

Scope of Work

Grant Applications

1. Acknowledge and examine submitted FACT/HACT grant applications, received via FOI request by the CBCTA, to identify and report any repeated patterns of irregularity and use of falsifications. In particular:
 - i. Whether the council's procedures for authorisation of grants have been adhered to
 - ii. Whether the grant applications were factually correct and supported by appropriate evidence; and
 - iii. Taking into account the evidence provided in the Key Forensics Limited report.
2. Investigate and report the reason given for any factually incorrect data identified at 1(ii) above and consider the likelihood as to whether *"the person making it knew that it was, or might be, untrue or misleading"*.
3. Confirm the Council's procedures to ensure that grant money has been used for the specified purpose, and carry out suitable checks on a sample of successful grant applications by FACT and HACT.

Annual Returns and Published Accounts

4. Obtain the Annual Returns and Published Accounts for FACT and HACT and compare for compliance with founding documents.
5. Investigate and report on the reasons for the changes to declared income streams reported in earlier years and compare to ridership figures
6. Investigate abnormalities with declared expenditures for annual fuel usage for Dial A Ride.
7. Investigate the reason for the changing of a declared "106 grant" to a "National Lottery Grant" to address potential breaches of permit 19 regulations in the financial years 2014-2015.
8. Compare reported status, income and expenditure to underlying data. Reconcile Cambridgeshire County Council's ("CCC") grant information and contract awards to reported income for FACT and HACT. (Note: FACT 2012 financial accounts – fixed asset note omitted, and ensure all grants are accounted for).

Funding

9. DfT Guidance *"Local authorities should ensure that public funding which they provide in any form whatsoever in support of community transport services is not used by the beneficiaries to cross-subsidise commercial activities"*. Otherwise such beneficiaries would have an unfair competitive advantage" (Woodcote report Paragraph 6.4 & 6.5). Identify the Councils' procedures, to ensure DfT guidance for funding CTOs have been complied with and check that they have been adhered to.
10. Investigate how complaints of restricted grants, being accounted as unrestricted (allowing for cross-subsidisation), were investigated by both the Fenland District Council ("FDC") and the CCC and report the outcomes received by complainants.

11. Investigate the procedures and standards followed by CCC staff to determine whether the correct information is made available to adequately assess whether there is a need for funding and also prevent cross-subsidisation of funding.
12. Investigate and report whether the CCC has, against DfT guidance, created a potential unfair competitive advantage by funding or loaning vehicles to FACT/HACT that have been used to operate the CCC's own commercial contracts.
13. DfT guidance *"The CTO should be required to keep accounts that enable the local authority to verify the organisations cost's and revenues of operating the supported CTS"* (Woodcote report paragraph 6.3). Check the Council's grant conditions to ensure this requirement is included and examine evidence of audit or other checks by the CCC to ensure that the CTOs' grant conditions are complied with.
14. Examine CCC spend data to confirm that HACT has correctly categorised income in its accounts and records.
15. Investigate and report a breakdown of revenues (Including grant funding) and expenditures for FACT/HACT community work to identify whether it requires funding, is breaking even or making a profit. Document and check for the reasonableness of the allocation of indirect costs.
16. On an annual basis analyse grant funding for FACT and HACT and compare to state aid de minimis limits (potentially to include bus pass concession payments); and compare to the requirements of the CCC for grant conditions.
17. Investigate and report whether loans received by FACT/HACT from the CCC have been repaid and if so when the repayments were made.
18. Investigate the allocation of almost a quarter of a million pounds of public funds in 2013 in respect of which to FOI requests the Council repeatedly refused to acknowledge any detailed files exist. Investigate whether in providing grants, all funding councils have fulfilled their legal obligation to specify on the offer letter the state aid terms which have been applied to the money given: State Aid Exempt, General Block Exemption Regulation (GBER) or de minimis. Where necessary Investigate whether the relevant grants have been reported to the European Commission.

Expansion and Demand

19. Identify from the CTO records and report annual ridership figures (passengers, number of journeys fulfilled within towns, number of journeys from isolated villages, mileage and income) for FACT/HACT community based work (Dial A Ride, Dial A Car, Group Services and Specials) for the years 2010 to 2016.
20. Identify from the CTO records and report annual commercial figures (Number of contracts, passengers, journeys, mileage and income) for the years 2010 to 2016.
21. Create chronological report of all vehicles for HACT and FACT bought and sold since 2010 with mileage at point of purchase and sale (Including whether vehicles have been sold within the group i.e. FACT to HACT etc.), purchase price and at sale, and of how each vehicle was funded, whether through earned revenue, grant funding (which grant) or loan.
22. Investigate annual value of fleet expansion in FACT compared to annual funding received to support community based work (both public and private funding.)
23. Compare the number of members and community journeys being fulfilled and number of vehicles owned annually by FACT. Compare FACT's figures to those of HACT.

24. Investigate and report the average frequency of use by FACT members (I.e. 0.5 a week) and the number of daily community passengers divided between the numbers of vehicles owned.
25. Identify the number of vehicles cited for community use, correlate data in respect of passenger demand against fleet expansion. Investigate the funding of vehicles acquired.
26. For FACT and HACT, identify grant and loan conditions from the CCC – check that they are complied with and that they are used to fund only community based obligations.
27. Use FACT and HACT previously declared ridership figures and public funding (including Bus pass concession payments) to calculate the public funding per journey over the past 3 years.

The formation and expansion of HACT

28. Using the CCC spend data calculate and report the percentage of the HACT income that has been generated through the fulfilment of CCC commercial contracts and whether this commercial activity is their principal income source. Report the percentage of increase of income in year's two to four that can be attributed to CCC commercial contracts.
29. Report a yearly breakdown of HACT's fleet expansion from the original 9 vehicles bought for launch in April 2013.
30. Identify the number of vehicles cited for community use and correlate data in respect of passenger demand against fleet expansion. Investigate the funding of vehicles acquired.
31. Investigate the start-up and funding of HACT
 - Record and report any level of public funding (Including loans from CCC and potentially bus pass concession payments) that exceeds state aid de minimis rules
 - Investigate how the decision was made to allocate the CCC "start-up" funding how and who authorised it, and examine whether the proper procedures were adhered to and documented.
 - Record and report whether loans were paid back and give dates of payments to identify if payments have been made retrospectively,)
 - Compare the CCC grant data to the HACT annual returns and investigate any reasons for differences and non-declaration of grants by HACT.
32. Investigate the purchasing of radio equipment by FACT and HACT in 2013. Report on the radio equipment purchased by HACT/FACT and compare to invoices and competing quotations (note it has been reported that a quotation for radio equipment was provided from a non-existent company). Using physical verification of equipment compare against receipts and put side by side invoice price against other suppliers. Report findings along with make and model of equipment and number of units purchased in 2013.
33. Investigate the allocation of contracts to HACT
 - Investigate and confirm whether HACT's original contracts were awarded to HACT without being put out for competitive tender.
 - Investigate and report whether contracts awarded to HACT under "emergency powers" where awarded against regulations and who sanctioned their use.
 - Investigate and report whether evidence exists to demonstrate the CCC had adequate time to put each contract out for competitive tender.
 - Investigate whether contracts awarded to HACT under emergency powers were extended without being put out for tender and who sanctioned these extensions.

Document contracts awarded to HACT and whether or not they have been tendered on the basis of “a view to profit”

Licencing

34. Determine whether the Council obtained legal advice and /or advice received from the Traffic Commissioners in respect of:
 - i. Council procedures in respect of issuing permits under Section 19 and 22;
 - ii. Commercial contracts – the need for a PSV operator’s licence; and
 - iii. CTO and other suppliers – drivers to be CPC rated and have a full vocational PSV Licence
35. Investigate whether the Council has followed this advice and has documented procedures to ensure compliance.
36. Review the Council’s procedures for issuing Section 19 permits and checking the CTOs’ exemption status for hire and reward licencing. Note any changes in procedures over the past 5 years. Test check these procedures have been complied with as they relate to FACT and HACT.
37. In respect of FACT and HACT investigate all drivers’ current licensing status, report pass dates of any licences or training and record drivers’ previous status.
38. Investigate whether there is reasonable concern that any aspect of FACT/HACT/ESACT’s operations and/or its drivers are in the scope of hire and reward regulations and advise whether the Council should take professional legal advice.

Permit 19/22 systems and Service level agreements

39. Obtain copies of Section 19 permits (members only) and Section 22 (general public for social and welfare needs of the community) issued by the CCC to FACT and HACT; document conditions included on the permits on date of issue.
40. Obtain evidence from FACT, HACT and other sources as to the usage of the vehicles licenced under Permit 19 and Permit 22. Carry out analysis to establish if such permits have been solely utilised for permitted use.
41. Investigate the conditions by which FACT operate private commercial contracts, specifically Wisbech Grammar School, whether it is commercial and consequently should be operated under an O-Licence. Investigate how the five vehicles used have been funded. (Note the service is advertised to parents to transport their children to and from school; CBCTA has been advised by more than one source that the parents pay FACT directly and do not become a member).
42. Investigate FACT accepting a £54,000 grant from Tesco Plc to operate a bus service to a new store in Chatteris and other evidence of FACT operating for “profit making” organisations.
43. Check to ensure that FACT and HACT verify the eligibility of their members. Review the conditions for grants to ensure that FACT and HACT need to verify the eligibility of membership, and confirm how this is authenticated by the Council.
44. Obtain copies of commercial contracts awarded to HACT, FACT and ESACT by Councils. Establish if the conditions of the contract have been adhered to. Document licensing regulations which FACT, HACT and ESACT utilises to complete these contracts.

45. Obtain from FACT and HACT details of designated routes. Obtain from FACT and HACT details of journeys made by vehicles over the last complete financial year and compare to designated routes – report on any anomalies. Obtain records of bus concession journeys and establish how such journeys are verified by reference to eligibility. Compare the records to claims from the CCC.

Conflict of interests and Complaint Handling

46. Examine early complaints raised with local authorities by CBCTA members (including those reported in the MP meeting and confirmed by Stephen Barclay MP in writing) and the FDC Audit and assess whether the Council's procedures were followed and, the individual concerns were adequately investigated to the appropriate standard and answered accordingly
47. Investigate and report any conflict of interest issues and the signed FACT trustee declaration surrounding CCC officer Gavin Moulton's role in issuing Permit 19 authorities to an organisation he is reported to be a board member of.
48. Investigate how complaints relating to this matter were investigated by both the FDC and the CCC and report the outcomes received by complainants.
49. Interview Mr Moulton to confirm the signature on the evidence is his, and then if positive, investigate and report on why the Green Biro report stated his confirmation of his trustee status was declared in error.
50. Investigate whether all appropriate declaration of interest forms have been completed by members of staff (particularly within the council strategic transport and procurement departments) and of all councillors sitting on the FACT/HACT/ESACT board or employed by them and whether any current declarations have been entered post Woodcote Report.
51. Investigate and check that the Council's procedures in respect of awarding transport contracts have been followed, comply with appropriate guidelines and have been advertised in accordance with procedures and guidelines.
52. Investigate favourable invoice terms for the FACT group i.e. whether they are favourable over other suppliers.
53. In respect of 3 complaints to the CCC and 1 complaint to the FDC, ensure they were dealt with in accordance with Council complaints procedure and follow appropriate guidelines. Investigate the specifics of each complaint have been followed up and dealt with as appropriate and report whether the outcomes received by complainants addressed all issues raised.

FOI Requests

54. By reference to Council procedures, investigate and report the handling of FOI requests 5709, 3509, 3348, and 5779. Assess more recent examples provided by the CBCTA as to whether the CCC has operated in breach of the FOI Act and whether information has been denied the CBCTA which it had a right to view and whether the CCC redacted the information in line with the ACT.