will be advised to familiarise themselves with the policy when joining the Council;
 - 8.2.2 Every contract will require the contractor to communicate the policy to their staff and adopt its provisions when working for the Council;
 - 8.2.3 Every employee of a Limited Liability Partnership (LLP) owned by the council will be provided a copy of the policy when joining the LLP, together with training on the whistleblowing procedures of their organisation and the circumstances where each policy will apply;
 - 8.2.4 All newly elected members shall be provided a copy of the policy.
- 8.3 A public leaflet will be produced and placed in the Council's public areas to promote the policy and invite feedback.
- 8.4 An annual survey will be undertaken by Internal Audit to gauge the awareness of the policy and individual whistleblowers will be asked more detailed questions about their perceptions of the policy in practice.

9. REVIEW

- 9.1 This procedure will be kept under review and any amendments will be subject to consultation with staff representatives. It will be reviewed by the Council's Audit and Accounts Committee on an annual basis.

Procedure for Contractors / Partners, including employees of subsidiaries

1. As a first step contractors should normally raise concerns with their manager, who will then inform the lead Council officer who is dealing with that particular contract. If contractors do not have a manager, they should raise their concerns direct with the lead Council officer. This depends on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if contractors believe that their manager or lead Council officer is involved, they should approach the LGSS Director of Law and Governance at the Council direct. Otherwise, the lead Council officer receiving notification of concerns under this policy will inform the LGSS Director of Law and Governance that a confidential report has been received and provide a copy. If the concern relates to financial irregularities or failures of financial controls the lead Council officer receiving the report will also immediately notify the Chief Internal Auditor.
2. Concerns may be raised verbally or in writing. Individuals who wish to make a written report are invited to use the following format:
 - The background and history of the concern (giving relevant dates if possible);
 - The reason why the individual is particularly concerned about the situation.
3. It should be noted that often the earlier a concern is expressed the easier it is to take appropriate action.
4. Advice and guidance on how specific matters of concern may be pursued can be obtained internally from the Internal Audit Service. Alternatively contractors may wish to get confidential advice from their trade union or professional association.
5. Contractors may wish to consider discussing their concerns with a colleague first and may find it easier to raise the matter if there are two (or more) of you who have had the same experience or concerns.
6. Contractors may invite their trade union or professional association representative or work colleague to be present during any meetings or interviews in connection with the concerns they have raised.

General Survey

- (1) Have you thought about using the Whistleblowing Policy in the last 12 months?
- (2) If yes, but you didn't make a referral, what prevented you?
- (3) On a scale of 1-10 (with 10 being perfect) how would you rate the policy in meeting the needs of someone who has concerns about the Council's services?
- (4) If you answered less than 10, what can we do to change so that you would score 10?

Specific Survey for those who have raised a concern

- (1) On a scale of 1-10 (with 10 being perfect) how good do you feel the Council's Whistleblowing arrangements are?
- (2) If you answered less than 10, what can we do to improve so that you would have scored a 10?
- (3) Were you able to obtain sufficient advice before making your referral?
- (4) Did you use normal management structures or the corporate officers?
- (5) Were your concerns properly addressed?
- (6) Were the implications of a referral (e.g. confidentiality and timescales) explained to you?
- (7) Were you provided with regular feedback (if you wanted it)?
- (8) If you asked for confidentiality was that effectively provided?
- (9) Do you feel you suffered harassment, victimisation or any other negative consequence from raising your concern?

Whistleblowing – Manager's Guide

1. What is Whistleblowing?

As a manager, you may need to investigate concerns raised by employees under the Council's Whistleblowing Policy. This document outlines your specific responsibilities as a manager, and provides guidance on what to do if an employee raises a concern or concerns with you.

There are existing procedures in place to enable staff to lodge a grievance relating to their own employment; customers to complain about the service they receive; and regarding concerns whether Councillors have breached the National Code of Conduct. The Whistleblowing Policy should not be used for such concerns, however, advice can be obtained from HR Advisory or Internal Audit if you have any doubts.

The Whistleblowing Policy is intended to cover concerns that fall outside the scope of the above procedures. A concern may be about:

- sexual, physical or emotional abuse of clients or other individuals
- conduct which is an offence or a breach of law
- disclosures related to miscarriages of justice
- health and safety risks, including risks to the public as well as employees
- damage to the environment
- unauthorised use of public funds
- action that is contrary to the Council's financial procedures or contract regulations
- possible fraud, corruption or financial irregularity
- action that is against the Council's Standing Orders and policies
- practice that falls below established standards or practice
- other improper or unethical conduct.

2. Responsibilities

You have a general duty to ensure that all of your employees know where they can find the Whistleblowing Policy on LGSS Direct, how these procedures operate, and how they should raise concerns. For new employees, agency workers or contractors this should form part of the induction process.

You should make your employees aware that concerns about money-laundering activities or fraud and corruption should be raised in accordance with the specific guidance provided in the Council's Anti-Money Laundering Policy and Anti-Fraud and Corruption policy (available on LGSS Direct or via CamWeb search).

Finally, you should aim to create a culture in which employees feel comfortable in openly expressing any concerns. Discriminatory behaviour(s) within your team(s) should not be tolerated. Harassment or victimisation of individuals who raise concerns must not be tolerated.

3. Key Principles for Managers

Managers should be aware of the contents of the Council's full Whistleblowing Policy, as well as the key principles set out below, which must be followed at all times throughout the whistleblowing process:

- **Support for Whistleblowers:** You should reassure the employee that you will provide support and protect him/her from any form of reprisal from any source. Remember that cases involving the welfare of children, young people and vulnerable adults can cause considerable distress; the employee may need additional support.
- **Protection from Harassment:** You should protect the whistleblower's identity, as far as possible and ensure that he/she is protected from any harassment, discrimination and/or victimisation as a result of raising a concern. If you need to disclose the employee's name, you should discuss this with him/her and gain consent before such a disclosure is made. If a whistleblower alleges they have been victimised or harassed as a result of raising a concern, you must report this to the Chief Executive or S151 Officer.
- **Separation of Procedures:** You should not stop any other procedures that are in progress in relation to an employee (for instance: disciplinary, grievance, absence, performance or redundancy procedures) because that worker makes a whistleblowing disclosure. All such procedures must be kept completely separate. Your HR Advisor can provide further advice.
- **Malicious/Vexatious Allegations:** Malicious or vexatious allegations should not be tolerated and may be considered a disciplinary offence. You should ensure that the employee is aware of the consequences of making malicious or vexatious allegations. If at any time during your investigation, you have reason to believe that the allegation(s) made may fall into this category, you should speak to your HR Advisor for advice.
- **Anonymous Allegations:** Concerns should not be disregarded simply because they are from an unknown source. If concerns are raised anonymously you will need to consider the seriousness/credibility of the concern(s) raised and whether you are likely to be able to obtain other evidence, from attributable sources, to substantiate the concern(s). Your HR advisor will be able to offer further advice in this area.

4. Stage One: When Employees Raise Concerns

If an employee raises a concern, you should take it seriously and arrange to meet with him/her immediately. The employee may feel uncomfortable or anxious about 'blowing the whistle', so ensure that you listen carefully and respond sensitively. An employee may invite their trade union or professional association representative, or a work colleague, to be present during any meetings or interviews in connection with the concerns they have raised.

You should remind employees that they are bound to safeguard and promote the welfare of children, young people and vulnerable adults. Where the concern is about the welfare of a child or young person, but the employee is reluctant to report it, you should remind him/her that there is a statutory duty under Section 11 of the 2004 Children Act to report such concerns.

When hearing the concern you should assess its credibility/seriousness:

- Is there genuine cause and sufficient grounds for the concern?
- Are there any other factors which could be motivating the employee to raise these issues?

You should ensure that the employee puts his/her concern(s) in writing, and encourage him/her to sign and date any such records/letters/notes, in case this becomes evidence in other proceedings, e.g. an internal disciplinary hearing. The employee should be advised that he/she may be required to provide a written statement and to give evidence in any formal proceedings. The Council will take appropriate steps to minimise any difficulties associated with this and provide advice and support, which where appropriate may include the ability to give evidence via video link etc.

5. Stage Two: Initial Investigation

At this point, a brief initial review/investigation will be carried out to determine whether a full investigation is appropriate and, if so, what form it should take and who should investigate. You must consult with your HR Advisor and Internal Audit (and the employee's line manager, if this is not you and it is appropriate to do so). Depending on the nature of the allegation(s), it may be necessary to refer the matter on to the service or officer(s) best placed to advise on next steps:

- Health and safety issues should be referred to the LGSS Head of Health Safety and Wellbeing.
- Child protection issues should be referred to Local Authority Designated Officer for Child Protection ("LADO") and/or the police. The LADO will advise you on how to gather information and will support you with any further actions that may need to be taken. It is important to contact the LADO for advice in these cases prior to starting any investigation work, since the Police may need to investigate and their work must take precedence over any internal investigations.
- Financial irregularities should be referred to the Internal Audit section. Internal Audit should be contacted prior to further investigation work being carried out, as there may be a need for the work to be conducted in such a way that evidence can be relied on in court and/or the case passed on to the police.
- Human Resources will lead on allegations regarding serious misconduct of employees.
- The Monitoring Officer will lead on allegations regarding misconduct of Councillors; and
- Concerns or allegations which fall within the scope of other specific existing procedures will normally be referred for consideration under those procedures.

The initial review should consider the seriousness and credibility of the allegations and any supporting evidence that has been provided. It may be appropriate at this point to undertake some initial investigative work to corroborate the allegations, in order to reach a decision on whether a full investigation is required, what form it will take, and who will investigate.

Once this decision has been taken, you must complete the Whistleblowing Cases Tracking Form (available on LGSS Direct or via search on CamWeb), detailing the decisions and/or agreed actions and send a copy to the Head of HR Advisory Services, the Chief Internal Auditor and the Monitoring Officer for record keeping/monitoring purposes. The form may be sent electronically or on paper, but should be marked 'confidential'.

6. Stage Three: Response to the Whistleblower

The employee should be made aware what steps you intend to take to address the concern(s) and how and when you will communicate with him/her, during and at the end of the process. As this can be an anxious time for an employee, you should advise him/her of the support mechanisms available, e.g. from trade union representatives and/or the Counselling Scheme.

You should send the employee a written acknowledgement of the concerns raised within **7-10 working days**, as per the commitment within the Council's Whistleblowing Policy. This should include:

- Acknowledging that the concern has been received;
- Telling the person whether any initial enquiries have been made;
- Telling the person whether further investigations will take place and, if not, why not;
- Indicating how the matter is proposed to be dealt with;
- Giving an indication of when a final response or update will be provided;
- Supplying the person with information on staff support mechanisms;
- Detailing who the employee can contact externally, if he/she is not satisfied with the response.

7. Stage Four: Full Investigation

If you are called upon to investigate the concerns, you should investigate thoroughly and quickly, and in accordance with the Whistleblowing Policy. You must aim to be fair and objective at all times during your investigation, keep the details of the investigation confidential wherever possible, and you should also communicate regularly with the employee, so that he/she is aware of what is being done to address the concerns.

In conducting investigations you should ensure that you follow a clear process and document all meetings, findings, decisions and conclusions. You should:

- **Document the Scope:** Firstly, document the planned scope of the investigation and the questions the investigation should seek to answer. Depending on the outcome of the initial investigation, the scope may or may not cover all areas of concern raised, but should be limited specifically to the allegations made.
- **Confirm the Scope:** The documented scope should be confirmed with the whistleblower. It may be appropriate to vary the scope during the course of the investigation, as new evidence comes to light. Any changes in scope should also be documented and confirmed with the whistleblower.
- **Plan the Investigation:** For each element of the investigation scope, plan how you will investigate and what evidence you will seek to obtain. Plan how you will obtain the relevant evidence, and in what order. For instance, it may be appropriate to obtain documentary evidence before interviewing staff. Remember that you should consider out any evidence which undermines the allegations, as well as evidence which may support them. Consider how long the investigation will take, and what policies and procedures or legislation you may need to familiarise yourself with, in order to conduct the review. Remember that you need to conduct a reasonable investigation, considering what is likely to be important and relevant, but do not need to investigate every single possible source of evidence.

- **Gather the Evidence:** Document all meetings and interviews, and retain any other relevant evidence to support your findings. It is important to retain the evidence, in case of any challenge to the investigation's conclusions or findings. This may include witness statements, written documents and physical evidence. If you will need to interview individuals as part of gathering evidence, consider whether it may be helpful to have a note-taker present at the meeting.
- **Review the Findings:** As far as possible, ensure that your investigation addresses all elements and questions within the scope. Where questions have not been answered, document the reasons e.g. inconclusive/no evidence. At this stage, it is likely to be appropriate to discuss your findings with key stakeholders, such as your HR Advisor, and discuss any recommendations you are likely to make in your report.
- **Write the Report:** Your findings and conclusions should be documented in your investigation report, along with any recommended actions you have identified. You should ensure that any information relating to employee performance or attendance is not included in investigation reports, unless it is directly relevant to the concerns raised and investigated. You should ensure that the report is written objectively, and that it does not exclude any important information, as this could expose the investigation to accusations of bias.

8. Stage Five: Investigation Closure

A copy of the final report should be circulated to the Head of HR Advisory Services, the Chief Internal Auditor and the Monitoring Officer.

A summary of the report should also be issued to the whistleblower, unless there is a clear reason why this would not be appropriate. It should be made clear that it is a summary report but it should still cover the scope of the investigation, a summary of the investigative work undertaken, the conclusions of the investigation, and the reasoning behind these. You may wish to consider whether it is appropriate to meet with the whistleblower to discuss the findings of the investigation in person.

You should stress to the employee, his/her responsibility in ensuring that confidential information, in whatever format, is not disclosed to a third party and/or an external organisation.

If your investigation confirms that the allegation(s) is unfounded, you should advise the employee that we will consider the matter closed and that he/she will be expected not to raise the concern again, **unless** new evidence becomes available.

9. Taking the Matter Further

If the whistleblower is not satisfied with the response to their concerns, they may wish to take the matter outside the Council, in which case concerns may be raised as per section 6 of the Council's Whistleblowing Policy.

If the whistleblower has a complaint regarding the conduct of the investigation into their concern, they have the right to request their complaint is reviewed, as per the Council's Whistleblowing Policy. In this case, they should direct their complaint to the Head of HR Advisory or the Chief Internal Auditor. If a formal complaint regarding the conduct of the investigation is raised with you as the investigating manager, you should refer the

whistleblower to the Whistleblowing Policy and recommend that they raise the concern with the Head of HR Advisory or the Chief Internal Auditor.

10. Further information

Employees with questions about this guidance should speak to their Line Manager. Managers who need further information on how to apply this guidance or the Whistleblowing Policy should contact HR Advisory or Internal Audit.

Agenda Item No: 12

TITLE **Internal Audit Progress Report**

To: **Audit & Accounts Committee**

Date: **22nd November 2018**

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

1. PURPOSE

- 1.1 To report on the main areas of audit coverage for the period 1st September 2018 to 31st October 2018 and the key control issues arising.

2. BACKGROUND

- 2.1 The role of Internal Audit is to provide the Audit Committee and Management independent assurance on the effectiveness of the controls in place to ensure that the Council's objectives are achieved. Internal Audit coverage is planned so that the focus is upon those areas and risks which will most impact upon the Council's ability to achieve these objectives.
- 2.2 The Committee is requested to consider the contents of this report.

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LGSS Internal Audit & Risk Management

Cambridgeshire County Council

Update report

As at 31st October 2018

Section 1

1. FINALISED ASSIGNMENTS

- 1.1 Since the previous Progress Report in September 2018, the following audit assignments have reached completion, as set out below in Table 1.

Table 1: Finalised Assignments

No.	Directorate	Assignment	Compliance Assurance	Systems Assurance	Organisational impact
1.	Place & Economy	Unannounced Visits – Libraries Income	Satisfactory	Satisfactory	Minor
2.	Public Health	Public Health Section 75 Agreement	Satisfactory	Limited	Minor
3.	People & Communities	Deprivations of Liberty – Community Settings	Good	Good	Minor
4.	People & Communities	Troubled Families Grant	Grant certification provided.		
5.	Cross-Cutting (CCC-wide)	Use of Consultants	Satisfactory	Limited	Minor
6.	Place & Economy	National Productivity Fund	Grant certification provided.		
7.	Place & Economy	Safer Roads Funding	Grant certification provided.		
8.	Place & Economy	Pothole Action Fund	Grant certification provided.		
9.	Place & Economy	Flood Resilience Fund	Grant certification provided.		
10.	Place & Economy	Cambridgeshire Challenge Fund	Grant certification provided.		
11.	Place & Economy	Bus Service Operator's Grant	Grant certification provided.		
12.	Place & Economy	Innovate UK – Smart Cambridge Grant	Grant certification provided.		

13.	Place & Economy	Local Transport Capital Block Funding	Grant certification provided.
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1.2 Summaries of the finalised reports with satisfactory or less assurance are provided in Section 4. This also excludes individual schools audits, which are reported collectively once all reviews have been finalised.

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

Table 2: Draft/Interim Reports

No.	Directorate	Assignment
1.	Place & Economy	Cycle City Phase II
2.	Cross-Cutting (CCC-wide)	Fees & Charges Policy and Compliance
3.	People & Communities	Coram Contract

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

Section 2

2. FRAUD AND CORRUPTION UPDATE

2.1 CURRENT INTERNAL AUDIT INVESTIGATIONS:

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

Table 3: Internal Audit Investigations Caseload

Case Category	Description of activity or risk example	No.	Outcomes
Investigations	FACT Investigation	1	Ongoing support to post-report process.
	Conflicts of Interest Investigations	2	Ongoing investigation work.
		2	Closed – no fraud.
	Whistleblowing Complaint	1	Closed – minor recommendations made.
	Mileage and Expenses Investigation	1	Closed – minor recommendations made.
Totals		7	

2.2 NATIONAL FRAUD INITIATIVE:

The National Fraud Initiative is a statutory data-matching exercise which matches electronic data within and between public and private sector bodies, to prevent and detect fraud. Cambridgeshire County Council is obliged to take part in this exercise, which is run by the Cabinet Office on a two-yearly cycle.

Work on collecting the required datasets has been led by the LGSS Internal Audit Counter-Fraud team. Results of the data-matching, which highlight areas for further investigation by the Council, are expected in February 2019.

Section 3

3 **IMPLEMENTATION OF MANAGEMENT ACTIONS**

- 3.1 The outstanding management actions as at the end of September 2018 are summarised in Table 4 below, which includes a comparison with the percentage implementation from the previous report (bracketed figures).
- 3.2 There are currently 14 management actions outstanding. Of these, 4 were dependent on the implementation of ERP Gold, and have been delayed due to the 'go live' date being pushed back. These actions are all rated 'important' rather than 'essential'. Further detail is available at Appendix B.
- 3.3 Details of all outstanding actions are provided at Appendix B, below.

Table 4: Outstanding Management Actions

	Category 'Essential' recommendations		Category 'Important' recommendations		Total	
	Number	% of total	Number	% of total	Number	% of total
Implemented	1	3% (0%)	25	63% (56%)	26	65% (56%)
Actions due within last 3 months, but not implemented	0	0% (0%)	5	13% (18%)	5	13% (18%)
Actions due over 3 months ago, but not implemented	0	0% (0%)	9	23% (26%)	9	23% (26%)
Totals	1		39		40	

4. SUMMARIES OF COMPLETED AUDITS WITH SATISFACTORY OR LESS ASSURANCE

A. CROSS-CUTTING (COUNCIL-WIDE)

A.1 Use of Consultants

The full Use of Consultants report has been brought to Audit & Accounts Committee as a separate item. (Item 7 on the agenda)

B. PUBLIC HEALTH DIRECTORATE

B.1 Public Health Section 75 Agreement Review

Section 75 of the National Health Services Act 2006 allows a local authority to make arrangements for the pooling of resources and/or delegating certain health-related functions to an NHS body. In Cambridgeshire, Health Visiting and School Nursing services are currently delivered by Cambridgeshire Community Services NHS Trust (CCS), under a Section 75 Agreement. The Director of Public Health requested that Internal Audit undertake a review of the Section 75 Agreement, as part of the 2018/19 Audit Plan.

Internal Audit has given a limited assurance over the control environment in place, as set out by the Agreement, and a satisfactory opinion on compliance. The content of the 2017/18 Section 75 Agreement, even if complied with, would only give a limited assurance to Cambridgeshire County Council that reported performance and costs are accurate and acceptable. As the current Agreement includes the ability to vary its wording at any time, by agreement between the partners, Internal Audit has made a number of recommendations to be considered as part of a review and refresh of the Agreement.

The recommendations include ensuring that service specifications include a breakdown of expected spend; developing an agreed overhead rate for the agreement; including a clause allowing for Open Book Contract Management; and ensuring that all Key Performance Indicators have set targets and are weighted according to their relative importance. It is also recommended that the agreement should include a clause stating that any expenditure which is not explicitly linked to the service specification may be clawed back by the Council, and that an annual

reconciliation between Council payments and costs incurred by CCS should be undertaken.

Under the current agreement, the Council is entitled to receive repayment of any underspend at the end of the year. At present, analysis of County Council records indicate that the underspend against grant received should be £182k, although CCS had reported an underspend of £122k. The Director of Public Health has indicated that this discrepancy may relate to additional funding provided by the Council for the Public Health component of school nursing in Special Schools; this has been queried with CCS and their response, along with evidence of actual expenditure, is awaited in order to ensure the underspend is correctly clawed back by the Council.

C. PLACE & ECONOMY DIRECTORATE

C.1 Unannounced Visits – Libraries Income

Internal Audit conducted an income audit review at Cambridge Central Library and Huntingdon Library, the two libraries which generate the highest level of income in the county.

Internal Audit has awarded satisfactory assurance over the control environment relating to income processes in libraries. At present, individual libraries have their own financial procedures that are specific to each library, meaning that different sites are taking different approaches to key processes such as cash counting and banking. It has therefore been agreed that two sets of standardised financial procedures will be produced for Cambridgeshire libraries; one for larger libraries, and one for small libraries which are manned by a single member of staff. A procedure for management to perform spot checks will also be introduced, particularly where bankings are prepared and banked by one person.

Satisfactory assurance has also been given over compliance with income processes. A review of access to safes, with additional advice from the Health and Safety team, has been recommended, along with a review of staff access cards, which provide access to tills. Internal Audit has recommended that payment should be required in advance for room hire, and the booking procedure and financial system for invoicing for lettings will be reviewed and updated.

5. OTHER AUDIT ACTIVITY

5.1 UPDATES TO THE INTERNAL AUDIT PLAN 2018/19

Internal Audit has experienced a number of pressures on the delivery of the Internal Audit Plan 2018/19, due to additional requests for Internal Audit work as a result of the changing risk profile. In order to accommodate these pressures within available resource, the Plan was reviewed and revised in August 2018, with changes approved by Strategic Management Team (SMT) and Audit & Accounts Committee in September.

Pressures on the Audit Plan have continued and are outlined below. In order to accommodate these pressures, it is anticipated that a further review of the Internal Audit Plan will be required, with the changes brought to SMT and Audit and Accounts Committee in January 2019.

5.1.1 Pressures on the Audit Plan

The following section outlines the pressures at work on the Internal Audit Plan:

- At the request of the Managing Director of LGSS and the Chief Executives and Section 151 Officers of the LGSS Client Authorities, the Internal Audit and Risk Management team is currently undertaking a series of reviews of the ERP system, to provide stakeholder assurance over the system's operation and user compliance. This work is ongoing in line with the target dates outlined at the last Audit Committee meeting.
- Following the Audit & Accounts Committee meeting to discuss the Community Transport Investigation on the 31st July, additional work by Internal Audit has been required in responding to the findings of the investigation, providing assurance over the organisation's response, and providing support to the Audit & Accounts Committee's review of actions.
- Significant Internal Audit resource has been required to provide reviews of major corporate contracts and support to contract management arrangements. In particular, Internal Audit has been asked to provide support to the development of governance around the Highways Contract, supporting the service in establishing the definition of actual cost with the contractor, and to conduct Open Book Review work as well as providing advice and support to the Waste Management Steering Group.

5.2 UPDATE ON THE AUDIT REVIEW OF ELY BYPASS

Internal Audit is in the process of undertaking the review of the Ely Bypass, as agreed at the Audit & Accounts Committee, following a request from the Economy & Environment Committee which asked Audit to review the cost increases in the contract and provide a 'lessons learnt' report.

It had been anticipated that the service would be in a position to share the findings of this work with the November meeting of Audit & Accounts Committee. Due to the pressures on the Internal Audit service (outlined at 5.1, above) and the complexity of the contractual arrangements, work on this review is still ongoing. Consequently an update on progress to date is provided instead.

So far, the Audit has undertaken work on the following areas:

- Procurement of the construction contract, including review of procurement documentation.
- Internal Council governance of the project, including discussions with key officers and review of project documents.
- Analysis of the timeline of cost changes over the life of the project.
- Review of the construction contract and key related documents.

The construction stage of the project (Stage Two) was contracted using NEC¹ Option D, a NEC contract option which is far less widely-used. Under the NEC Terms, Option D is a target cost contract, with bill of quantities. The Bill of Quantities was determined by the contractor during Stage One, and provides project-specific measured quantities of the items of work identified by the completed design and specification. Under Option D, the Bill of Quantities forms the target cost for completion of the project, with payments made to the contractor based on actual costs and then a pain/gain adjustment made for variance from the target cost.

Given the complexities associated with this contract option, the Council employed WYG to monitor the contract on both cost and quality, in order to gain assurance on whether the costs charged by Volker Fitzpatrick charged the Council represented

¹ New Engineering Contract, a suite of standard contracts produced by the Institute of Civil Engineers, which guide the drafting process for civil engineering and construction projects and aim to stimulate good project management.

actual, verified costs throughout the contract, and that the appropriate performance levels were being met. Understanding and analysing the roles and responsibilities of the Council in monitoring the delivery of the project is made more complicated due to the fact a third party was employed to undertake contract monitoring.

The contract with WYG has not yet been provided to Internal Audit. Until this contract is provided and Internal Audit are able to assess the work undertaken by WYG, an assurance cannot be given on the adequacy of the monitoring of the contract.

5.3 UPDATE ON THE AUDIT REVIEW OF ERP GOLD

Internal Audit has completed the first phase of the work relating to providing assurance over the core financial processes that are supported by ERP Gold. These are the core systems reviews that we would normally undertake to provide assurance to the s151 Officers that there is a sound system of financial control, in addition the work is being conducted to provide assurance to both LGSS and the NCC Commissioners around the core financial processes that have been introduced. To date work has focused on:

- Payroll – led from NCC Audit team
- Accounts Payable – led from CCC Audit team
- Accounts Receivable (including debt management) – led from CCC Audit team
- General Ledger and Bank Rec (combined into one review) – led from NCC Audit team
- ERP Application (IT Controls) Review – will be led from MKC Audit team

It is essential to note that this work is programmed to test the controls across ERP, its associated processes including the above systems to 31/3/19. Test results and findings are therefore preliminary and subject to change. A formal audit opinion can only be given at the end of the year when sufficient transactions throughout the year have been tested.

An interim briefing note / findings summary has been issued to the section 151 officers across all 3 clients but given that testing needs to continue to year end it is not considered appropriate to publish a formal report, until full year findings are evident. Key issues include:

- It is clear that there is significant dis-satisfaction across clients. Whether factual and/or evidenced, Client perceptions of ERP effectiveness are undermining its

operational effectiveness, including confidence in the implementation of improvements.

- The causes of user dis-satisfaction and also non-compliance cannot be traced to a single root cause and there are different views for potential causes
- Governance needs formalising via a ERP Gold Governance Board meeting regularly
- Disaster Recovery requires urgent attention to provide confidence in the resilience of the system
- Accounts Receivable is an area requiring additional focus in regard to the reporting and action on Aged Debts, albeit MKC trends are not a matter of concern from the reports reviewed by IA.
- Accounts Payable is an area where significant progress has been achieved recently (since the appointment of the Finance Operations Manager) but requires ongoing monitoring to ensure that progress is sustained into business as usual.

Work on establishment review / accuracy has been prioritised in Sept / Oct (focussed on MKC). When that HR project is complete Internal Audit will review its outcomes.

APPENDIX A

CCC INTERNAL AUDIT PLAN 2018/19

Audit Title	Status	Quarter Opened	Quarter Closed
Cross-Cutting and Council Wide Audit			
Agency Staff Compliance	Open	2	
EU Procurement Regulations	Open	2	
Procurement Compliance	Open	1	
Unannounced Visits	Closed	1	3
Impact of Price & Quality Evaluation	Not Started		
Development of Project Assurance Framework	Open	2	
Project Assurance of High Risk Projects (1)	Not Started		
Project Assurance of High Risk Projects (2)	Not Started		
Project Assurance of High Risk Projects (3)	Not Started		
Project Assurance of High Risk Projects (4)	Not Started		
Development of Project Management Framework	Open	2	
Management of Consultants and Interims	Draft	1	
Financial Planning, Demand Mgt and Control	Not Started		
Ely Bypass Review	Open	1	
Key Performance Indicators	Open	1	
Corporate Key Performance Indicator Framework	Not Started		
Discretionary and Non-Statutory Service Provision and Expenditure	Open	2	
Fees and Charges Policy and Compliance	Draft	2	
Annual Key Policies and Procedures Review	Open	3	
Directorate Performance Management	Open	1	
Grants to Voluntary Organisations Compliance	Not Started		
Grants to Voluntary Organisations Framework	Closed	1	2
Procurement Governance	Not Started		

Annual Whistleblowing Policy Report and Awareness	Not Started		
People & Communities Directorate			
Contract Management of Residential and Nursing Care Providers	Open	1	
Direct Payments Compliance	Open	2	
P&C Contract Management	Draft	2	
Troubled Families Grant 18-19	Ongoing	All year	N/A
Schools Payroll & Safe Recruitment 18-19	Not Started		
Personal Budgets	Open	1	
Fostering Service	Open	1	
Special Educational Needs Placements	Not Started		
Annual Safeguarding Assurance	Not Started		
Economy, Transport & Environment Directorate			
Transport Contract Management	Not Started		
Section 106 Funding	Open	3	
Highways Contract Open Book Review 18-19	Closed	1	2
Highways - Commercial Group	Open	2	
Highways – Contract Review	Open	2	
Waste Management Steering Group	Open	2	
Street Lighting PFI Open Book Review 18-19	Open	3	
Waste PFI Open Book Review 18-19	Not Started		
Local Transport Capital Block Funding	Closed	1	2
Growth Deal	Closed	1	2
Bus Services Operators Grant	Closed	1	2
Pothole Action Fund	Closed	1	2
Cycle City Phase II Grant	Draft	1	
National Productivity Fund	Closed	1	2
Safer Roads Funding	Closed	1	3
Procurement Transport Project	Closed	1	2
P&E Partnership Services Cost Recovery	Open	1	
Innovate UK - Smart Cambridge Grant	Closed	2	2
Flood Damaged Roads	Closed	2	2
Cambridgeshire Challenge Fund (Drought Damaged Roads)	Closed	2	3
SWIM Project	Closed	1	2

Public Health and Corporate & Customer Services Directorates			
Public Health Contract Management	Closed	1	2
Broadband Grant	Closed	1	1
Public Health Grant	Closed	1	1
Key Financial Systems			
Accounts Receivable	Not Started		
Purchase to Pay	Not Started		
Payroll	Not Started		
General Ledger	Not Started		
Bank Reconciliation	Not Started		
Treasury Management	Not Started		
Administration of Cambridgeshire Pension Fund	Not Started		
Financial Systems IT General Controls	Not Started		
ERP Assurance - Accounts Receivable	Open	2	
ERP Assurance - Accounts Payable	Open	2	
ERP Assurance - Payroll	Open	2	
ERP Assurance - General Ledger	Open	2	
ERP Assurance - IT Controls	Open	2	
Risk Management Audit	Not Started		
CCC Debt Recovery	Not Started		
Governance & Risk Management			
Risk Management	Ongoing	All year	N/A
Annual Governance Statement-Code of Corporate Governance	Ongoing	All year	N/A
Information Governance & IT Audit			
Information Security	Not Started		
Response to Information Security Incidents	Open	1	
Controls Review of Critical Systems	Not Started		
ICT Disaster Recovery	Not Started		
Anti-Fraud and Corruption			
Fraud Investigations 17-18	Ongoing	All year	N/A
Community Transport Investigation	Open	1	
Community Transport Tender Review	Closed	2	2
Whistleblowing Complaint	Closed	1	2
Declarations of Interest Investigation	Open	1	

Mileage & Expenses Investigation	Closed	1	1
National Fraud Initiative	Ongoing	All year	N/A
Other Planned Work			
Advice & Guidance	Ongoing	All year	N/A
Freedom of Information Requests	Ongoing	All year	N/A
Follow-Ups of Agreed Actions	Ongoing	All year	N/A
Audit Plan	Ongoing	All year	N/A
Committee Reporting	Ongoing	All year	N/A
Management Reporting	Ongoing	All year	N/A

APPENDIX B

Summary of Outstanding Recommendations

(Recommendations as at the end July 2018).

The below table excludes recommendations which are dependent on the implementation of ERP Gold; these have been split out and shown at a second table, below.

Audit	Risk level	Summary of Recommendation	Target Date	Status
Client Contributions	M	Deferred Payment Agreements The Service Delivery Manager Financial Assessments should ensure that all of the following staff are aware of the process for securing deferred payment agreements: <ul style="list-style-type: none"> • Social Workers • Financial Assessments Team members • Debt Team members If officers are not aware of relevant deferred payment agreements processes there is a risk that opportunities to secure debt recovery will be missed.	30/09/17	The service reported the development of mandatory Care Act management training for all new employees involved with deferred payments has been completed. They have also reported that all financial assessment staff have all be made aware of the proper process and that Care Team staff have had general over-view financial assessment training sessions. Due to the absence of a key officer Internal Audit have not been able to ascertain a revised target date for the completion of this recommendation but understands work is ongoing with Organisational Workforce Development to roll out as a specific training course. Revised target date: TBC
Payment Methods	M	Services should apply to be transformed Once services are able to determine the total cost of transactions by payment method, there should be a clear prioritisation for transforming services, based on the anticipated savings from transformation.	30/11/16	The original action recommended by Internal Audit has been largely dependent on a number of wider components connected to the Civica ICON project. Ownership of Civica ICON has passed to the IT & Digital Team. There have been issues experiences with the interface between ICON and

		Without this prioritisation there is the risk that services may use less cost-effective methods of payment, at higher cost to the Council.		<p>ERP Gold which has meant that the project to transform services has not moved forward quickly because this currently requires manual processing. At present a formal prioritisation for the transformation has not therefore been developed. This is being taken forward by Transformation and the IT & Digital Service. This remains the case at time of report.</p> <p>Whilst Internal Audit is satisfied that there has been progress made, this is not currently in a way which is likely to fully address this action. Officers and Internal Audit have scheduled to discuss the best way to take this action forward, which may include revisiting payment methods in the audit plan.</p> <p>Revised target date: TBC Internal Audit will be meeting with the service within the next two weeks.</p>
Information Security Culture	M	<p>Information Security Incidents The Information Governance team should amend the incident report template to ensure higher-risk actions resulting from security incidents are followed up and reviewed to ensure completion.</p> <p>The team should also amend the Information Security breach procedure, to include a formal escalation process to the IM board actions to prevent further incidents have not been completed.</p> <p>If there is no follow-up and actions are not completed, there is an increased risk that security incidents may happen again.</p>	31/12/17	<p>The service provided an initial response to audit follow-up, but on review this indicated that the information request may not have been fully understood.</p> <p>The Draft Audit Plan for 2018/19 includes a review of service responses to information security incidents. This audit is now underway and will provide a clear view of whether this action has been implemented and any further actions required. The audit work is expected to be completed in the next month.</p> <p>Revised target date: 30th November 2018</p>

3rd Party Assurance	M	Contracts do not have third party assurance requirements Officers responsible for commissioning high-value contracts with suppliers who are likely to hold or process large volumes of personal data, should consider including in their specifications that the Council must be provided with appropriate third party assurance over the security of systems. IT and Procurement officers should be aware of the possibility of including these requirements in specifications, and provide advice and guidance to officers commissioning such contracts.	31/05/18	The Business Intelligence Manager confirmed work is progressing on this recommendation but that it is proving more resource intensive and taking longer than originally anticipated. He currently anticipates that the work should be completed by February 2019 (dependant on resource levels). Revised target date: 28th February 2019
Schools Payroll & Safe Recruitment	M	Review of CCC Contracts with External Payroll Providers Internal Audit recommended a review of CCC's contracts with the external providers of payroll services to maintained school, to assess the requirements relating to the provision of third-party assurance over integrity of payroll systems.	30/06/18	A meeting with external payroll provider EPM to discuss the recommendation has been postponed (originally scheduled for September 2018). Revised target date: TBC
Joint Safeguarding Board Arrangements	M	Quorum Requirements for Joint Safeguarding Board Internal Audit recommended that quorum requirements for the Joint Safeguarding Board are amended to require members from all three statutory partners to be in attendance in order for a Board meeting to be quorate. This requirement should be documented in the Terms of Reference for the Local Children Safeguarding Board and Safeguarding Adults Board.	31/07/18	This action requires sign off by the Executive Board. The Executive Board meeting to sign this off in September had to be moved and will now take place November 22 nd 2018. Revised target date: 22nd November 2018.
Business Intelligence	M	Business Intelligence Service Plan and Team Work Plans	30/06/18	This process is ongoing. There have been significant changes in the Service, including a

Continuity		The Business Intelligence Service Plan should be reviewed to include how the Service aims to reduce silo working and overdependence on specific individuals and plans for cross-skilling members of the team.		move to a shared service with PCC approved in September 2018. There is a set of development objectives for the first phase of the shared service which address issues about resilience and sustainability and an away day is planned to reflect on these and develop the phase two plan. Revised target date: 31st January 2019
	M	Workforce Development Plan and Procedure Notes A shared workforce development plan to be produced across the service. Procedure notes to be produced for key tasks in the Research and Internal Information teams, in particular any tasks which are undertaken by a single individual or are subject to significant time pressures.	30/06/18	The team note that a training plan has been produced and procedure notes created for key processes. The shared workforce development plan will be part of the Service planning activity in phase 2 of shared service as described above. Revised target date: 31st January 2019
	M	Written Prioritisation Framework A formal written prioritisation framework to be produced as part of service planning. This will clearly identify what work constitutes planned 'Business As Usual' work and the capacity required to complete this; how the service will prioritise requests for additional work from commissioners and the process of approving new work to be taken on; and how the team will identify work which can be cancelled or delayed if high-priority additional work is identified and there is not capacity to complete this as well as other planned work.	30/06/18	The work prioritisation framework will be addressed during phase 2 of shared service development planning. Revised target date: 31st January 2019
Direct Payments Compliance	M	Monitoring done by Direct Payment Support Services The role of the Direct Payment Support Services in relation to the type and frequency of monitoring they carry out on accounts must be clarified.	30/04/18	The Internal Audit team are now reviewing the direct payments contract processes as part of the 2018/19 Direct Payments audit review. This audit is expected to be completed within the next few

		<p>Direct Payment Monitoring Officers should monitor a sample of trackers with the relevant invoices to ensure Purple/Penderels are paying out money in accordance with the service user's Care and Support plan.</p> <p>Risks:</p> <ul style="list-style-type: none"> • Service users could misuse their money without detection • The Council may not be getting value for money from their chosen Direct Payment Support Service 		<p>weeks. Emerging findings are subject to change as audit work continues but currently it anticipated that this outstanding action will be incorporated into more up to date recommendations in this latest audit.</p> <p>Revised target date: 30th November 2018</p>
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Summary of Outstanding Recommendations – Dependant on ERP Gold

(Recommendations as at the end July 2018).

Audit	Risk level	Summary of Recommendation	Target Date	Status
Information Governance Policies	M	<p>Asset management policies and procedures</p> <p>A complete physical asset register, listing the council staff member responsible for the asset should be created</p> <p>If assets are not managed or lost there is a risk of data breaches occurring (and not identified) leading to reputational or financial damage.</p>	30/09/17	<p>There is a plan to create a "Resource Master File" within the ERP system to record when a new/moving staff member is issued a piece of IT equipment. This was delayed due to the go live date for ERP Gold being pushed back.</p> <p>There have been delays due to ensuring the ERP system is ready and ensuring that IT are fully involved. A review of the situation is needed to ascertain if system changes would be required. The Service has confirmed that a significant</p>

				<p>process and policy change within IT will be required. A further update is expected early next year.</p> <p>Revised target date: 31st January 2019</p>
Section 106	M	<p>S106 Monitoring system records: Following the introduction of a new S106 monitoring system, every scheme should be subject to detailed review to establish that all of the information relating to each scheme is complete and accurate.</p>	30/09/17	<p>This is dependent on procurement of the new monitoring system, which has been delayed. Given the problems with ERP Gold when it went live, it was agreed amongst the project team that more time should be allowed to ensure that ERP Gold is performing satisfactorily before they commit to procuring the new system. A Business Case is being drafted with the Transformation team. Approvals to begin the procurement process have been obtained from the IT service and the Information Governance Team but the procurement is on hold until agreement with the transformation team is reached. A formal revised target date has not yet been received but it is likely to be early next year.</p> <p>Revised target date: 31st January 2019.</p>
Client Contributions	M	<p>Monitoring Take-Up of Direct Debits Regular monitoring of the take up of direct debit payments should be undertaken to identify if activities to encourage customers to pay by direct debit have been successful.</p>	30/04/17	<p>Direct Debit uptake will be added to the list of proposed measures for the finance dashboard, to be agreed by management teams. This action was planned to be linked to the new online Direct Debit form being set up. This form has been delayed in being developed due to issues with ERP Gold. Due to officer absence Internal Audit have not been able to obtain a formal update but</p>

				<p>understand that the required reporting is yet to be developed.</p> <p>A further update will be chased for 30th November 2018.</p>
Safe Recruitment Compliance	M	<p>Flag Overdue DBS Information:</p> <p>For all employees involved in regulated activities and who require an Enhanced DBS check, a flag should appear on ERP Gold until DBS information has been entered. Without this, there is a risk that follow-up action to ensure all DBS checks are in place may not be undertaken.</p>	31/12/17	<p>The problems with reports from the new ERP system are ongoing. HR are working with colleagues involved in delivery of ERP to try to progress this action. The latest update from HR stated that the expectation is that standard ERP reports should all be stable by the end of October and that this recommendation is likely to be actioned by the end of the year.</p> <p>Revised target date: 31st December 2018.</p>

Background Papers: None.

**INTEGRATED RESOURCES AND PERFORMANCE REPORT FOR THE PERIOD ENDING
31ST AUGUST 2018**

To: Audit & Accounts Committee

Date: 22 November 2018

From: Chief Finance Officer

Electoral division(s): All

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

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

Recommendations: The committee is asked to note the following recommendations made to General Purposes Committee on 23rd October 2018:

- a) Note the additional capital contributions available as set out in section 5.7;
- b) Approve the -£41.1m revised phasing in the funding profile of Housing Schemes, as set out in section 5.7;
- c) Approve the -£17.2m revised phasing of funding relating to changes in the C&I capital programme variations budget, as set out in section 5.7;
- d) Approve an additional £54k of prudential borrowing in 2018/19 for the Babraham Park & Ride Smart Energy Grid scheme, as set out in section 5.8;
- e) Approve an additional £30k of prudential borrowing in 2018/19 for the Trumpington Park & Ride Smart Energy Grid scheme, as set out in section 5.9;
- f) Approve the allocation of £3.413m from the smoothing fund reserve towards pressures in children's services budgets in 2018-19, as set out in section 6.2.

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

1. PURPOSE

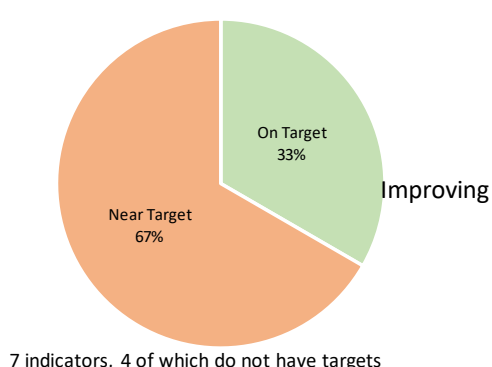
- 1.1 To present financial and performance information to assess progress in delivering the Council's Business Plan.

2. OVERVIEW

- 2.1 The following summary provides a snapshot of the Authority's performance against its indicators around outcomes, its forecast financial position at year-end and its key activity data for care budgets. Ninety two indicators about outcomes are monitored by service committees; these have been grouped by outcome area and their status is shown below:

2.2 Change in indicators:

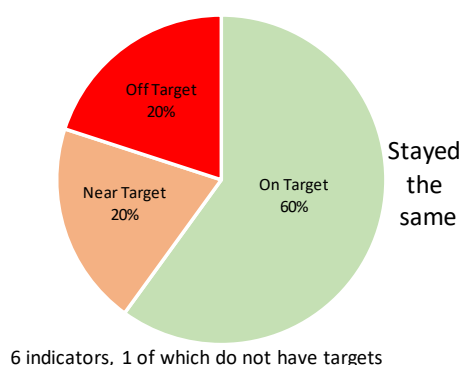
Older people live well independently



Older people live well independently – Improving

Out of 7 indicators for this outcome 3 have targets. Two of these were rated amber (within 10% of target) and one was on target. The improvement in the overall outcome reflects an improvement in the outcome 'Average monthly number of bed day delays (social care attributable) per 100,000 18+ population' where the average number of bed day delays decreased from 150 (red RAG rating) to 116 days (amber RAG rating), just 2 days above the 114 day target. The other two indicators did not change from the previous month (one green and one amber).

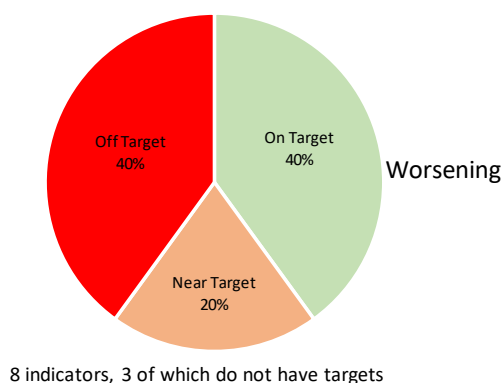
People with disabilities live well independently



People with disabilities live well independently – Stayed the same

There are 6 indicators for this outcome and 5 have targets. None of these indicator's RAG ratings changed, there are 3 rated green, 1 amber, and 1 red. The indicator rated red was 'Proportion of adults with a primary support reason of learning disability support in paid employment (year to date)' which fell from 0.7% in June to 0.5% in July – significantly below the 6% target. This indicator relies on service users being assessed or reviewed in the year so is dependent on the review/assessment performance of the LD teams. Note that this indicator is subject to some cumulative effects as clients are reviewed within the period.

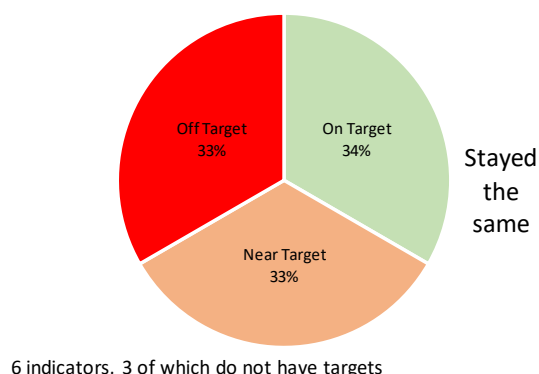
Adults and children are kept safe



Adults and children are kept safe – Worsening

There are 8 indicators for this outcome and 5 have targets. One indicator, 'Proportion of children subject to a Child Protection Plan (CPP) for the second or subsequent time (within 2 years)', previously had had no target but this has now been set and the indicator rated green (Target: 6%, July 18: 3.8%). Three indicators did not change RAG rating, one green and two red. The first red indicator that remained the same was 'The number of looked after children per 10,000 population under 18' which increased from 52.2 in June to 53.9 in July. The second red indicator that remained the same was 'Number of children with a Child Protection Plan (CPP) per 10,000 population under 18' which very slightly decreased from 35.8 to 35.5. A number of actions are being taken to address this, see the People and Communities finance and performance report for further details. One indicator's performance decreased, this was '% children whose referral to social care occurred within 12 months of a previous referral' which increased from 17.9% to 20.8% (20% target), though it should be noted that this is still below average in comparison with statistical neighbour and the England average.

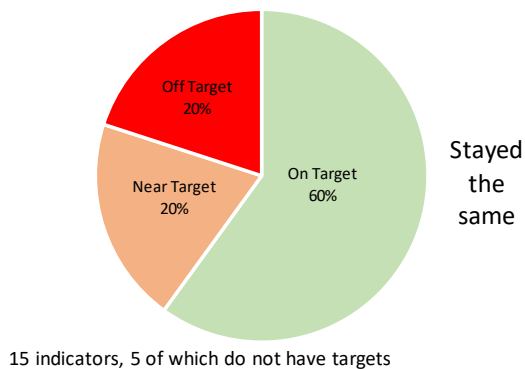
People live in a safe environment



People live in a safe environment – Stayed the same

3 out of the 6 indicators for this outcome have targets, one rated green, one amber, and one red. All three have not changed RAG rating from the previous month. The indicator rated red was 'Killed or seriously injured (KSI) casualties - 12-month rolling total', the most recent data available for this indicator is from March 18 hence this indicator has not changed RAG rating, however there has been a downward trend in this figure since August 2017, and if this trend continues it is anticipated to be within 10% of the target at year end.

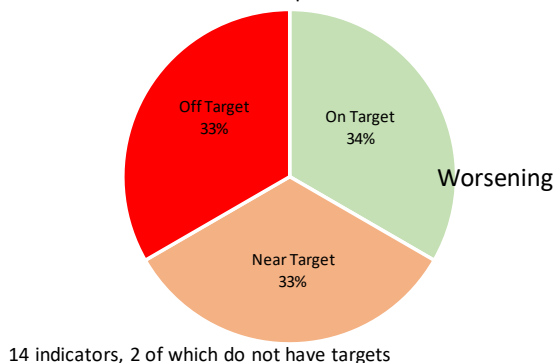
The Cambridgeshire economy prospers to the benefit of all residents



The Cambridgeshire economy prospers to the benefit of all residents – Stayed the same

There are 15 indicators for this indicator and 10 have targets, 6 were RAG rated green, 2 amber, and 2 red. All 10 indicators have not changed RAG rating from the previous month. The first indicator rated red was 'The average journey time per mile during the morning peak on the most congested routes', this was last measured in August 17 and an updated figure is not available hence the rating has not changed. The second red indicator was 'Classified road condition - narrowing the gap between Fenland and other areas of the County', this is an annual figure (2017/18) and will not be updated until the next financial year so will remain RAG rated red.

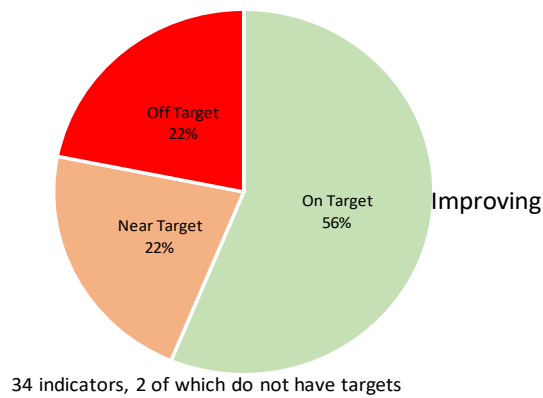
Places that work with children help them to reach their potential



Places that work with children help them to reach their potential – Worsening

There are 14 indicators for this outcome and 12 have targets. 4 were rated green, 4 amber, and 4 red. One indicator's RAG rating went down from amber in June to red in July. This indicator was '% of EHCP assessments completed within timescale', this had been incorrectly rated as amber last month and should have been red. Performance in this indicator has actually increased from 42.9% in June to 59.0% in July. The rest of the indicators' RAG ratings did not change since June. There were three that stayed red. These were: 'KS4 Attainment 8 (All children)' which is an annual indicator and reflects 2016/17 data (2017/18 which will be released in October 18), '% of disadvantaged households taking up funded 2 year old childcare places' which dropped 4 percentage points since the spring term to 66.7% (75% target), and 'Ofsted - Pupils attending schools that are judged as Good or Outstanding (Special Schools)' which remains at 89.6%.

People lead a healthy lifestyle and stay healthy for longer



People lead a healthy lifestyle and stay healthy for longer – Improving

There are 34 indicators for this outcome and 32 have targets. 18 were rated green (3 improving from amber and 1 from red in the previous month, which was 'Number clients completing their PHP', which increased from to 33% of target, to 116, 168% of target), 7 were rated amber (1 improving from red last month – 'Number of physical activity groups held (extended service)', which increased from 101, 65% of target, to 250, 91% of target), and 7 were rated red. 6 of these red indicators had not changed rating from last month and one changed from amber to red. The indicator that changed from amber to red was 'Number of visitors to libraries/community hubs – year-to-date' which decreased from 91% of target to 86.2% of target. This may in part be due to the introduction of computer charges from 1st May, though this is being closely monitored and the use of the first free half hour and free use for particular cohorts is being promoted.

Key Pressures

- Residential and nursing placements for older people are increasing against the April 18 baseline.
 - The number of children in care has significantly increased this financial year.
 - The number of children on a child protection plan has increased from previous month.
- See following page for further details.

2.3 The master file of performance indicators is available [here](https://tinyurl.com/ycbkjnoe), <https://tinyurl.com/ycbkjnoe> while the latest Corporate Risk Register can be found [here](https://tinyurl.com/ycrphsfv), <https://tinyurl.com/ycrphsfv>.

Finance and Risk

Revenue budget forecast

+£4.9m (1.4%)
variance at end of
year

RED

This is a £0.331m decrease
in the revenue forecast
pressure since last month.

Capital programme forecast

£0m (0%) variance
at end of year

GREEN

Residual risk score	Green	Amber	Red
Number of risks	0	8	2

*Latest Review: July 2018

Transformation Programme	Transformation Fund
41 Early ideas ↑ 194 Business cases in development ↑ 24 Projects being implemented ↔	12 projects rated Green ↔ 1 rated Amber (reflecting some need to re-phase savings) ↓ 5 rated Red (risk of non-delivery of savings or benefits) ↑

Number of service users supported by key care budgets

Older people aged 65+ receiving long term services

	Aug-18	Apr-18	Trend since Apr-18
Nursing	437	410	Increasing
Residential	862	847	Increasing
Community	2,010	2,023	Decreasing

Adults aged 18+ receiving long term services

	Aug-18	Apr-18	Trend since Apr-18
Nursing	30	26	Increasing
Residential	310	309	Increasing
Community	1,922	1,933	Increasing

Children open to social care

	Aug-18	Apr-18	Trend since Apr-18
Looked after children	737	715	Increasing
Child protection	523	483	Increasing
Children in need*	2,045	2,225	Decreasing

*Number of open cases in Children's Social Care (minus looked after children and child protection)

Public Engagement

	Aug-18	Apr-18	Trend since Apr-18
Contact Centre Engagement	13,350 Phone Calls 5,181 Other	12,763 5,316	Increasing Decreasing
Website Engagement (cambridgeshire.gov.uk)	173,523 Users 254,502 Sessions	154,319 229,409	Increasing Increasing

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

- 2.4 There was an error in the number of Children in Need (CIN) reported on page 4 of July's IRPR. The number of CIN was reported as 2,794. This was an error and should have been reported as 2,223, which is a decrease from the previous month (June 18: 2,311) and is in line with April 18's figure (2,225). This figure has been corrected in the trend analysis, so August's report shows a decreasing trend since April 18 for the number of CIN.
- 2.5 The key issues included in the summary analysis are:
- The overall revenue budget position is showing a forecast year-end pressure of +£4.9m (+1.4%); a decrease of £0.3m on the forecast pressure reported in July; there have been increases in Commercial & Investment (C&I), partly offset by decreases in People & Communities (P&C), Public Health and Corporate Services Financing. See section 3 for details. This position is based on the assumption that the allocation of £3.413m from the smoothing fund reserve recommended by the Children and Young People (CYP) Committee in section 6.2 is approved.
 - The Capital Programme is forecasting a balanced budget at year end. This includes use of the capital programme variations budget. See section 5 for details.

3. REVENUE BUDGET

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

Key to abbreviations

CS Financing – Corporate Services Financing
DoT – Direction of Travel (up arrow means the position has improved since last month)

Forecast Variance (July) £000	Service	Current Budget for 2018/19 £000	Actual (Aug) £000	Forecast Variance (Aug) £000	Forecast Variance (Aug) %	Overall Status	DoT
0	Place & Economy	41,729	19,080	0	0.0%	Green	↔
4,690	People & Communities	243,357	108,542	2,827	1.2%	Red	↑
0	Public Health	629	-6,073	-281	-	Green	↑
171	Corporate Services	6,697	4,294	110	1.6%	Amber	↑
140	LGSS Managed	11,186	8,494	115	1.0%	Amber	↑
4,163	Commercial & Investment	-8,707	2,988	6,263	-	Red	↓
-976	CS Financing	25,983	3,031	-1,176	-4.5%	Green	↑
8,188	Service Net Spending	320,874	140,356	7,858	2.4%	Red	↑
0	Funding Items	32,705	10,289	0	0.0%	Green	↔
-2,950	Open Purchase Order Reconciliation	0	0	-2,950	-	Green	↔
5,238	Subtotal Net Spending	353,579	150,645	4,908	1.4%	Red	↑
Memorandum items:							
1	LGSS Operational	8,835	4,557	-2	0.0%	Green	↑
5,239	Grand Total Net Spending	362,414	155,202	4,906	1.4%	Red	↑
Schools		198,140					
Total Spending 2018/19		560,554					

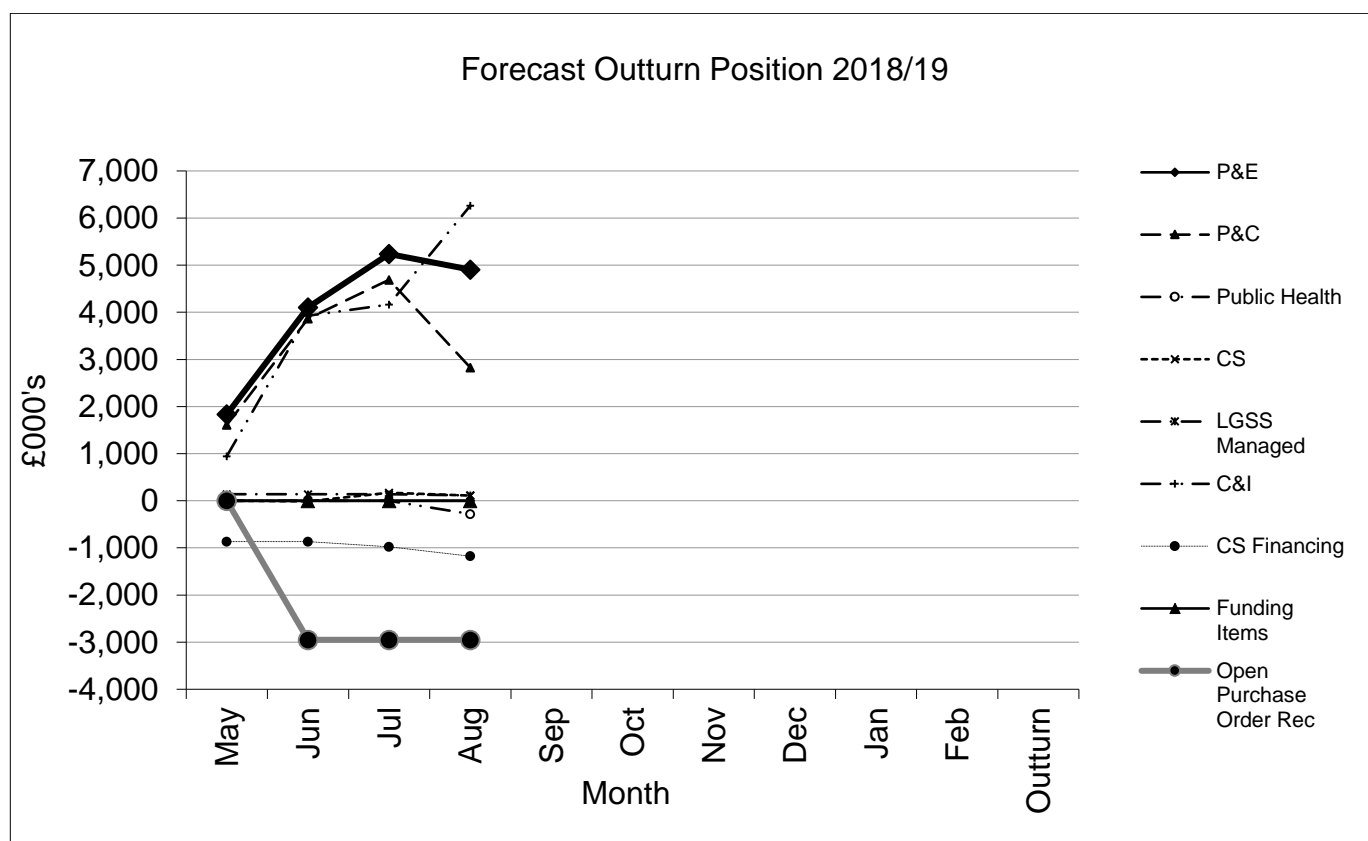
¹ The budget figures in this table are net.

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

³ The budget of £629k stated for Public Health is its cash limit. In addition to this, Public Health has a budget of £25.4m from ring-fenced public health grant, which makes up its gross budget.

⁴ The 'Funding Items' budget comprises the £22.7m Combined Authority Levy, the £392k Flood Authority Levy and £9.7m change in general and corporate reserves budget requirement. The forecast outturn on this line reflects any variance in the amount received from corporate grants and business rates from what was budgeted; a negative outturn indicates a favourable variance, i.e. more income received than budgeted.

⁵ This table has been presented on the basis that the additional £3.413m budget recommended by the Children and Young People (CYP) Committee in section 6.2 is approved.



3.2 Key exceptions this month are identified below.

3.2.1 **Place & Economy:** a balanced budget is forecast at year-end.

- | | £m | % |
|---|--------|-------|
| <ul style="list-style-type: none"> • Concessionary Fares – a -£0.380m underspend is forecast. Concessionary fares are projected to underspend based on the final spend in the last financial year and currently the initial indications are that this level of underspend will be achieved. This underspend will be used to help cover other pressures within Place & Economy. | -0.380 | (-8%) |
| <ul style="list-style-type: none"> • Although not yet identified it is anticipated that further savings and underspends will be found within Place & Economy to fund the current projected pressures. | | |
| <ul style="list-style-type: none"> • A combination of more minor variances, and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall balanced outturn. For full and previously reported details see the P&E Finance & Performance Report, https://tinyurl.com/y9pg3hwl. | | |

3.2.2 **People & Communities:** +£2.827m (+1.2%) pressure is forecast at year-end.

- | | £m | % |
|--|--------|--------|
| <ul style="list-style-type: none"> • Central Commissioning – Adults – a +£0.369m pressure is forecast. This is due to a saving related to a review of the Council's housing related support contracts, which is now expected to deliver over several years rather than fully in 2018/19. | +0.369 | (+7%) |
| <ul style="list-style-type: none"> • Children in Care – a +£1.4m pressure is forecast, which is an increase of £1.125m on the position previously reported in June 2018. The expected pressure on Unaccompanied Asylum Seeking | +1.400 | (+10%) |

Children (UASC) budgets has now been estimated at £439k over budget for UASCs under 18 years of age and a further £392k for UASCs over 18 years of age (£831k in total). There has been a significant increase in under 18 UASC numbers over the last 6 weeks and there continues to be up to two years delay in processing leave to remain applications for unaccompanied asylum seekers. The Home Office provide grant funding for UASC expenditure, however the costs are expected to be higher than the amount of grant expected to be received. In addition the Staying Put budget is predicted to be £294k over budget as a result of the cost of Staying Put arrangements, which outstrip the grant funding available.

- **High Needs Top- Up Funding** – a +£1.5m pressure is forecast as a result of increasing numbers of young people with Education Health and Care Plans (EHCP) in Secondary and Post-16 Further Education. This budget is funded from the Dedicated Schools Grant (DSG) High Needs Block and will be managed within the overall available DSG resources. +1.500 (+11%)
- **Financing DSG** – a -£2.309m required contribution from DSG is forecast, which is an increase of -£1.500m on the position previously reported in May 2018. This represents the amount that will be drawn down from the DSG reserve in excess of what was budgeted to cover pressures in DSG-funded areas. These pressures are primarily SEN Placements (£518k), Out of School Tuition (£291k) – both previously reported – and High Needs Top-Up Funding (£1,500k) as described above. For this financial year the intention is to manage within overall available DSG resources. -2.309 (-6%)
- A combination of more minor variances, and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall outturn of +£2.827m. (The effect of the £3.413m smoothing fund draw down recommended in section 6.2 is shown in the above overall P&C forecast; however the impact on individual P&C service line outturns will be factored in if the recommendation is approved.) For full and previously reported details see the [P&C Finance & Performance Report, https://tinyurl.com/y6u4ek3e](https://tinyurl.com/y6u4ek3e).

3.2.3 Public Health: -£0.281m underspend is forecast at year-end.

- | | £m | % |
|---|--------|------|
| <ul style="list-style-type: none"> • Sexual Health & Contraception – an underspend of £281k has been identified against the Sexual Health budget. This is as a result of an over-accrual which had been carried forward from a previous financial year in error. The over-accrual will be moved into Public Health ring-fenced grant reserve and will be used to fund £281k of Public Health eligible funding during 2018/19 in place of £281k of general CCC funding, producing an underspend against the CCC corporate funding. | -0.281 | (-%) |
| <ul style="list-style-type: none"> • For full and previously reported details see the PH Finance & Performance Report, https://tinyurl.com/y87bhbne. | | |

3.2.4 **Corporate Services:** +£0.110m (+1.6%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.

3.2.5 **LGSS Managed:** +£0.115m (+1.0%) pressure is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.

3.2.6 **CS Financing:** -£1.176m (-4.5%) underspend is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> Interest Payable and Debt Management Expenses – an underspend of -£1.176m is forecast on the overall Debt charges budget. This is an increase of £310k on the underspend previously reported in May 2018. Following a review of cashflow forecasts and borrowing requirements, the interest payable forecast has been revised giving a £200k forecast underspend. In addition there has been a £110k rebate of bank fees on international payments. 	-1.176	(-5%)
<ul style="list-style-type: none"> For full and previously reported details see the CS & LGSS Finance & Performance Report, https://tinyurl.com/y8okfshb. 		

3.2.7 **Commercial & Investment:** +£6.263m (%) pressure is forecast.

	£m	%
<ul style="list-style-type: none"> Commercial Investments – a +£3.15m pressure is forecast, which is an increase of £0.7m on the position previously reported in July 2018. Although there has now been a commercial acquisition of £38m the expected income in the remainder of the year has been recalculated. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council's acquisitions strategy. In due course it is anticipated that this budget will deliver to target once sufficient financially appealing opportunities have been secured. 	+3.150	(62%)
<ul style="list-style-type: none"> Housing Investment – a +£1.55m pressure is forecast, which is an increase of £1.05m on the position previously reported in July 2018. Expectations of interest receivable continue to be remodelled and reprofiled based on loans advanced. Loan values are constrained by the value of property at disposal (dependent on planning) alongside ensuring the Council has sufficient collateral as lender. Loans advanced during the year are for up to 10 years, so will have a full-year benefit from next year. 	+1.550	(36%)
<ul style="list-style-type: none"> Traded Services to Schools and Parents – a +£0.25m pressure is forecast. This is due to only part of an additional £500k income target being expected to be achieved in 2018/19. Work is being undertaken to improve the position for future financial years and mitigating actions will be sought in-year to offset the under-recovery. 	+0.250	(61%)

- A combination of more minor variances, and previously reported exceptions disclosed in individual reports sum with the above to lead to an overall outturn of +£6.263m. For full and previously reported details see the [C&I Finance & Performance Report](https://tinyurl.com/y77kn73o), <https://tinyurl.com/y77kn73o>.

3.2.8 **Open Purchase Order Reconciliation:** -£2.950m underspend is forecast. There are no exceptions to report this month.

3.2.9 **LGSS Operational:** -£0.002m (0%) underspend is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.

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

4. KEY ACTIVITY DATA

4.1 The latest key activity data for: Looked After Children (LAC); Special Educational Needs (SEN) Placements; Adult Social Care (ASC); Adult Mental Health; Older People (OP); and Older People Mental Health (OPMH) can be found in the latest [P&C Finance & Performance Report](https://tinyurl.com/y6u4ek3e), <https://tinyurl.com/y6u4ek3e> (section 2.5).

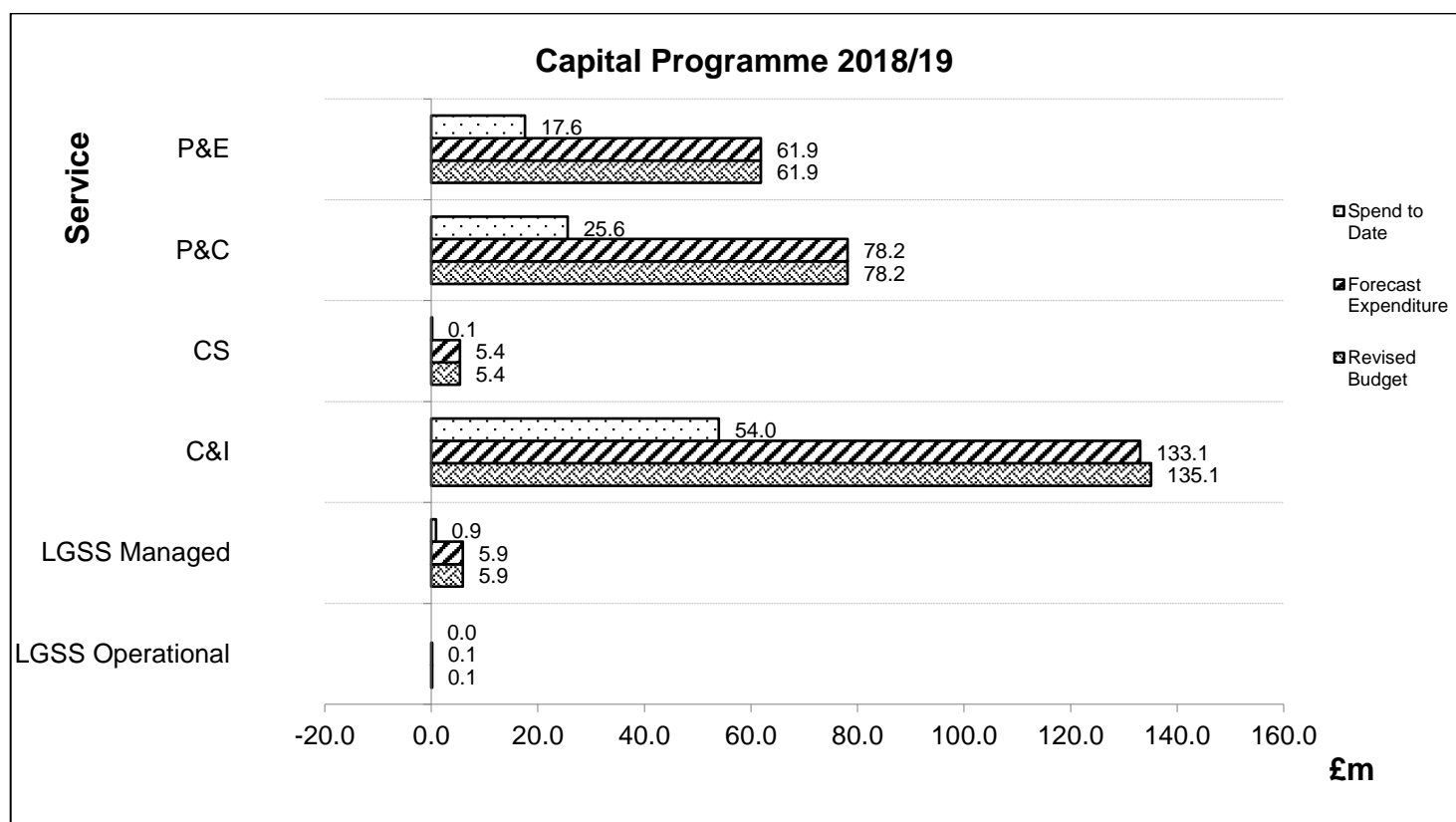
5. CAPITAL PROGRAMME

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

2018-19							TOTAL SCHEME	
Original 2018/19 Budget as per Business Plan	Forecast Variance - Outturn (July)	Service	Revised Budget for 2018/19	Actual	Forecast Variance - Outturn (August)	Forecast Variance - Outturn (August)	Total Scheme Revised Budget (August)	Total Scheme Forecast Variance (August)
£000	£000		£000	£000	£000	%	£000	£000
35,956	286	P&E	61,865	17,569	-	0.0%	445,241	-
87,820	-	P&C	78,157	25,589	-0	0.0%	669,433	15,801
2,038	-	CS	5,369	146	-	0.0%	19,437	-
6,415	-	LGSS Managed	5,915	861	-	0.0%	6,865	-
123,274	-	C&I	135,116	53,979	-2,037	-1.5%	283,663	-147
-	-	LGSS Operational	134	-	-	0.0%	2,025	-
-	-286	Outturn adjustment	-	-	2,037	-	-	-
255,503	-	Total Spending	286,556	98,144	-0	0.0%	1,426,664	15,654

Notes:

1. The 'Revised Budget' incorporates any changes in the funding available to what was originally budgeted. A breakdown of the use of the capital programme variations budget by service is shown in section 5.2.
2. The reported P&E capital figures do not include Greater Cambridge Partnership, which has a budget for 2018/19 of £23.1m and is currently forecasting a balanced budget at year-end
3. The 'Total Scheme Forecast Variance' reflects the forecast variance against budget of the total expenditure for all active capital schemes across all financial years



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

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

2018/19					
Service	Capital Programme Variations Budget	Forecast Variance - Outturn (August)	Capital Programme Variations Budget Used	Capital Programme Variations Budget Used	Revised Forecast Variance - Outturn (August)
	£000	£000	£000	%	£000
P&E	-14,931	-617	617	4.13%	0
P&C	-10,469	-7,275	7,275	69.50%	-0
CS	-951	0	0	0.00%	0
LGSS Managed	-1,479	0	0	0.00%	0
C&I	-33,963	-36,000	33,963	100.00%	-2,037
LGSS Operational	0	0	0	-	0
Outturn adjustment	-	-	-	-	2,037
Total Spending	-61,793	-43,892	41,855	67.73%	-0

5.3 Although there is a forecast in-year underspend in C&I, it is not currently thought that the position across the whole programme will be an underspend. However, it is not known where any balancing variances will occur, so an adjustment has been made to the outturn.

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

5.4.1 **Place & Economy:** a balanced budget is forecast at year-end.

	£m	%
<ul style="list-style-type: none"> • Cambridgeshire Archives – an in-year underspend of -£0.4m is forecast. This is based on a revised cashflow received from the contractor. The scheme is still expected to spend to the total budget allocated. 	-0.4	(-14%)
<ul style="list-style-type: none"> • Libraries – an in-year underspend of -£1.2m is forecast across library schemes, which is an increase of -£0.7m on the underspend previously reported in July 2018. This is due to rephasing on the following scheme: <ul style="list-style-type: none"> ◦ Community Hubs – Sawston: An in-year underspend of £0.7m is forecast. Due to a number of planning issues, this scheme has been delayed slightly but is expected to commence by the end of October 2018. The scheme is now projected to be completed in 2019-20. 	-1.2	(-50%)
<ul style="list-style-type: none"> • P&E Capital Variation – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. Therefore the net £0.6m underspend is balanced by use of the capital variations budget; this relates to the underspends on Cambridgeshire Archives and Libraries as above, plus a previously reported underspend on Huntingdon - West of Town Centre Link Road offset by previously reported in-year pressures on Ely Crossing and King's Dyke. 	+0.6	(+4%)
<ul style="list-style-type: none"> • For full and previously reported details see the P&E Finance & Performance Report, https://tinyurl.com/y9pg3hwl. 		

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

	£m	%
<ul style="list-style-type: none"> • Basic Need – Secondary – an in-year underspend of -£6.6m is forecast, which is an increase of £4.1m on the underspend previously reported in July 2018. This is mainly due to rephasing on the following scheme: <ul style="list-style-type: none"> ◦ Northstowe Secondary & Special has experienced rephasing of £4,700k in 2018-19 due to a requirement for piling foundations on the site, which will lead to an increase in total scheme cost and also extend the build time; also, enabling works are only being completed for the SEN provision and part of the Secondary school in 2018/19, which was not what was initially planned. 	-6.6	(-18%)
<ul style="list-style-type: none"> • P&C Capital Variation – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall. Therefore the net £7.3m underspend is balanced by use of the capital variations budget; this is an increase 	+7.3	(+70%)

of £3.9m on the use of variations budget reported last month and relates to the underspend on Basic Need – Secondary schemes as reported above.

- For full and previously reported details see the [P&C Finance & Performance Report](https://tinyurl.com/y6u4ek3e), <https://tinyurl.com/y6u4ek3e>.

5.4.3 **Corporate Services:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.

5.4.4 **LGSS Managed:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full details and previously reported see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.

5.4.5 **Commercial & Investment:** a -£2.0m (-1.5%) in-year underspend is forecast after the capital programme variations budget has been utilised in full.

- | | £m | % |
|--|-------|---------|
| <ul style="list-style-type: none"> • Commercial Investments – an in-year underspend of -£36m is forecast. The Council considers investment opportunities as they arise and has not been successful on all occasions; investments are made when the yield is in line with the Council’s acquisitions strategy. The commercial acquisitions strategy is under review, taking account of latest government guidance. It is advantageous to the Council to coincide commercial investments with capital receipts, which are predominantly related to land values for sites transferred to This Land. | -36.0 | (-47%) |
| <ul style="list-style-type: none"> • C&I Capital Variation – as agreed by the Capital Programme Board, any forecast underspend in the capital programme is offset against the capital programme variations budget, leading to a balanced outturn overall up to the point when re-phasing exceeds this budget. Therefore £34m of the above Commercial Investments underspend is balanced by full utilisation of the capital variations budget. | +34.0 | (+100%) |
- For full and previously reported details see the [C&I Finance & Performance Report](https://tinyurl.com/y77kn73o), <https://tinyurl.com/y77kn73o>.

5.4.6 **LGSS Operational:** a balanced budget is forecast at year-end. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.

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

5.5.1 **Place & Economy:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [P&E Finance & Performance Report](https://tinyurl.com/y9pg3hwl), <https://tinyurl.com/y9pg3hwl>.

- 5.5.2 **People & Communities:** a +£15.8m (+2%) total scheme overspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [P&C Finance & Performance Report](https://tinyurl.com/y6u4ek3e), <https://tinyurl.com/y6u4ek3e>.
- 5.5.3 **Corporate Services:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.
- 5.5.4 **LGSS Managed:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.
- 5.5.5 **Commercial & Investment:** a -£0.1m (-0%) total scheme underspend is forecast. There are no exceptions to report this month; for full and previously reported details see the [C&I Finance & Performance Report](https://tinyurl.com/y77kn73o), <https://tinyurl.com/y77kn73o>.
- 5.5.6 **LGSS Operational:** a total scheme balanced budget is forecast. There are no exceptions to report this month; for full and previously reported details see the [CS & LGSS Finance & Performance Report](https://tinyurl.com/y8okfshb), <https://tinyurl.com/y8okfshb>.

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

Funding Source	B'ness Plan Budget	Rolled Forward Funding ¹	Revised Phasing	Additional/Reduction in Funding	Revised Budget	Outturn Funding	Funding Variance
	£m	£m	£m	£m	£m	£m	£m
Department for Transport (DfT) Grant	17.5	4.1	-0.4	2.4	23.6	23.6	-
Basic Need Grant	24.9	-	-	-	24.9	24.9	-
Capital Maintenance Grant	4.0	-	0.2	-	4.2	4.2	-
Devolved Formula Capital	1.0	0.7	-	-0.1	1.6	1.6	-
Specific Grants	6.5	4.4	-1.0	-	9.9	9.9	-
S106 Contributions & Community Infrastructure Levy	11.0	3.0	-0.5	-0.6	12.8	12.8	-
Capital Receipts	81.1	-	-16.0	-	65.2	45.1	-20.0
Other Contributions	12.1	-	-3.6	5.7	14.1	14.1	-
Revenue Contributions	-	-	-	-	-	-	-
Prudential Borrowing	97.3	92.3	-73.5	14.1	130.2	150.2	20.0
TOTAL	255.5	104.5	-94.9	21.5	286.6	286.6	-

¹ Reflects the difference between the anticipated 2017/18 year end position used at the time of building the initial Capital Programme budget, as incorporated within the 2018/19 Business Plan, and the actual 2017/18 year end position.

5.7 Key funding changes (of greater than £0.25m or requiring approval):

Funding	Service	Amount (£m)	Reason for Change
Addition/Reduction in Funding - other contributions	P&E	+£0.3	An additional £258k contribution is available for Street Lighting schemes. General Purposes Committee is asked to note this additional funding.
Addition/Reduction in Funding - other contributions	P&E	+£0.8	An additional £825k contribution is available for Challenge Fund schemes. General Purposes Committee is asked to note this additional funding.
Revised Phasing (Housing schemes)	C&I	-£41.1	Following a review of the loans in the Housing model, a change in the funding profile for Housing Schemes is required, reflecting timing and progress of planning permission and the impact on land valuations General Purposes Committee is asked to approve the -£41.1m revised phasing in the funding profile of Housing Schemes.
Revised Phasing (capital programme variations budget)	C&I	-£17.2	In 2016/17 the Capital Programme Board recommended that a 'Capital Programme Variations' line be included for each Service, which effectively reduces the capital programme budget. The C&I capital programme variations budget for 2018/19 has not previously included the Housing Schemes, but in light of the above change in funding profile the C&I capital variations budget has now been revised to include these, resulting in a -£17.2m budget change. The revised C&I capital variations budget has now been split between prudential borrowing and capital receipts in proportion to the associated funding sources of the C&I schemes. General Purposes Committee is asked to approve the -£17.2m revised phasing of funding relating to changes in the C&I capital programme variations budget.

- 5.8 In addition to the above funding changes for 2018/19, additional funding of £54k is requested in 2018/19 for Babraham Park & Ride Smart Energy Grid. This scheme relates to the development of a smart energy grid at the Babraham Park & Ride site with a view to generate income over the medium to longer term; the estimated 25 year net return is £24.5m. The outline business case was approved by the Commercial & Investment (C&I) Committee in May 2018; the report to C&I Committee can be found [here](#). The full scheme budget will be submitted for approval as part of the 2019-20 Business Planning process;

the 2018/19 funding requires GPC approval now to fund initial planning and design work. The scheme will be funded by borrowing; the annual cost of borrowing for this scheme (total borrowing £11.39m) will start in 2020/21 at £828k and decreases each year thereafter.

General Purposes Committee is asked to approve additional Prudential Borrowing of £54,000 in 2018/19 for the Babraham Park & Ride Smart Energy Grid.

- 5.9 In addition to the above funding changes for 2018/19, additional funding of £30k is requested in 2018/19 for Trumpington Park & Ride Smart Energy Grid. This scheme relates to the development of a smart energy grid at the Trumpington Park & Ride site with a view to generate income over the medium to longer term; the estimated 25 year net return is £7.0m. The outline business case was approved by the Commercial & Investment (C&I) Committee in May 2018; the report to C&I Committee can be found [here](#). The full scheme budget will be submitted for approval as part of the 2019-20 Business Planning process; the 2018/19 funding requires GPC approval now to fund initial planning and design work. The scheme will be funded by borrowing; the annual cost of borrowing for this scheme (total borrowing £6.97m) will start in 2020/21 at £507k and decreases each year thereafter.

General Purposes Committee is asked to approve additional Prudential Borrowing of £30,000 in 2018/19 for the Trumpington Park & Ride Smart Energy Grid.

6. FUNDING CHANGES

- 6.1 As set out in the Scheme of Financial Management, General Purposes Committee (GPC) approval is required for any virement of budget between services exceeding £160k. The following virement therefore requires approval from GPC:

6.2 Additional Support to Children's Services Budget

Following the changes made in the medium term financial strategy relating to Council tax levels in the Spring, the Council has £3.413m held in the smoothing fund reserve in 2018-19. The Children and Young People (CYP) Committee recommends to the General Purposes Committee (GPC) that these funds are allocated towards pressures within the CYP domain of the People & Communities directorate on a one-off basis in 2018-19. Budget implications for April 2019 onwards are considered as part of the business planning process and ultimately agreed by full Council in February 2019.

GPC has previously received reports confirming the medium term approach to managing demand on the looked after children's placement budget as well as outlining the major change and restructuring programme underway in the service. The changes are evidence based and respond to a series of reviews over the past twelve months by Oxford Brooks University, OFSTED, and LGA peers. The outcome of the changes will be easier referrals into the council's contact centre, social work teams based in districts led by non-case holding team managers who can provide more support and challenge, lower caseloads for social workers overall, with more resilience built in to larger teams, two dedicated teams focussed on adolescents, and more Child Practitioners focussed on working with children in need and able to undertake more sustained and in depth work.

To recognise that these changes are focused on making radical improvements to service, and not at delivering an immediate financial saving, an allocation from the smoothing fund reserve at this point would allow the change to start with a clean sheet. The smoothing

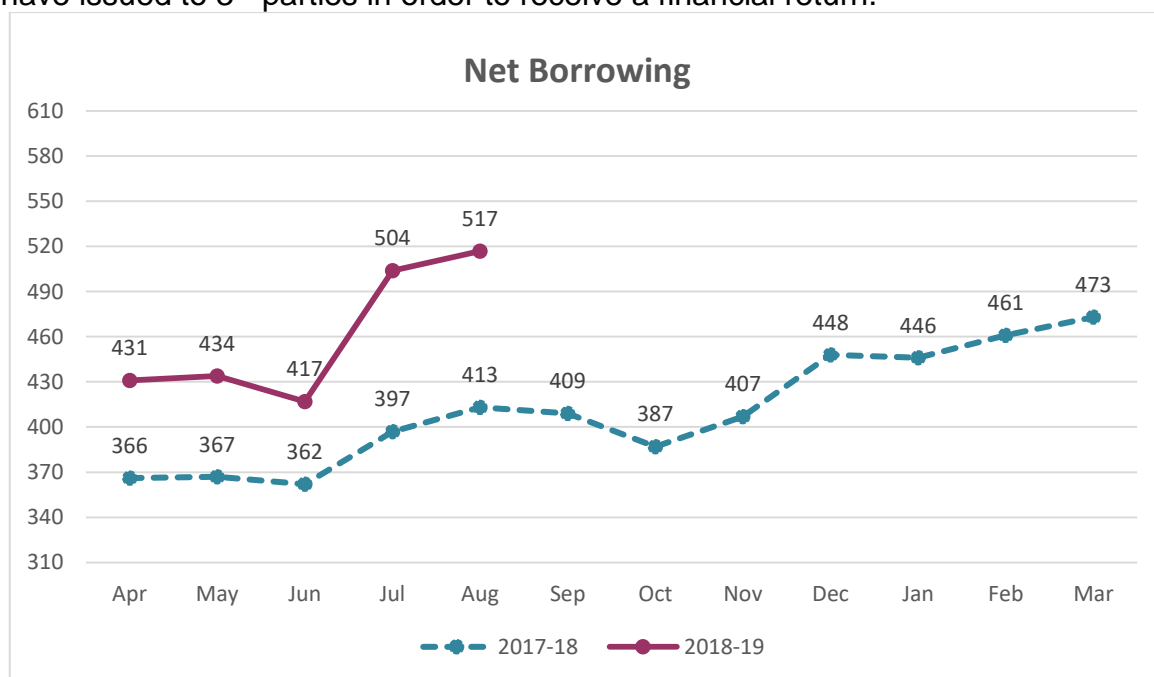
reserve was set up specifically to deal with likely increased demand, particularly in services dealing with the most vulnerable. Agreement to make this allocation recognises that the changes will take time to embed, but gives the service the headroom it needs to work on measures which aim to reduce numbers of children needing to come into council care in the coming three years.

General Purposes Committee is requested to approve the allocation of £3.413m from the smoothing fund reserve towards pressures in children's services budgets in 2018-19.

7. BALANCE SHEET

7.1 A more detailed analysis of prompt payment and debt management balance sheet health issues will be included once this reporting has been developed following the transition to the new financial system.

7.2 The graph below shows net borrowing (borrowings less investments) on a month by month basis and compares the position with the previous financial year. The levels of investments at the end of August 2018 were £35.84m (excluding 3rd party loans) and gross borrowing was £552.78m. Of this gross borrowing, it is estimated that £114.83m relates to borrowing for Invest to Save or Invest to Earn schemes, including loans we have issued to 3rd parties in order to receive a financial return.



7.3 The Treasury Management Strategy Statement (TMSS) sets out the plan for treasury management activities over the year. It identifies the expected levels of borrowing and investments based upon the Council's financial position and forecast capital programme. When the 2018-19 TMSS was set in February 2018, it was anticipated that net borrowing would reach £683m at the end of this financial year. Net borrowing at the beginning of this financial year as at 1st April 2018 was £473m, this reduced to £431m at the end of April 2018 thus starting at a lower base than originally set out in the TMSS (£683m). This is to be reviewed as the year progresses and more information is gathered to establish the full year final position.

- 7.4 From a strategic perspective, the Council is currently reviewing options as to the timing of any potential borrowing and also the alternative approaches around further utilising cash balances and undertaking shorter term borrowing which could potentially generate savings subject to an assessment of the interest rate risks involved.
- 7.5 Although there is a link between the capital programme, net borrowing and the revenue budget, the Debt Charges budget is impacted by the timing of long term borrowing decisions. These decisions are made in the context of other factors including, interest rate forecasts, forecast levels of cash reserves and the borrowing requirement for the Council over the life of the Business Plan and beyond.
- 7.6 The Council's cash flow profile varies considerably during the year as payrolls and payment to suppliers are made, and grants and income are received. Cash flow at the beginning of the year is typically stronger than at the end of the year as many grants are received in advance.
- 7.7 Further detail around the Treasury Management activities can be found in the latest [Treasury Management Report](https://tinyurl.com/yc7cu9ar) (<https://tinyurl.com/yc7cu9ar>).
- 7.8 The Council's reserves include various earmarked reserves (held for specific purposes), as well as provisions (held for potential liabilities) and capital funding. A schedule of the Council's reserves and provisions can be found in [Appendix 2](#).

8. ALIGNMENT WITH CORPORATE PRIORITIES

8.1 Developing the local economy for the benefit of all

There are no significant implications for this priority.

8.2 Helping people live healthy and independent lives

There are no significant implications for this priority.

8.3 Supporting and protecting vulnerable people

There are no significant implications for this priority.

9. SIGNIFICANT IMPLICATIONS

9.1 Resource Implications

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

9.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications within this category.

9.3 Statutory, Legal and Risk Implications

There are no significant implications within this category.

9.4 Equality and Diversity Implications

There are no significant implications within this category.

9.5 Engagement and Consultation Implications

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

9.6 Localism and Local Member Involvement

There are no significant implications within this category.

9.7 Public Health Implications

There are no significant implications within this category.

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

Source Documents	Location
P&E Finance & Performance Report (August 18) P&C Finance & Performance Report (August 18) PH Finance & Performance Report (August 18) CS and LGSS Cambridge Office Finance & Performance Report (August 18) C&I Finance & Performance Report (August 18) Performance Management Report & Corporate Scorecard (August 18) Capital Monitoring Report (August 18)	1 st Floor, Octagon, Shire Hall, Cambridge

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

	P&C	Public Health	P&E	CS Financing	Corporate Services	LGSS Managed	C&I	LGSS Op	Financing Items
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening Cash Limits as per Business Plan	239,124	629	41,428	25,983	7,207	11,126	-8,188	8,871	33,685
Post BP adjustments	208				203	58	-433	-36	
Greater Cambridge Partnership budgets not reported in CCC budget					-863				
Use of earmarked reserves for Community Transport			84						-84
Cleaning contract savings transfer					36		-36		
Organisational structure review	-70				70				
Use of earmarked reserves for Community Transport			211						-211
Funding from General Reserves for Children's services reduced grant income expectation as approved by GPC	295								-295
Funding from General Reserves for New Duties – Leaving Care as approved by GPC	390								-390
Unspent Combined Authority contribution budget transfer to CCC Finance Office to cover cost of Community Transport Audit investigation			-43		43				
Grand Arcade shop rental income transfer from Libraries to Property Services			50				-50		
Use of Smoothing Fund Reserve for P&C	3,413								-3,413
Current budget	243,359	629	41,730	25,983	6,696	11,184	-8,707	8,835	29,292
Rounding	2	0	0	0	-1	-1	1	0	0

APPENDIX 2 – Reserves and Provisions

Fund Description	Balance at 31 March 2018	2018-19		Forecast Balance 31 March 2019	Notes
		Movements in 2018-19	Balance at 31 August 2018		
	£000s	£000s	£000s	£000s	
General Reserves					
- County Fund Balance	13,392	2,568	15,960	11,052	Service reserve balances transferred to General Fund after review
- Services					
1 P&C	0	0	0	0	
2 P&E	0	0	0	0	
3 CS	0	0	0	0	
4 LGSS Operational	0	0	0	0	

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

Fund Description	Balance at 31 March 2018	2018-19		Forecast Balance 31 March 2019	Notes
		Movements in 2018-19	Balance at 31 August 2018		
	£000s	£000s	£000s	£000s	
- Short Term Provisions					
1 P&E	55	0	55	0	
2 P&C	200	0	200	200	
3 CS	0	0	0	0	
4 LGSS Managed	3,460	0	3,460	3,460	
5 C&I	0	0	0	0	
subtotal	3,715	0	3,715	3,660	
- Long Term Provisions					
6 LGSS Managed	3,613	0	3,613	3,613	
subtotal	3,613	0	3,613	3,613	
GRAND TOTAL	7,328	0	7,328	7,273	

AUDIT AND ACCOUNTS COMMITTEE FORWARD AGENDA PLAN

MEETING DATE REPORT DEADLINES AND REPORT TITLES	Frequency of report	Corporate/Service Director /external officer responsible	Report author
COMMITTEE DATE 2.00 P.M. THURSDAY 24th JANUARY 2019			
Deadline for reports to be with Democratic Services: Mid-day Friday 11TH January			
ERP Gold Update	Progress report	Head of Internal Audit	Neil Hunter
Council Resilience Planning Implications – Post Brexit	One- off	Director Customer Services and Transformation	Sue Grace
Review of Legal Documents	One Off	Chief Finance Officer	Chris Malyon
Estates and Buildings Maintenance Inspections	One off	Group Asset Manager	John MacMillan
2018/19 External Audit Plan	Annual report	External Audit	Mark Hodgson Associate Partner Ernst & Young LLP
Integrated Resources and Performance Report	Each Cycle - would always be one that had already been	Chief Finance Officer	Tom Kelly / Rebecca Barnes

	through General Purposes Committee		
Debt Recovery – Progress Report	Monitoring	Head of Debt and Income	Bob Outram
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor / Audit and Risk Manager	Duncan Wilkinson / Mairead Claydon
COMMITTEE DATE 2.00 P.M. THURSDAY 28TH MARCH 2019			
Deadline for reports to be with Democratic Services: Mid-day Friday 15th March			
Integrated Resources and Performance Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	Tom Kelly / Rebecca Barnes
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor / Audit and Risk Manager	Duncan Wilkinson / Mairead Claydon

Transformation Fund Update Report	Quarterly	Transformation Manager	Julia Turner
Cambridgeshire Council Workforce Strategy <i>Note: This report will provide for information the finalised document agreed at Council (now expected to go February 2019) and suggest either bi-annual or annual update reports on progress against the Council agreed action plan.</i>		Head of HR	Martin Cox / Lynsey Fulcher
Internal Audit Progress Report (Including Progress of Implementation of Management Actions and Internal Audit Plan Update and updates in the recommendations including an update on the National Fraud Initiative data matching exercise requested at the May 2017 meeting) <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor / Audit and Risk Manager	Duncan Wilkinson / Mairead Claydon
COMMITTEE DATE 2.00 P.M. TUESDAY 28TH MAY 2019			
Deadline for reports to be with Democratic Services: Mid-day Wednesday 15th May 2018			
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor	Duncan Wilkinson / Mairead Claydon

Integrated Resources and Performance Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	Tom Kelly / Rebecca Barnes
Safer Recruitment in Schools Update – agreed at the July 2018 meeting that due to the improvements made and the programme of training and follow up checks in place the next appropriate update should be around Easter 2019. With Easter being April, this would be May 2019	At least bi-annual	Senior Education Adviser	Chris Meddle
COMMITTEE DATE 2.00 P.M. TUESDAY 11TH JUNE 2019			
Deadline for reports to be with Democratic Services: Mid-day Thursday 30th May			
Draft Accounts 2018-19			Jon Lee / Martin Savage / Tracy Pegram
COMMITTEE DATE 2.00 P.M. TUESDAY 30TH JULY 2019			
Deadline for reports to be with Democratic Services: Mid-day Wednesday 17th July			
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update)	Each meeting	LGSS Chief Internal Auditor / Audit and Risk Manager	Duncan Wilkinson / Mairead Claydon

<i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>			
Integrated Resources and Performance Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	Tom Kelly / Rebecca Barnes
ISA 260 Report Accounts		External Audit	Mark Hodgson Associate Partner Ernst & Young LLP
ISA 260 Report – Pension Fund Accounts			
Training Plan	Yearly review	LGSS Chief Internal Auditor / Audit and Risk Manager	Duncan Wilkinson / Mairead Claydon
COMMITTEE DATE 2.00 P.M. TUESDAY 24TH SEPTEMBER 2019			
Deadline for reports to be with Democratic Services: Mid-day Wednesday 11th September			
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan	Each meeting	LGSS Chief Internal Auditor / Audit and Risk	Duncan Wilkinson / Mairead Claydon

Update) <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>		Manager	
Integrated Resources and Performance Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	Tom Kelly / Rebecca Barnes
COMMITTEE DATE 2.00 P.M. THURSDAY 28TH NOVEMBER 2019			
Deadline for reports to be with Democratic Services: Mid-day Friday 15th November			
Safer Recruitment in Schools Update	Bi-annual	Senior Education Adviser	Chris Meddle
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor / Audit and Risk Manager	Duncan Wilkinson / Mairead Claydon
Integrated Resources and Performance Report	Each Cycle - would always be one that had	Chief Finance Officer	Tom Kelly / Rebecca Barnes

	already been through General Purposes Committee		
COMMITTEE DATE 2.00 P.M. TUESDAY 28TH JANUARY 2020			
Deadline for reports to be with Democratic Services: Mid-day Wednesday 15th January			
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor / Audit and Risk Manager	Duncan Wilkinson / Mairead Claydon
Integrated Resources and Performance Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	Tom Kelly / Rebecca Barnes
COMMITTEE DATE 2.00 P.M. TUESDAY 24TH MARCH 2020			

Deadline for reports to be with Democratic Services: Mid-day Wednesday 11TH March 2020			
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor / Audit and Risk Manager	Duncan Wilkinson / Mairead Claydon
Integrated Resources and Performance Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	Tom Kelly / Rebecca Barnes
COMMITTEE DATE 2.00 P.M. TUESDAY 2nd JUNE 2020			
Deadline for reports to be with Democratic Services: Mid-day Thursday 21st May 2020			
Internal Audit Progress Report Including Progress of Implementation of Management Actions and Internal Audit Plan Update) <i>Relevant officers to attend the Committee to be invited by Head of Internal Audit where management actions have gone beyond the next agreed target date</i>	Each meeting	LGSS Chief Internal Auditor / Audit and Risk Manager	Duncan Wilkinson / Mairead Claydon

Integrated Resources and Performance Report	Each Cycle - would always be one that had already been through General Purposes Committee	Chief Finance Officer	Tom Kelly / Rebecca Barnes
COMMITTEE DATE 2.00 P.M. TUESDAY 16th June 2020			
Deadline for reports to be with Democratic Services: Mid-day Wednesday 3rd June 2020			
Draft Accounts 2019-2020			Jon Lee / Martin Savage / Tracy Pegram

REPORTS TO BE PROGRAMMED ONCE THE NEW MEETING DATES AGREED

Internal Audit Report on Capital overspends to include a presentation (as agreed at the 22nd June Committee meeting) <i>Note: this slipped from the September and November meetings as Internal Audit were still carrying out further due diligence work and as the Ely Bypass Project work has been more complex than originally envisaged.</i>		LGSS Chief Internal Auditor / Audit and Risk Manager	Duncan Wilkinson / Mairead Claydon
BDO External Audit Final report on investigations into challenges to the 2016/17 and 17-18 Accounts		Council's previous External Auditors - BDO	Lisa Clampin

Update 12th November 2018

