



Public Document Pack

Cambridge City Council

CIVIC AFFAIRS

To: Councillors Boyce (Chair), Rosenstiel (Vice-Chair), Benstead, Herbert, Pitt and Ward

Despatched: Tuesday, 15 March 2011

Date: Wednesday, 23 March 2011

Time: 6.30 pm

Venue: Committee Room 1 and 2

Contact: Martin Whelan

Direct Dial: 01223 457012

AGENDA

1 APOLOGIES FOR ABSENCE

2 MINUTES OF PREVIOUS MEETING *(Pages 1 - 6)*

3 DECLARATIONS OF INTEREST

Members are asked to declare at this stage any interests that they may have in any of the following items on the agenda. If any member is unsure whether or not they should declare an interest on a particular matter, they are requested to seek advice from the Head of Legal Services before the meeting.

4 PUBLIC QUESTIONS

5 ANNUAL AUDIT LETTER *(Pages 7 - 24)*

6 ANNUAL AUDIT PLAN *(Pages 25 - 48)*

7 WORK PROGRAMME AND SCALES OF FEES 2011/12 - LOCAL GOVERNMENT, HOUSING AND COMMUNITY SAFETY *(Pages 49 - 60)*

8 DRAFT INTERNAL AUDIT PLAN AND STRATEGY 2011/12 *(Pages 61 - 80)*

9 CONSTITUTIONAL AMENDMENTS

9a Executive Councillor responsibilities

The Executive has indicated that the services below should move portfolio and that this should come into effect from the start of the financial and portfolio plan year ie 1 April rather than the municipal year. Once approved, officers will amend the Executive Councillor responsibility listed in officer delegations in the constitution to match the change.

For Decision - Civic Affairs Committee is requested to recommend that Council approve the changes below in column 4 of the table in accordance with Executive Procedure Rules 4D 2.1, 2.2.

1. Executive responsibility from/to	2. Service area	3. Current Constitution reference	4. Proposed change
From Ex Cllr for Customer Services & Resources to Ex Cllr for Environmental & Waste Services	Fleet management	page 40 Corporate and Other Services “...and other activities of City Services which do not fall within the remit of another executive councillor”	Add Fleet Management under Functions and Services for the Ex Cllr E &WS on page 42
From Ex Cllr for Community Development & Health to Ex Cllr for Environmental & Waste Services	Food and occupational safety ie. -Food hygiene and safety; -Health and safety; -Health Promotion; -Drinking Water; -Control of Infectious	Page 45 2.8.1 Plans Policies and strategies “The development, implementation and monitoring of the Council’s plans, policies and strategies relating to: The Council’s responsibility	The functions and services listed in column 2 to be added to the Ex Cllr E &WS on page 42. Amend page 45 2.8.1 1. Plans, policies and strategies to read “The development,

	Disease; -Acupuncture, tattooing, ear piercing and electrolysis.	for public health and licensing matters in the following areas except to the extent that they are regulatory functions: -Food hygiene and safety; -Health and safety; -Health Promotion; -Drinking Water; -Control of Infectious Disease; -Acupuncture, tattooing, ear piercing and electrolysis.	implementation and monitoring of the Council's plans, policies and strategies relating to public health."
From Ex Cllr for Climate Change & Growth to Ex Cllr for Arts and Recreation	The Environmental Improvement Programme	Page 43 Functions and Services Environmental Improvements	Delete the reference to Environmental Improvements as in column 3 and Add the Environmental Improvement Programme under Functions and Services for the Ex Cllr A&R on page 47

9b Joint Staff Employer Forum

On 30 June 2010, the Committee agreed that the Joint Staff Employer Forum should be open to the public subject to it being able to decide to

exclude the press and public if it was appropriate in view of the nature of the subject matter. This decision was based on the view of the Forum at the time. The Forum has since then changed its position and now requests that it should not be required to conform to those of working parties as it is an internal Forum (and non-decision making). It is of the view that only staff should be able to attend its meetings and address it and it should not be open to the general public.

For decision – the Committee is recommended to amend the Constitution to reflect that the Joint Staff Employer Forum is not open to the public.

- 10 **APPROVAL OF JOINT MEMORANDUM OF UNDERSTANDING BETWEEN CAMBRIDGE CITY COUNCIL, CAMBRIDGESHIRE COUNTY COUNCIL AND SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL ON LEAD OFFICER SUPPORT TO THE CAMBRIDGE FRINGES JOINT DEVELOPMENT CONTROL COMMITTEE** *(Pages 81 - 86)*

- 11 **INDEPENDENT REMUNERATION PANEL - MEMBERS ALLOWANCES** *(Pages 87 - 116)*

Information for the public

Public attendance

You are welcome to attend this meeting as an observer, although it will be necessary to ask you to leave the room during the discussion of matters which are described as confidential.

Public Speaking

You can ask questions on an issue included on either agenda above, or on an issue which is within this committee's powers. Questions can only be asked during the slot on the agenda for this at the beginning of the meeting, not later on when an issue is under discussion by the committee.

If you wish to ask a question related to an agenda item contact the committee officer (listed above under 'contact') **before the meeting starts**. If you wish to ask a question on a matter not included on this agenda, please contact the committee officer by 10.00am the working day before the meeting. Further details concerning the right to speak at committee can be obtained from the committee section.

Filming, recording and photography

Filming, recording and photography at council meetings is allowed subject to certain restrictions and prior agreement from the chair of the meeting.

Requests to film, record or photograph, whether from a media organisation or a member of the public, must be made to the democratic services manager at least three working days before the meeting.

Fire Alarm

In the event of the fire alarm sounding (which is a continuous ringing sound), you should pick up your possessions and leave the building by the route you came in. Once clear of the building, you should assemble on the pavement opposite the main entrance to the Guildhall and await further instructions. If your escape route or the assembly area is unsafe, you will be directed to safe areas by a member of Cambridge City Council staff.

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CIVIC AFFAIRS

2 February 2011

6.00 - 6.55 pm

Present: Councillors Boyce (Chair), Rosenstiel (Vice-Chair), Benstead, McGovern and Ward.

Officers Present:

Chief Executive: Antoinette Jackson
Director of Resources: David Horspool
Head of Internal Audit: Steve Crabtree
Democratic Services Manager: Gary Clift
Committee Manager: Glenn Burgess

FOR THE INFORMATION OF THE COUNCIL**11/1/civ Apologies for absence**

Apologies were received from Councillor Pitt and Councillor Herbert. Councillor McGovern attended as the Liberal Democrat Group alternate.

11/2/civ Declarations of Interest

There were no declarations of interest.

11/3/civ Minutes of the meeting held on 15th November 2010

The minutes of the meeting held on 15th November 2010 were approved and signed as a correct record of the meeting.

11/4/civ Public Questions

Mr Taylor addressed the committee regarding the publishing of decision notices. He felt that issuing timely decision notices would increase the openness and transparency of the City Council.

The Democratic Services Manager confirmed that the minutes and decision notices were issued as soon as possible after the meeting. The Committee Services section had a target of 95% of all minutes being published onto the Council's website within 10 working days of the meeting. Taking into account the internal processes required to ensure accuracy, it was felt that this was a realistic target. It was also noted that members of the public and the press were able to contact the Committee Services section directly after meetings in order to obtain verbal clarification of any decisions taken.

The Democratic Services Manager thanked Mr Taylor for his comments.

Mr Taylor addressed the committee regarding the Councils Filming Protocol and the report of the Independent Complaints Investigator (ICI).

He felt that the Filming Protocol would deter members of the public from engaging with the democratic process, and highlighted Oxford Council as a good example of a local authority that actively encouraged filming of its meeting.

It was also noted that meetings of The Executive had been omitted from the Filming Protocol, and that the requirement for the applicant to retain original footage for an indefinite period seemed unreasonable. The Chief Executive confirmed that reference to meetings of The Executive had been omitted by mistake, and that the Filming Protocol would be amended.

Mr Taylor then challenged the claim within the ICI Report that he had been 'sensationalist' in his reporting of the North Area Committee of 30 September 2010. He urged the committee to reject the recommendations within the officer's report.

The Chief Executive confirmed that the complaint had been thoroughly investigated and had informed the suggested changes to the Filming Protocol. In the absence of the Independent Complaints Investigator, it would be inappropriate to discuss her report in detail.

11/5/civ Shared Audit Arrangements

The committee received a report from the Director of Resources and the Head of Internal Audit regarding the proposal for a shared Internal Audit service between Cambridge City Council and Peterborough City Council.

Councillor Rosenstiel asked whether the abolition of the Audit Commission would lead to a sharing of external audit functions. The Head of Internal Audit confirmed that discussions with partner organisations were already taking place regarding possible joint procurement of these services.

It was also noted that officers would be investigating further development opportunities within the wider market. It was hoped that this could lead to the marketing of the Council's audit services to external customers such as the NHS and local voluntary organisations.

The Chair welcomed the new Head of Internal Audit and acknowledged the excellent work undertaken by the previous post holder and the Director of Resources.

Resolved (Unanimously) to:

Note the arrangements put in place for the delivery of shared Audit services between Cambridge City Council and Peterborough City Council.

11/6/civ The Council's Filming Protocol

The committee received a report from the Democratic Services Manager regarding the Council's Filming Protocol.

Councillor Ward and Councillor McGovern highlighted the difficult balance between being open and transparent, and providing a safe environment for potentially vulnerable members of the public to engage with the democratic process. Members agreed that individual committee Chairs were in the best position to judge this.

Councillor Benstead questioned the term 'recording' within the Protocol and members agreed that 'audio and visual recording' would provide more clarity. Councillor Benstead also highlighted the need to investigate a more cost effective way for the Council to film its own meetings.

Members discussed the requirement within the Protocol for any recordings to be kept indefinitely. It was agreed that this was impractical and that a fixed 4 month period would be sufficient.

Members discussed the value of producing full audio recordings of meetings. For meetings of a potentially controversial nature, such as Planning and Licensing, it was felt that this could be beneficial. The Chief Executive and the Democratic Services Manager agreed that there could be scope to investigate further in the future.

Resolved (Unanimously) to

- (i) retain the right of any individual to record meetings.
- (ii) amend the Protocol as set out in appendix 2 of the officer's report, and include the following *additional* amendments:
 - inclusion of 'The Executive' in the list of Council meetings able to be filmed/recorded.
 - any reference to 'recording' to be replaced with the term 'audio and visual recording'.
 - to note that original audio/visual recordings need only be retained for a period of 4 months.
- (iii) agree the approach to Area Committees as set out in 6.3 of the officer's report.
- (iv) agree to review the Protocol in March 2012; and recommend the Protocol as amended to Council.

11/7/civ Chief Officer Performance Review (COPR) Working Group

The Chair ruled that under section 100B(4)(b) of the Local Government Act 1972, this item be considered despite not being made publicly available for five clear working days prior to the meeting. The reason that this could not be deferred was that the Working Group was due to meet prior to the next meeting of this committee.

The Chair confirmed that the COPR Working Party was due to meet on 4 February 2011 for the first time this municipal year, and again on 16 February 2011.

The minutes of the Civic Affairs Committee on 27 May 2010 referred to its appointment for the year and the members appointed as:

Councillors Boyce, Bick, Herbert, Reid, Smart and Ward.

In the process of organising the meetings last month, it became clear that the intention had always been for 4 Liberal Democrat members plus an alternate (Councillor Ward). This was in keeping with a 4 Liberal Democrat members to 2 Labour members split which had been in operation in recent years. Councillor Walker would act as Councillor Herbert's alternate, and there was therefore one vacant space to be filled.

It was therefore agreed that the Working Party would be:

Councillors Boyce, Bick, Herbert, Reid, Smart.
(Alternates: Councillors Ward and Walker)

Councillors Boyce and Herbert have suggested that the committee look to reduce the number of councillors on this working party in the future and the time of day it meets. It was agreed that this would be dealt with during the preparations for the Annual Meeting of the Council in May 2011.

Resolved (Unanimously) to

Note for the record the clarification of the membership of the COPR Working Party for 2010/11.

The meeting ended at 6.55 pm

CHAIR

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Annual Audit Letter

Cambridge City Council

Audit 2009/10



The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Key messages

This report summarises my findings from the 2009/10 audit. My audit comprises two elements:

- **the audit of your financial statements (pages 3 to 4); and**
- **my assessment of your arrangements to achieve value for money in your use of resources (pages 5 to 6).**

I have included only significant recommendations in this report. The Council has accepted these recommendations.

Audit opinion and financial statements

1 I issued an unqualified opinion on the financial statements on 15 September 2010. I found no material errors in the accounts and the financial statements submitted for audit were complete and supported by an excellent quality of working papers.

Value for money

2 I concluded that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. I issued an unqualified Value for Money Conclusion on 15 September 2010.

Current and future challenges

3 The Council faces significant challenges in future years as a result of the general economic downturn and the Comprehensive Spending Review. Difficult decisions will be necessary and significant cuts in the budget are unavoidable. The Council already has in place a robust Medium Term Strategy (MTS) which it is using to model the implications of the Spending Review and inform the difficult decisions that must be made.

4 A more accurate assessment of the impact of the Spending Review will not be possible until the provisional financial settlement for local government is announced in December 2010. The Council will be reflecting its full implications in its Budget Setting Report which it anticipates publishing on 17 December 2010.

Financial statements and annual governance statement

The Council's financial statements and annual governance statement are an important means by which the Council accounts for its stewardship of public funds.

I gave an unqualified opinion on the Council's 2009/10 financial statements on 15 September, well within the statutory target date.

Overall conclusion from the audit

5 I issued an unqualified opinion on the financial statements on 15 September. I found no material errors in the accounts and the financial statements submitted for audit were complete and supported by an excellent quality of working papers. The Council's Annual Report which is contained in its accounts has been used as an example of best practice by CIPFA.

Significant weaknesses in internal control

6 I did not identify any significant weaknesses in your internal control arrangements.

Treasury Management

7 My work has confirmed that the Council's accounting and disclosures comply with CIPFA guidance by impairing the value of Icelandic investments by a further £196,000 in 2009/10 to a carrying value of £5,570,000 in the Statement of Accounts. The £5,570,000 is the amount of its investment that the Council expects to receive over the next eight years, the nominal value of the investment being £9,329,000.

International Financial Reporting Standards

8 Local authorities have to produce their accounts under International Financial Reporting Standards (IFRS) for 2010/11. The Council's preparations for IFRS are leading-edge and the Council is well placed to implement the necessary requirements.

Recommendation

R1 Continue to deliver the agreed plan for producing IFRS compliant accounts within the timescales the Council has set.

Value for money

I considered whether the Council is managing and using its money, time and people to deliver value for money.

I assessed your performance against the criteria specified by the Audit Commission and have reported the outcome as the value for money (VFM) conclusion.

2009/10 use of resources assessments

9 At the end of May 2010, the Commission wrote to all chief executives to inform them that following the government's announcement, work on CAA would cease with immediate effect and the Commission would no longer issue scores for its use of resources assessments.

10 However, I am still required by the Code of Audit Practice to issue a value for money conclusion. I have therefore used the results of the work completed on the use of resources assessment up to the end of May to inform my 2009/10 conclusion.

11 I report the significant findings from the work I have carried out to support the vfm conclusion.

VFM conclusion

12 I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission. The Audit Commission specifies each year, which Key Lines of Enquiry (KLOE) are the relevant criteria for the VFM conclusion at each type of audited body.

13 My findings are summarised in the following table.

Criteria	Adequate arrangements?
Managing finances	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial Reporting	Yes
Governing the business	
Commissioning and procurement	Yes
Use of information	Yes
Risk management and internal control	Yes
Managing resources	
Natural Resources	Yes

14 I issued an unqualified conclusion on 15 September stating that the Council had satisfactory arrangements to secure economy, efficiency and effectiveness in its use of resources. The main issues arising from our review are summarised below.

Managing Finances

15 The Council integrates its financial and corporate planning processes and has a structured MTS to deliver savings and efficiencies. The Council understands the contextual factors impacting upon its costs and many services have participated in benchmarking groups. This information has been used to compare costs and performance and inform service improvement and promote value for money. Stakeholders have been consulted on their external reporting needs and action taken on the results.

Governing the Business

16 The Council has updated its procurement strategy and it continues to pursue opportunities for collaborative procurement. These have generated notable savings during 2009/10. The Council has robust data quality processes in place and closely monitors performance against its priorities and targets.

17 The Civic Affairs Committee is effective and actively challenges and investigates issues of concern. The Council also has a pro-active programme of counter fraud and corruption work and promotes a zero tolerance culture.

18 The Council demonstrates a positive risk culture through effective partnership risk management and maintains a sound system of internal control. It has an effective Internal Audit function which complies with CIPFA's Code of Practice.

Managing resources

19 The Council understands and can quantify its use of natural resources. It has a clear baseline on energy and fuel use which has enabled it to set clear targets for improvement. The Council manages performance to reduce its impact on the environment and it has adopted an Environmental Framework and a Climate Change Strategy. The Council has established a Climate Change Fund to provide funding for projects which will contribute to the achievement of this strategy. These projects have already improved sustainability and produced annual savings. Due to the success of this initiative a further contribution to this fund is being put forward for approval. A green Travel Plan has also been in place for 3 years and has resulted in reduced car mileage.

20 The Council uses programme maintenance for its estate to improve energy efficiency and reduce its carbon footprint and an Office Accommodation Strategy encapsulates sustainability and encourages the use of natural resources in every Council building.

Approach to local value for money work from 2010/11

21 Given the scale of pressures facing public bodies in the current economic climate, the Audit Commission has been reviewing its work programme for 2010/11 onwards. This review has included discussions with key stakeholders of possible options for a new approach to local value for money (VFM) audit work. The Commission aims to introduce a new, more targeted and better value approach to our local VFM audit work.

22 My work will be based on a reduced number reporting criteria, specified by the Commission, concentrating on:

- securing financial resilience; and
- prioritising resources within tighter budgets.

23 I will determine a local programme of VFM audit work based on my audit risk assessment, informed by these criteria and my statutory responsibilities. I will no longer be required to provide an annual scored judgement relating to my local VFM audit work. Instead I will report the results of all my local VFM audit work and the key messages for the Council in my annual report to those charged with governance and in my annual audit letter.

National Fraud Initiative

24 The Council has actively participated in the Audit Commission's National Fraud Initiative (NFI) and thoroughly investigated the data matches produced from the last round of the Audit Commission's initiative. As a

result the Council has identified £72,461 of savings. The majority of these savings related to wrongly paid Council Tax Single Person discounts.

25 The Council continues to participate in this initiative and will be finalising the results of its investigations in February/March 2011. We will continue to monitor the Council's progress on these issues.

Recommendation

R2 Continue to proactively participate in the Audit Commission's National Fraud Initiative and investigate the data matches produced.

Current and future challenges

Financial pressures

26 The government has made clear its priority to tackle the UK's deficit. On 24 May 2010, the Chancellor of the Exchequer and Chief Secretary to the Treasury announced the first step in tackling the deficit, setting out how the government intends to save over £6 billion from spending in 2010/11. The government has subsequently announced the outcome of the Comprehensive Spending Review on 20 October 2010 and set spending limits for every government department for the period 2011/12 to 2014/15 and included annual funding reductions of 7.1 per cent for four years for local authorities.

27 The Council has revised its MTS to reflect the implications from the Spending Review and reported these to full Council on 8 November 2010. The review concluded that the two most significant areas affecting the General Fund are the level of Formula Grant and the adjustment to the grant to reflect the transfer of responsibility for Concessionary Fares from the City Council to the County Council from 1 April 2011. However, no material changes have been identified as necessary to the existing MTS.

28 The Council anticipated the impact of the Spending Review to be a cut in general government grants of 30 per cent over four years. As a result, the Council aims to make savings of approximately £4 million over the next three years, with £2 million of the savings in 2011/12. The Council has identified a range of Service Reviews and these have been supplemented by an exercise to identify other potential areas for savings. Plans are already in place to deliver approximately 83 per cent of the savings required for 2011/12 and a regular monitoring process has already been established to monitor their achievement.

29 The Council has aimed to achieve a balance between prudence and deliverability in its MTS and has provided for an sustainable level of reserves over the medium to long term of around £5m.

30 A more accurate assessment of the impact of the Spending Review will not be identified until the provisional financial settlement is announced in December 2010. It is therefore a time of uncertainty, but the cumulative effect of the savings required is significant. The Council will be reflecting the full implications in its Budget Setting Report which is due to be published 17 December 2010.

Future developments

31 The Spending Review reinforced the Government's commitment to reform the Housing Revenue Account finance system so local authorities have greater control over their own finances and can reinvest to meet local

housing need. No specific details have been published at this stage but the Government is proposing to issue a consultation paper during November 2010.

Recommendation

R3 Continue to reassess and revise the assumptions in the Council's MTS to inform the Council's decisions and enable the preservation of the Council's financial health, ensure a balanced budget is achieved and adequate general fund balances maintained.

R4 Reassess the implications of the Government's proposals regarding the Housing Revenue Account finance system, following the publication of the proposed consultation paper.

Closing remarks

32 I have discussed and agreed this letter with the Chief Executive and the Director of Resources. I will present this letter at the Civic Affairs Committee on 2 February 2011 and will provide copies to all board members by 30 November 2010.

33 Full detailed findings, conclusions and recommendations in the areas covered by our audit are included in my Annual Governance Report issued in September 2010.

34 The Council has taken a positive and helpful approach to our audit. I wish to thank the Council's staff for their support and cooperation during the audit.

Paul King
District Auditor
November 2010

Appendix 1 – Glossary

Annual governance statement

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The annual governance statement is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

Audit opinion

On completion of the audit of the accounts, auditors must give their opinion on the financial statements, including:

- whether they give a true and fair view of the financial position of the audited body and its spending and income for the year in question;
- whether they have been prepared properly, following the relevant accounting rules; and
- for local probation boards and trusts, on the regularity of their spending and income.

Financial statements

The annual accounts and accompanying notes.

Qualified

The auditor has some reservations or concerns.

Unqualified

The auditor does not have any reservations.

Value for money conclusion

The auditor's conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of money, people and time.

Appendix 1 Action Plan

Recommendations

Recommendation 1

Continue to deliver the agreed plan for producing IFRS compliant accounts within the timescales the Council has set.

Responsibility

Priority High

Date

Comments

Recommendation 2

Continue to proactively participate in the Audit Commission's National Fraud Initiative and investigate the data matches produced.

Responsibility

Priority Medium

Date

Comments

Recommendation 3

Continue to reassess and revise the assumptions in the Council's MTS to inform the Council's decisions and enable the preservation of the Council's financial health, ensure a balanced budget is achieved and adequate general fund balances maintained.

Responsibility

Priority High

Date

Comments

Recommendation 4

Reassess the implications of the Government's proposals regarding the Housing Revenue Account finance system, following the publication of the proposed consultation paper.

Responsibility

Priority High

Date

Comments

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Audit plan

Cambridge City Council

Audit 2010/11

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Introduction

This plan sets out the audit work that I propose to undertake for the audit of financial statements and the value for money conclusion 2010/11.

1 The plan is based on the Audit Commission's risk-based approach to audit planning. It reflects:

- audit work specified by the Audit Commission for 2010/11;
- current national risks relevant to your local circumstances; and
- your local risks.

Responsibilities

The Audit Commission's Statement of Responsibilities of Auditors and of Audited Bodies sets out the respective responsibilities of the auditor and the audited body. The Audit Commission has issued a copy of the Statement to every audited body.

2 The Statement summarises where the different responsibilities of auditors and of the audited body begin and end and I undertake my audit work to meet these responsibilities.

3 I comply with the statutory requirements governing my audit work, in particular the:

- Audit Commission Act 1998; and
- Code of Audit Practice.

Fee for the audit

The fee for the audit is £120,009, as set out in my indicative fee letter of 6 April 2010.

4 The Audit Commission scale fee for Cambridge City Council is £145,900. The fee proposed for 2010/11 is 17.75 per cent below the scale fee and is at the limit of variation specified by the Commission.

5 In April 2010, the Commission, as regulator, made a payment to the Council of £8,826 to offset the increased audit costs arising from the introduction of International Financial Reporting Standards (IFRS).

6 Subsequently, the Commission wrote to all audited bodies, on 9 August, about its proposed new arrangements for local value for money audit work. This indicated the impact on audit fees for 2010/11 would be considered as part of the Commission's consultation on its work programme and scales of fees for 2011/12, planned for September. In the light of the Secretary of State's announcement on the government's intention to abolish the Commission, this consultation was delayed until December 2010 with a 7 January 2011 response date. Following consultation the Commission published its final work programme and scale of fees 2010/11 on 25 February 2011. This included a further rebate to district councils of 1.5 per cent of the 2010/11 scale fee, which equates to £2,188 for the Council.

7 In setting my fee, I have assumed that:

- the level of risk in relation to the audit of accounts is consistent with that for 2009/10;
- good quality, accurate working papers are available at the start of the financial statements audit;
- The Council will supply good quality working papers to support the restatement of 2009/10 balances to comply with IFRS; and
- Internal Audit undertakes appropriate work on all material systems.

8 Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee. Where this is the case, I will discuss this first with the Director of Resources and I will issue supplements to the plan to record any revisions to the risk and the impact on the fee.

9 Further information on the basis for the fee is set out in Appendix 1.

Specific actions Cambridge City Council could take to reduce its audit fees

10 The Audit Commission requires its auditors to inform audited bodies of specific actions it could take to reduce its audit fees. As in previous years, I will work with staff to identify any specific actions that the Authority could take and to provide ongoing audit support.

Auditors report on the financial statements

I will carry out the audit of the financial statements in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board (APB).

11 I am required to issue an audit report giving my opinion on whether the accounts give a true and fair view of the financial position of the Council as at 31 March 2011.

Materiality

12 I will apply the concept of materiality in both planning and performing the audit, in evaluating the effect of any identified misstatements, and in forming my opinion.

Identifying opinion audit risks

13 I need to understand fully the audited body to identify any risk of material misstatement (whether due to fraud or error) in the financial statements. I do this by:

- identifying the business risks facing the Council, including assessing your own risk management arrangements;
- considering the financial performance of the Council;
- assessing internal control - including reviewing the control environment, the IT control environment and Internal Audit; and
- assessing the risk of material misstatement arising from the activities and controls within the Council's information systems.

Identification of specific risks

I have considered the additional risks that are appropriate to the current opinion audit and have set these out below.

Table 1: **Specific risks**

Specific opinion risks identified

Risk area	Audit response
<p>The introduction of IFRS as the basis for the preparation of local government accounts is a significant change. It requires detailed analysis and retrospective adjustments to a number of accounting policies, practices and comparatives. The Council will have to apply IFRS to its 2010/11 financial statements, including the restatement of prior years.</p>	<p>To work with the Council as you identify:</p> <ul style="list-style-type: none">■ which of the new standards will impact on the Council;■ how they will impact;■ the restatement impact of the changes; and■ the amendments to accounting and non financial systems that will be required. <p>Audit the restatement of comparatives and the 2010/11 financial statements.</p>
<p>Risks arising from a fluctuating economic climate and the resultant impact on the value of land and buildings, investments and pension deficits.</p>	<p>I will examine the Council's documentation of its considerations regarding the need for an impairment review. I will consider any revaluations that have been carried out and obtain external confirmation of investments held and pension deficits.</p> <p>Specifically I will review the accounting in respect of the recovery of investments in two Icelandic banks.</p>

Value for money risks

14 I have carried out an initial risk assessment for the vfm conclusion and discussed this with officers in March 2011. On the basis of this I will carry out some limited further work later in the year and communicate any further risks to you then. There are no specific risks identified at this point that I need to communicate to you.

Testing strategy

On the basis of risks identified above I will produce a testing strategy which will consist of testing key controls and/or substantive tests of transaction streams and material account balances at year end.

15 I can carry out the testing both before and after the draft financial statements have been produced (pre- and post-statement testing).

16 Wherever possible, I will complete some substantive testing earlier in the year before the financial statements are available for audit. I have identified the following areas where substantive testing will be carried out early.

- restatement of the 2009/10 financial statements to reflect the introduction of IFRS;
- review of accounting policies;
- testing of legal and professional expenditure; and
- testing of pension fund contributions.

Where I identify other possible early testing, I will discuss it with officers.

17 Wherever possible, I will seek to rely on the work of Internal Audit to help meet my responsibilities. For 2010/11 specifically, I expect to be able to use the results of the following pieces of work.

- Accounts payable;
- Payroll; and
- Housing rents.

18 I will also seek to rely on the work of other auditors and experts, as appropriate, to meet my responsibilities. For 2010/11, I plan to rely on the work of other auditors in the following area:

- Assurance relating to the valuation of the Local Government Pension Scheme (LGPS) from PricewaterhouseCoopers, the appointed auditor of Cambridgeshire Local Government Pension Fund.

19 I plan to rely on centrally obtained assurance from the Audit Commission in respect of the work of:

- Hymans, regarding their overall approach to the actuarial valuation of the LGPS; and
- District Valuer, regarding their overall approach to the valuation, revaluation and impairment of non current assets.

20 I will also review the specific valuations supplied against national information supplied by the Audit Commission for pension funds. The work of the District Valuer and Bidwells will be compared to regionally based valuation movements obtained by the Audit Commission.

Value for money conclusion

I am required to give a statutory VFM conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

21 This is based on two criteria, specified by the Commission, related to your arrangements for:

- securing financial resilience – focusing on whether the Council is managing its financial risks to secure a stable financial position for the foreseeable future; and
- challenging how the Council secures economy, efficiency and effectiveness – focusing on whether the Council is prioritising its resources within tighter budgets and improving productivity and efficiency.

22 As set out in paragraph 14 I have carried out an initial risk assessment for the vfm conclusion and discussed this with officers. There are no specific risks identified at this point that I need to communicate to you. I will plan a programme of VFM audit work based on my risk assessment.

Key milestones and deadlines

The Council is required to prepare the financial statements by 30 June 2011. I am required to complete the audit and issue the opinion and value for money conclusion by 30 September 2011.

23 The key stages in producing and auditing the financial statements are in Table 2.

24 I will agree with you a schedule of working papers required to support the entries in the financial statements. The agreed fee is dependent on the timely receipt of accurate working papers.

25 Every week, during the on site audit visits, the audit team will meet with the key contact and review the status of all queries. Additionally meetings will be arranged if necessary depending on the number of issues arising.

Table 2: **Proposed timetable**

Activity	Date
Control and early substantive testing	January 2011
Receipt of accounts	29 June 2011
Sending audit working papers to the auditor	1 July 2011
Start of detailed testing	4 July 2011
Progress meetings	At least weekly when on site
Present report to those charged with governance at the Civic Affairs Committee	14 September 2011
Issue opinion and value for money conclusion	14 September 2011

The audit team

Table 3 shows the key members of the audit team for the 2010/11 audit.

Table 3: **Audit team**

Name	Contact details	Responsibilities
Paul King District Auditor	paul-king@audit- commission.gov.uk 0844 798 5811	Responsible for the overall delivery of the audit including the quality of outputs, signing the opinion and VFM conclusion, and liaison with the Chief Executive.
Neil Gibson Audit Manager	n-gibson@audit- commission.gov.uk 0844 798 4142	Manages and coordinates the different elements of the audit work. Key point of contact for the Director of Resources and Head of Accountancy Services.
Josie Gowler Team Leader	j-gowler@audit- commission.gov.uk. 0844 798 5812	Responsible for day to day supervision of the audit team. Key point of contact for the Accountant (Projects and Publications).

Independence and objectivity

26 I am not aware of any relationships that may affect the independence and objectivity of the District Auditor and the audit staff, which I am required by auditing and ethical standards to communicate to you.

27 I comply with the ethical standards issued by the APB and with the Commission's requirements in respect of independence and objectivity as summarised in Appendix 2.

Meetings

28 The audit team will ensure I have knowledge of your issues to inform my risk-based audit through regular liaison with key officers. My proposals are set out in Appendix 3.

Quality of service

29 I aim to provide you with a fully satisfactory audit service. If, however, you are unable to deal with any difficulty through me and my team please contact Chris Westwood, Director of Professional Practice, Audit Practice, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ (c-westwood@audit-commission.gov.uk) who will look into any complaint promptly and to do what he can to resolve the position.

30 If you are still not satisfied you may of course take up the matter with the Audit Commission's Complaints Investigation Officer (The Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol BS34 8SR).

Planned outputs

31 My team will discuss and agree reports with the right officers before issuing them to the Civic Affairs Committee.

Table 4: **Planned outputs**

Planned output	Indicative date
Annual governance report	late August 2011
Auditor's report giving an opinion on the financial statements	14 September 2011
Final accounts memorandum (if required)	October 2011
Annual audit letter	November 2011

Appendix 1 Basis for fee

The Audit Commission is committed to targeting its work where it will have the greatest effect, based upon assessments of risk and performance. This means planning work to address areas of risk relevant to my audit responsibilities and reflecting this in the audit fees.

The risk assessment process starts with the identification of the significant financial and operational risks applying to the Council with reference to:

- my cumulative knowledge of the Council;
 - planning guidance issued by the Audit Commission;
 - the specific results of previous and ongoing audit work;
- interviews with Council officers; and
- liaison with Internal Audit.

Assumptions

In setting the fee, I have assumed that:

- the level of risk in relation to the audit of accounts is consistent with that for 2009/10;
- the fee for the VFM conclusion is the same as for 2009/10;
- you will inform me of significant developments impacting on the audit;
- Internal Audit meets the appropriate professional standards;
- you provide:
 - good quality working papers and records to support the financial statements by 1 July 2011;
 - information asked for within agreed timescales;
 - prompt responses to draft reports; and
- there is no allowance for extra work that would be needed to address questions or objections raised by local government electors.

Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee.

Appendix 2 Independence and objectivity

Auditors appointed by the Audit Commission are required to comply with the Commission's Code of Audit Practice and Standing Guidance for Auditors, which defines the terms of the appointment. When auditing the financial statements, auditors are also required to comply with auditing standards and ethical standards issued by the Auditing Practices Board (APB).

The main requirements of the Code of Audit Practice, Standing Guidance for Auditors and the standards are summarised below.

International Standard on Auditing (UK and Ireland) 260 (Communication of audit matters with those charged with governance) requires that the appointed auditor:

- discloses in writing all relationships that may bear on the auditor's objectivity and independence, the related safeguards put in place to protect against these threats and the total amount of fee that the auditor has charged the client; and
- confirms in writing that the APB's ethical standards are complied with and that, in the auditor's professional judgement, they are independent and their objectivity is not compromised.

The standard defines 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, the appropriate addressee of communications from the auditor to those charged with governance is the Civic Affairs Committee. The auditor reserves the right, however, to communicate directly with the Council on matters which are considered to be of sufficient importance.

The Commission's Code of Audit Practice has an overriding general requirement that appointed auditors carry out their work independently and objectively, and ensure that they do not act in any way that might give rise to, or could reasonably be perceived to give rise to, a conflict of interest. In particular, appointed auditors and their staff should avoid entering into any official, professional or personal relationships which may, or could reasonably be perceived to, cause them inappropriately or unjustifiably to limit the scope, extent or rigour of their work or impair the objectivity of their judgement.

The Standing Guidance for Auditors includes a number of specific rules. The key rules relevant to this audit appointment are as follows.

- Appointed auditors should not perform additional work for an audited body (i.e. work over and above the minimum required to meet their statutory responsibilities) if it would compromise their independence or might give rise to a reasonable perception that their independence could be compromised. Where the audited body invites the auditor to carry out risk-based work in a particular area that cannot otherwise be justified as necessary to support the auditor's opinion and conclusions, it should be clearly differentiated within the Audit Plan as being 'additional work' and charged for separately from the normal audit fee.
- Auditors should not accept engagements that involve commenting on the performance of other auditors appointed by the Commission on Commission work without first consulting the Commission.
- The District Auditor responsible for the audit should, in all but the most exceptional circumstances, be changed at least once every seven years, with additional safeguards in the last 2 years.
- The District Auditor and senior members of the audit team are prevented from taking part in political activity on behalf of a political party, or special interest group, whose activities relate directly to the functions of local government or NHS bodies in general, or to a particular local government or NHS body.

The District Auditor and members of the audit team must abide by the Commission's policy on gifts, hospitality and entertainment.

Appendix 3 Working together

Meetings

The audit team will ensure I have knowledge of your issues to inform my risk-based audit through regular liaison with key officers.

My proposal for the meetings is as follows.

Table 5: **Proposed meetings with officers**

Council officers	Audit Commission staff	Timing	Purpose
Chief Executive Officer/Director of Resources	DA and AM	Quarterly	General update plus: February - audit plan June - accounts progress September - annual governance report November - annual audit letter
Head of Accountancy/ Accountant (Projects and Publications)	AM and/or TL	Quarterly and weekly when on site in January, July and August	Update on audit issues
Head of Internal Audit/Deputy Head of Internal Audit	AM and/or TL	Quarterly	Update on audit issues and work programme progress
Civic Affairs Committee	DA and AM, with TL as appropriate	As determined by the Committee	Formal reporting of: Audit Plan Annual governance report Annual audit letter Other issues as appropriate

Sustainability

The Audit Commission is committed to promoting sustainability in working practices and I will actively consider opportunities to reduce the impact on the environment. This will include:

- reducing paper flow by encouraging you to submit documentation and working papers electronically;
- use of video and telephone conferencing for meetings as appropriate; and
- reducing travel.

Appendix 4 Glossary

Annual audit letter

Report issued by the auditor to an audited body that summarises the audit work carried out in the period, auditors' opinions or conclusions (where appropriate) and significant issues arising from auditors' work.

Audit of the accounts

The audit of the accounts of an audited body comprises all work carried out by auditors in accordance with the Code to meet their statutory responsibilities under the Audit Commission Act 1998.

Audited body

A body to which the Audit Commission is responsible for appointing the external auditor, comprising both the members of the body and its management (the senior officers of the body). Those charged with governance are the members of the audited body. (See also 'Members' and 'Those charged with governance'.)

Auditing Practices Board (APB)

The body responsible in the UK for issuing auditing standards, ethical standards and other guidance to auditors. Its objectives are to establish high standards of auditing that meet the developing needs of users of financial information and to ensure public confidence in the auditing process.

Auditing standards

Pronouncements of the APB, which contain basic principles and essential procedures with which auditors are required to comply, except where otherwise stated in the auditing standard concerned.

Auditor(s)

Auditors appointed by the Audit Commission.

Code (the)

The Code of Audit Practice.

Commission (the)

The Audit Commission for Local Authorities and the National Health Service in England.

Ethical Standards

Pronouncements of the APB that contain basic principles that apply to the conduct of audits and with which auditors are required to comply, except where otherwise stated in the standard concerned.

Financial statements

The annual statement of accounts or accounting statements that audited bodies are required to prepare, which summarise the accounts of the audited body, in accordance with regulations and proper practices in relation to accounts.

Internal control

The whole system of controls, financial and otherwise, that is established in order to provide reasonable assurance of effective and efficient operations, internal financial control and compliance with laws and regulations.

Materiality (and significance)

The APB defines this concept as ‘an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the auditor’s report; likewise a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the financial statements or of individual items included in them. Materiality is not capable of general mathematical definition, as it has both qualitative and quantitative aspects’.

The term ‘materiality’ applies only in relation to the financial statements. Auditors appointed by the Commission have responsibilities and duties under statute, in addition to their responsibility to give an opinion on the financial statements, which do not necessarily affect their opinion on the financial statements.

The concept of ‘significance’ applies to these wider responsibilities and auditors adopt a level of significance that may differ from the materiality level applied to their audit in relation to the financial statements.

Significance has both qualitative and quantitative aspects.

Members

The elected, or appointed, members of local government bodies who are responsible for the overall direction and control of the audited body. (See also ‘Those charged with governance’ and ‘Audited body’.)

Remuneration report

Audited bodies are required to produce, and publish with the financial statements, a remuneration report that discloses the salary and pension entitlements of senior managers.

Statement on internal control/Annual Governance Statement

Local government bodies are required to publish a statement on internal control (SIC) with their financial statements (or with their accounting statements in the case of small bodies). The disclosures in the SIC are supported and evidenced by the body's assurance framework. At local authorities the SIC is known as the Annual Governance Statement and is prepared in accordance with guidance issued by CIPFA.

Those charged with governance

Those charged with governance are defined in auditing standards as 'those persons entrusted with the supervision, control and direction of an entity'.

In local government bodies, those charged with governance, for the purpose of complying with auditing standards, are the full council, audit committee (where established) or any other committee with delegated responsibility for approval of the financial statements.

Audit committees are not mandatory for local government bodies, other than police authorities and local probation trusts. Other bodies are expected to put in place proper arrangements to allow those charged with governance to discuss audit matters with both internal and external auditors. The Civic Affairs Committee has been designated as fulfilling the position of audit committee at Cambridge City Council.

Whole of Government Accounts

The Whole of Government Accounts initiative is to produce a set of consolidated financial accounts for the entire UK public sector on commercial accounting principles. Local government bodies, other than probation boards and trusts, are required to submit a consolidation pack to the department for Communities and Local Government which is based on, but separate from, their statutory accounts.

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The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors, members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.



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March 2011

Work

programme and

scales of fees

2011/12

Local government, housing and community safety

February 2011

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Introduction

Background

- 1 This document sets out the work the Audit Commission plans to undertake in the local government, housing and community safety sectors during 2011/12, with the associated scales of audit and inspection fees.
- 2 A separate document covers the Commission's work in the NHS in England.
- 3 The work of the Commission and its appointed auditors is carried out under the Audit Commission Act 1998 (the Audit Commission Act), the Local Government Act 1999 (the Local Government Act) and the Code of Audit Practice 2010 (the Code). Copies of the Code and the associated Statement of Responsibilities of Auditors and Audited Bodies are on the Commission's website at www.audit-commission.gov.uk. Responsibility for the conduct of the audit remains, always, that of the appointed auditor.
- 4 Under section 7 of the Audit Commission Act and section 12 of the Local Government Act, the Commission has a statutory duty to prescribe scales of fees for the audit of accounts, and inspections. Before prescribing any scales of fees it consults audited bodies in local government, their representative associations, the Department for Communities and Local Government (DCLG) and the accountancy profession. It has now consulted on the proposed scales of fees for 2011/12. The Commission has considered the comments made during the consultation and has agreed the scales of fees set out in this document.
- 5 Fees are the principal way the Commission finances its activities. In law, audit fees are not a fee for audit services, but a levy to fund the costs of the Commission, out of which it meets the costs of audits and its other statutory functions. It has a statutory duty to cover its costs, taking one year with another.
- 6 The Commission will continue to publish the agreed scale fees for individual bodies on its website to help audited bodies compare their fees with those of similar bodies. The fee comparator tool on the website makes the Commission's regime more transparent to audited bodies and other stakeholders. The tool is on the Audit Commission website at www.audit-commission.gov.uk.

Work programme 2011/12

Audit

- 7 Auditors tailor their work to reflect local circumstances and their assessment of audit risk. They do this by assessing the significant financial and operational risks facing the body, and the arrangements it has put in place to manage those risks.
- 8 Under the Code, the Commission may specify additional audit work to supplement the local risk-based approach to planning the audit. For 2011/12, the Commission has specified work on Whole of Government Accounts.
- 9 HM Treasury's Alignment Project may affect the process and timetable for preparing 2011/12 accounts at probation trusts. We will continue to work with the Ministry of Justice on the possible implications for these bodies. We will advise probation trusts if there are implications for fees arising from the implementation of the Alignment Project.
- 10 We will keep the scales of fees for pension funds under review and will analyse the costs of completed 2010/11 audits to determine whether we need to make any changes.

Accounts and Audit Regulations

- 11 We expect revised and consolidated Accounts and Audit Regulations (the Regulations) to apply to the audit of accounts for 2011/12. We have taken account of DCLG's proposed changes to the Regulations in the scope of auditors' work and the associated scales of fees for larger relevant bodies.
- 12 The proposed changes include increasing the threshold for smaller relevant bodies to £6.5 million. Some 100 more bodies would, therefore, be eligible for limited assurance audit. We will consult on extended scales of fees for limited assurance audit after the Regulations come into force.
- 13 Smaller relevant bodies would have the option of preparing accounts as if they were a larger relevant body. These accounts will be subject to audit as if the body was a larger relevant body.

Late and qualified accounts

- 14 The Commission will again publish a national summary naming those bodies whose 2011/12 accounts or VFM conclusion are qualified, or which fail to publish their audited accounts by 30 September 2012.

Auditors' local VFM work

- 15 Under the Audit Commission Act, auditors must satisfy themselves about an audited body's arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 16 Auditors of single-tier, county and district councils, fire and rescue authorities and police authorities will apply a focused approach resulting in a positive conclusion (the VFM conclusion) on their arrangements. This approach is based on two criteria, specified by the Commission, about audited bodies' arrangements for:
- securing financial resilience; and
 - prioritising resources within tighter budgets.

17 Auditors will apply a light touch approach to their VFM work at other local government bodies designated as larger relevant bodies in the Regulations and at probation trusts. These other bodies include national parks authorities; waste disposal authorities; integrated transport authorities; passenger transport executives; pension fund authorities and larger joint committees. The approach is based primarily on a review of the annual governance statement or statement on internal control. Auditors will be required to conclude whether or not there are any matters arising from their VFM work that they need to report. This will be included in their formal audit report issued at the end of the audit.

18 Smaller relevant bodies, as defined by the Regulations, choosing to prepare their accounts in the form of an annual return will be subject to limited assurance audit. Auditors of such bodies will therefore not carry out any local VFM work.

19 Auditors of smaller relevant bodies that opt to prepare accounts as if they were a larger relevant body will apply the VFM approach for other local government bodies designated as larger relevant bodies. More details on how these approaches apply to different bodies within our audit regime can be found on our website at www.audit-commission.gov.uk/workandfees201112.

Certification work

20 As well as their work under the Code, appointed auditors, as agents of the Commission, must certify grant claims and returns.

21 In 2011/12, we will not ask auditors to certify individual claims and returns below £125,000. The threshold below which auditors will undertake only limited tests will remain at £500,000. Above this threshold, certification work takes account of the authority's overall control environment for preparing the claim or return.

- 22** The Commission continues to raise the profile of certification work and auditors are:
- required to highlight the importance of certification work by encouraging authorities to improve standards of claims and returns preparation;
 - required to report annually on the results of certification work to those charged with governance or audit committees, to highlight the errors, adjustments and qualifications arising in claims and returns;
 - encouraged to use the evidence from certification work to support auditors' other responsibilities;
 - required to undertake focused, risk-based work at authorities with a consistent record, year-on-year, of high error levels, adjustments or qualifications to claims and returns; and
 - encouraged to develop closer working relationships with relevant authority staff, particularly at the planning stages of certification work, through proactive briefings of key staff, to reduce the risk of problems arising.

Assessment and inspection work

- 23** Following the cessation of CAA in May 2010, there is no longer any programme of mandatory inspection work. We do not envisage carrying out any inspections in 2011/12, unless specifically directed to do so.

Studies

- 24** In 2011/12, we will only complete studies we have already begun. Several of these studies are directly supporting the Local Government Group's Place Based Productivity Programme. We will not start any new studies in 2011/12. Details of the Commission's studies programme can be found at www.audit-commission.gov.uk/nationalstudies.

Scales of fees for 2011/12

Scales of audit fees for local government and community safety bodies

- 25** The scales of fees for 2011/12 reflect the cost of the work programme outlined above.
- 26** The Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work was required than envisaged by the scale fee. The scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timeframes.
- 27** It is a matter for the auditor to decide the work necessary to complete the audit and, subject to approval by the Commission, to seek to agree a variation to the scale fee with the audited body.
- 28** As the 2011/12 scale fees are based on the fee for 2010/11, they already reflect the auditor's assessment of audit risk and complexity. Therefore, we expect variations from the scale fee to occur only where these factors are significantly different from those identified and reflected in the 2010/11 fee.
- 29** The Commission will get final fee information from appointed auditors, and explanations for any proposed variations from the scale fee, after they have completed the 2011/12 audit. The Commission will consider the reasonableness of the explanations provided by auditors before determining the fee.
- 30** The Commission will charge fees for considering objections, from the point at which auditors accept an objection as valid, or any special investigations, such as those arising from disclosures under the Public Interest Disclosure Act 1998, as a variation to the scale fee.

Scales of audit fees

31 The scale of fees for each individual audited body can be found at www.audit-commission.gov.uk/individuallocalgovfees.

32 Table 1 summarises the percentage reductions applied to 2010/11 fees to arrive at the 2011/12 scale fees.

Table 1: Reductions in scale audit fees for 2011/12

Audited body	Reduction in total audit fee (%)	Audited body	Reduction in total audit fee (%)
London borough councils	10	Metropolitan borough councils	10
Unitary councils	10	County councils	10
District councils	5		
Police authorities	8	Probation trusts	10
Fire and rescue authorities	8		
Integrated transport authorities	13	Passenger transport executives	13
Waste disposal and regulation authorities	13	National parks authorities	13
Pension fund authorities	13	Other larger relevant bodies (as defined in the Regulations)	13
Internal drainage boards and parish and town councils opting to prepare accounts as a larger relevant body	15	Other smaller relevant bodies opting to prepare accounts as a larger relevant body	18

33 Scale fees for 2011/12 for smaller relevant bodies opting to prepare accounts as a larger relevant audited body will be agreed on an individual basis to reflect the specific circumstances of the body.

34 Subject to the Regulations coming into force and following consultation, we will prescribe scales of fees for those smaller relevant bodies eligible for limited assurance audit due to the increase in the threshold to £6.5 million.

Pension fund audits

35 Table 2 sets out the scales of fees for the pension fund audits for 2011/12.

Table 2: Pension funds scales of audit fees

Local government pension funds	Fixed element (£)	Plus a percentage of 2009/10 audited net assets
Single employer funds	35,000	n/a
Multi-employer funds (previously classified separately as small and large multi-employer funds)	33,300	0.00055

Certification work

36 The Audit Commission Act requires the Commission to charge fees for certification work that cover the full cost of the work we undertake. We set a schedule of hourly rates for different levels of staff. In practice, auditors may agree a composite sum for certification work.

37 Table 3 sets out the hourly rates for certification work in 2011/12.

Table 3: Hourly rates for certifying claims and returns

Maximum £ per hour	Staff grade	Standard	SE England	London
	Partner/district auditor	325	345	380
	Senior manager/manager	180	195	210
	Senior auditor	115	125	135
	Other staff	85	95	105

Scales of inspection fees for local government bodies

38 Tables 4 and 5 set out the 2011/12 standard number of days and fee scales for inspections at single-tier, county and district councils, and the Greater London Authority (GLA) and its functional bodies.

39 The fee payable by authorities is subject to a 10 per cent premium for authorities in the South East and a 20 per cent premium for authorities in London. The exception is for the GLA and its functional bodies, as the premium is already in the scale fee.

Table 4: **Single-tier, county and district councils**

Activity	Standard number of days	Standard fee to authority in 2011/12 (£)
Risk-based inspection activity (Note 1)	40	32,460

Note 1: For inspection charges, the Common Council of the City of London is charged on the same basis as a single-tier council.

Table 5: **GLA and its functional bodies**

Activity	Standard number of days	Standard fee to authority in 2011/12 (£)
Risk-based inspection activity	40	38,950

40 The standard 40-day inspection model provides an illustration of the cost of a standard risk-based inspection only. We will scope the work for any inspection we are directed to carry out. If a joint inspection is required, a fee will be payable only for the Commission's contribution to the inspection.

Value added tax (VAT)

41 All the 2011/12 fee scales exclude VAT, which will be charged at 20 per cent on all work done.

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February 2011

CAMBRIDGE CITY COUNCIL

REPORT OF: DIRECTOR OF RESOURCES

TO: CIVIC AFFAIRS COMMITTEE

23 March 2011

WARDS: All

DRAFT INTERNAL AUDIT PLAN AND STRATEGY 2011 / 2012

1 INTRODUCTION

- 1.1 This is the draft Annual Plan and Strategy for Internal Audit for 2011 / 2012 for consideration by the Civic Affairs Committee. The plan has been subject to consultation with all Directorates and a copy of the draft plan has been sent to External Audit.
- 1.2 The current CIPFA best practice requires that a designated audit committee (Civic Affairs Committee) formally agrees all future audit plans.
- 1.3 Ongoing resource pressures within the team have been more challenging this year with:
- The Head of Internal Audit post being vacant for 3 months prior to the joint working arrangements now in place with Peterborough City Council. Nevertheless, this arrangement only provides for approximately 50% of the previous resource from January 2011 onwards; and
 - One Senior Auditor on long-term sick leave.

2 RECOMMENDATIONS

- 2.1 Civic Affairs Committee is requested to examine the draft Internal Audit Plan for 2011 / 2012 and:
- Identify any areas for further consideration; and
 - Approve the plan and strategy.

3 INTERNAL AUDIT STRATEGY AND PLAN 2011 / 2012

- 3.1 The Internal Audit Strategy (**Appendix A**) has been established to set out the key principles used in developing and delivering the Internal Audit Service, as well as providing a vision as to the future direction of the service.
- 3.2 Managing performance is key to ensuring an effective internal audit service. Various performance indicators are maintained which cover key elements of service delivery – cost effectiveness, client satisfaction and quality and

improvement. These are internally monitored and will be reported through to Committee in accordance with reporting timetables.

3.3 The draft Internal Audit Plan for 2011 / 2012 (**Appendix B**) has been developed using a risk-based approach. The plan has been formulated from reviews of the following:

- i) Corporate risks and an assessment of mitigating actions;
- ii) Areas of significant change or concern within the council;
- iii) Key projects / partnerships being undertaken;
- iv) Draft Portfolio Plans;
- v) Discussions with Directors and Heads of Service during the year; and
- vi)

3.4 The Plan has been broken down into a number of elements:

- a) Core Systems and ‘Cross-Cutting’ activities. This incorporates the corporate risks that affect all or most departments’ key financial areas which provided external audit with assurance on a number of the key systems, together with overarching themes such as partnerships;
- b) Key contracts and projects; and
- c) Departmental specific audits.

3.5 In addition, the plan has been cross referenced to the Vision / priorities of the Council in order to ensure that a degree of assurance can be provided to Members that appropriate actions are in place to deliver the agenda.

3.6 This draft plan includes the proposed number of audit days assigned to the individual audits. We are proposing that those audits marked as critical on the final annual audit plan will be 100% completed within the year. As previously requested, we have indicated why these audits are considered critical.

3.7 The Audit Plan does not include details of the special investigation work and “consultancy type” activity that the Council also calls upon the team to deliver, but a separate provision has been made for the completion of such work in 2011 / 2012 and this has been based on resources utilised in previous years.

3.8 As in previous years, should any special investigation work or significant additional request work be required by Councillors or officers, which leads to the potential for resources required exceeding the amount set-aside, then the Shared Head of Internal Audit will establish the course of action to be taken in consultation with the Director of Resources and the Chair of Civic Affairs Committee. In the event of this occurring, a separate report will be produced to inform all Members of the Committee.

3.9 The result of the work set out in the Internal Audit plan will be the production of the annual opinion by the Head of Internal Audit for this Committee. This opinion will then inform the Annual Governance Statement which is signed off by the Leader of the Council and the Chief Executive and accompanies the Statement of Accounts. The Head of Internal Audit Opinion for the Audit Plan work conducted during 2010 / 2011 will be reported to this committee in June 2011.

- 3.10 Specific timings for individual audits are still to be agreed with Directors / Heads of Service. The audit plan will then be published on the Council's intranet to enable Officers and Members to be aware of audit timings and advise Internal Audit, at an early stage, if the timetable needs adjusting.

4 CONSULTATION

- 4.1 Ongoing work planning is agreed with External Audit, and reviewed throughout the year to ensure that the work of Internal Audit and External Audit is co-ordinated. A copy of the audit plan has been sent to External Audit for their information.
- 4.2 Directors were consulted during February 2011 on the possible content for the 2011 / 2012 audit plan and their views have been taken into consideration when putting the plan together.
- 4.3 The Committee is advised that the Head of Internal Audit will also produce a half-year review of progress to date for Civic Affairs Committee.

5 IMPLICATIONS

(a) **Financial Implications**

There are no expenditure implications as a result of the report.

(b) **Staffing Implications**

The Internal Audit establishment is set at a level to enable delivery of the work identified in the plan.

(c) **Equal Opportunities Implications**

The Council's Equal Opportunities Policy is applied within the Department.

(d) **Environmental Implications**

There are no Environmental implications in this report.

(e) **Community Safety**

There are no Community Safety implications in this report.

BACKGROUND PAPERS:

The following are the background papers that were used in the preparation of this report:

Risk-Based Internal Auditing – Working Standards and Procedures

To inspect these documents contact Steve Crabtree on extension 8181.

The author and contact officer for queries on this report is Steve Crabtree
Report file:

Date originated: 14 March 2011

Date of last revision: 14 March 2011

CAMBRIDGE CITY COUNCIL**INTERNAL AUDIT STRATEGY 2011 / 2012****Introduction**

This document sets out the Internal Audit strategy, as required by The CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006 (the Code). It is intended to demonstrate how Internal Audit will support the overall aims and objectives of the Council by:

- Providing the Chief Executive, Section 151 Officer and Civic Affairs Committee with an overall opinion each year on the Council's control environment to support the Annual Governance Statement requirements;
- Preparing audit plans that give suitable priority to the Council's objectives and key risks and concentrate resources on areas that have been identified as being the most vulnerable;
- Providing suggested actions to line management at the conclusion of each piece of audit work that will assist in continuous service improvement and reduce the risks identified;
- Identifying the audit resources required to deliver an audit service that meets required professional standards;
- Providing regular reports to the Civic Affairs Committee; and
- Complying with professional standards.

The strategy will be reviewed on an annual basis to ensure its continued relevance, both in terms of supporting the council's aims and in achieving a professional, modern audit service.

Regulatory Framework

There are legislative requirements that relate to the provision of an internal audit within local authorities, namely:

- The Local Government Act 1972 (s151) requires that "every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". In Cambridge City Council the responsible financial officer is the Director of Resources and one of the ways he exercises his responsibility for financial administration is through the work of internal audit.
- The Accounts and Audit Regulations 2003 (s6, amended 2006)¹, issued by the First Secretary of State under powers granted to him under Section 27 of the Audit Commission Act 1998, specify certain requirements for local authorities. In order to comply with these regulations the Council needs to maintain an adequate and effective system of internal control, in accordance with proper internal audit practices, these being set out in the CIPFA Code of Practice for Internal Audit in Local Government.

¹ The Department for Communities and Local Government have been consulting on these Regulations which have had a series of amendments since 2003. Closing date was 4 March 2011. New proposals reinforce audit requirements, but also reflect government proposals in relation to the Audit Commission.

Professional Standards and Ethics

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the primary public sector accountancy body in the United Kingdom. In 2006, CIPFA published a revised Code of Practice for Internal Audit in Local Government (CIPFA Code).

The (Shared) Head of Internal Audit will ensure that the standards contained within the Code are applied to the work of Internal Audit. Any standards that cannot be complied with in full shall be discussed with the s151 Officer and agreement reached as to the alternatives to be accepted. Substantial differences shall be reported to the Civic Affairs Committee.

External Audit conduct regularly reviews the work of Internal Audit in order to be able to place reliance on it to satisfy their needs in produced the Annual Audit Letter for reporting to Civic Affairs Committee. In addition, Internal Audit will conduct a periodic self-assessment during the intervening period to ensure continuing compliance with the Code.

Institute of Internal Auditors - UK (IIA - UK)

The IIA is an international association dedicated to the continuing professional development of the individual internal auditor and the internal auditing profession. The IIA has produced Standards for the Professional Practice of Internal Auditing. These standards are a means by which the conduct of any individual auditor and the operations of any internal auditing organisation may be evaluated and measured.

Ethics

The CIPFA Code of Practice and the IIA International Code of Ethics for Internal Audit set out minimum ethical standards for the performance and conduct of internal auditors. All internal audit staff are required to understand and comply with these standards of ethics, in addition to those required by professional institutes of which they are members.

The principles observed are Integrity; Objectivity; Competence; and Confidentiality.

Provision of the Internal Audit Service

In considering the options for the provision of internal audit, the Council currently delivers its service from an in-house team of staff. There are no vacant posts.

Internal Audit Manual

In order to deliver its role effectively, Internal Audit continues to review its Audit Manual. The manual sets out the processes for planning, implementing, checking and reviewing the way in which audit services are delivered. The objectives of the manual are to:

- State clearly the roles and responsibilities i.e. our Terms of Reference;
- Describe the organisational, managerial and planning arrangements in place;
- Explain the standard procedures to be followed and documentation to be completed;
- Consolidate all relevant information concerning the work of the service in order that a consistent approach can be achieved within a flexible framework;
- Prescribe how Internal Audit will manage its resources;
- Set out how Internal Audit will look for continuous improvement; and
- Provide a basis for the training and development of staff.

The Audit Manual has been produced after consideration of the guidelines recommended by CIPFA and the IIA.

Planning and Resources

It is important that the service keeps under review the resources required in order for it to fulfil its role in the medium to longer term. As such, an "Audit Universe" is maintained which predicts the likely areas for audit activity over the medium to longer term and compares this with the existing resources available.

In developing the Strategy and the Risk Profile it is important that audit resources are directed in line with the priorities of the Council taking into account an assessment of risk. In order to achieve this, a systematic risk assessment and planning methodology is used, as follows:

- A list of auditable areas, known as the Audit Universe is maintained on an ongoing basis. This is based on the audit activity undertaken during the year and the overall opinion of the control environment within the audited area.
- In addition to the above, during February each year a further review of the auditable areas is conducted based upon:
 - Consultation with Chief Officers and other senior managers, to identify key issues facing the council to ensure that key risks are prioritised;
 - A review of Portfolio Plans / Service and Business Plans;
 - Review and consideration of new council initiatives, government initiatives and legislation;
 - Review and consideration of strategic risks not identified separately above; and
 - Financial and Budgetary information.

The Audit Universe is then updated to reflect changes in the Council and methods of service delivery. To determine the priorities for the annual Audit Plan the following are reviewed:

- The need to be able to provide an annual audit opinion of the Council's key financial and non financial systems;
- Risk assessments which are maintained on an ongoing basis for all areas on the audit universe;
- Specific client requests; and
- The existing operational plan

The above methodology results in a plan that is supportive of Directors in delivering the strategic priorities and corporate improvement priorities of the Council and provides an overall view of the internal control environment, a key part of good Corporate Governance.

The proposed 2011 / 2012 Annual Plan has been compiled using the criteria detailed above along with a consideration of available resources. The plan shows the minimum amount of work that is required to provide assurance to the organisation.

Marketing of Internal Audit

To further develop the profile of audit services in line with current initiatives, Internal Audit will look to develop an overarching Marketing Strategy during 2011 / 2012. This will also involve Peterborough City Council (PCC) and will look to cover other public sector bodies and organisations. Any successes in obtaining additional works will need to be carefully managed so as not to be at the detriment of the core service delivery to Cambridge City. A separate strand will look at developing internal promotion of the service.

Performance Indicators

A range of performance indicators are maintained internally to monitor service performance. These cover areas such as Cost and Efficiency, Quality, Customer Satisfaction and Continuous Improvement. Performance against these areas will be reported to the Civic Affairs Committee periodically.

Traditionally, Internal Audit has undertaken CIPFA benchmarking, which compares the service with other local authorities. During 2011 / 2012, Internal Audit intends to widen the scope for benchmarking by exploring comparisons with both private and public sector organisations. This will hopefully highlight any improvements that can be made to service delivery that have not been previously considered and will also assist in developing marketing strategies.

Internal Audit will continue to liaise with the Audit Commission, the authority's external auditor by sharing best practice to enhance performance and efficiency throughout the year.

Training Strategy

Alongside the authority's Performance Review process, the service will establish training needs assessment for future service requirements. Joint arrangements will be explored so that officers from both Cambridge and Peterborough can be developed at the same time and also to look for efficiencies in terms of time and cost.

Reporting

Reporting will be prepared in order to give assurance (or otherwise) to Members that they can rely on the work of the service and the internal control framework in place which will contribute to the Annual Governance Statement.

In addition, Members have been provided with access to all audit reports through the secure intranet area.

CAMBRIDGE CITY COUNCIL**INTERNAL AUDIT: OPERATIONAL PLAN 2011 / 2012****1. Introduction**

This document sets out the division of responsibilities between managers and Internal Audit Services, and presents the Internal Audit Operational Plan for 2011 / 2012.

2. Division of Responsibilities

It is management's responsibility to manage the Council systems in a manner in which:

- Ensures the plans and intentions of the organisation are delivered, (including those outlined in plans, policies and procedures) and are in compliance with the laws / regulations under which the organisation operates;
- Ensures the reliability of data and information used either internally or reported externally;
- Safeguards the organisation's resources; and
- Promotes efficient and effective operations.

Controlling is an integral part of managing operations and as such internal auditors independently review how efficiently management discharges this aspect of its responsibilities by evaluating the effectiveness of systems and controls and providing objective analysis and constructive recommendations. Management retain full ownership and responsibility for the implementation of any agreed actions .

3. Development of the Internal Audit Operational Plan

In developing the Annual Plan, it is important that audit resources are directed in line with the priorities of the Council, taking into account an assessment of risk. In order to achieve this, a systematic assessment and planning methodology is used, as set out in the Audit Strategy.

The methodology results in a plan that is supportive of Directors in delivering the strategic priorities and corporate improvement priorities of the Council and provides a view of the overall internal control environment, a key part of Corporate Governance. This is split into three key elements:

- Assessing the present – fundamental assurance;
- Assessing the future; and
- Improving business performance and delivering future value.

Assessing the Present – Fundamental Assurance

Core systems assurance will continue to be a fundamental requirement at the Council. We consider that a key requirement will be to receive fundamental assurance reviews at the right time to ensure that external audit can place reliance on our work. This will cover areas such as business systems; projects and major contracts; financial systems; safeguarding assets; and corporate governance.

Assessing the Future

By adopting a risk based audit approach there will be clear linkage between the significant risks identified in the Council's Risk Registers and the work undertaken by internal audit in providing assurance against these. The definition of risk is "*anything*

that will prevent you from achieving your objectives". As a result, the starting point for a risk based audit is an understanding of the Council's objectives. As well as looking at the risk management framework and governance procedures, we will also cover systems development; investment decisions; emerging risks and due diligence.

Delivering Value through Improved Performance

A significant element of the internal audit plan will remain focused on fundamental assurance. However, over time as risk management processes develop and the internal control environment strengthens, we would expect this proportion of the audit plan to reduce. This will enable us to concentrate more of our resources on assisting the Council in areas such as strategy, efficiency gains, process improvements and delivering savings.

4. Draft Operational Audit Plan

The plan is developed with the Corporate Objectives of the Council in mind. All of the reviews undertaken are underpinned by the driving principle to be "delivering value for money", but they also have an impact on the organisation's strategic vision. The plan highlights how our work links to the vision identified.

The number of planned audit days is based on a full complement of staff - 6.02 FTE. Any shortfall in resources will be managed by removing lower priority work from the plan and / or reducing the scope of some reviews. Civic Affairs Committee will be regularly updated on any significant amendments.

Those areas not included in the plan this year will be considered for review on a cyclical basis in future years. However, it is anticipated that audits of low priority areas will not occur unless a risk assessment results in an increased priority level.

The plan for 2011 / 2012 is not a static document. The Head of Internal Audit reserves the right to amend plans in line with emerging risks and changing priorities as they occur throughout the year, following consultation with the s151 officer. Any major changes in the plan will be discussed with those charged with governance and reported to the Civic Affairs Committee. The following key points are of note:

Core Systems Assurance Work

Audits of the main financial systems of the Council are undertaken on a cyclical basis, in consultation with the Audit Commission. The Audit Plan detailed below highlights **all** the core systems that will be reviewed over approximately a 3-year cycle - provided for information purposes only. We will adopt a key-control approach for these audits. The audit plan details for 2011 / 2012 that the team will carry out reviews of Housing Benefits (against an annual diagnostic tool), the Main Accounting System, National Non-Domestic Rates, and BACS Payments. We will co-ordinate our work with that of the Audit Commission to ensure that reliance can be placed on the work provided by Internal Audit in accordance with their rolling programme.

Annual Governance and Assurance Framework

Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements. Internal Audit will continue to undertake reviews to support this process covering areas such as governance arrangements for partnerships, the risk management process, project management and information governance.

Corporate Cross Cutting Reviews

The plan has been developed to test the adequacy and effectiveness of the control environment put in place to mitigate various principal risks and also to provide the assurance required on key controls which impact on the whole Council. Examples of the audits planned this year include reviews of health and safety and compliance with delegation levels.

Contracts and Projects

These areas have been identified as a continuing risk in light of their increasing number, their importance in relation to the Council's overall aims and objectives and their, at times, complex linkages and funding arrangements. Internal Audit will review specific projects. We will also carry out some themed audits, picking up on particular aspects of the project management process, such as the Gateway Review process and Post Implementation Reviews.

Contract activity will be based on the works channeled through the central procurement team and will look at the various stages of contract work (i.e. tendering arrangements, awarding of contracts, contract monitoring etc).

Department Specific Audits

These are audits agreed following discussions at each departmental management team, and represent areas identified where management assurance is required, whether it is at a pre- or post-implementation stage.

Corporate Support

Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests as a result of changing risks, together with special investigations that may arise. Contingency time is included within corporate support for such events along with the provision for consultancy work that may be undertaken by the Head of Internal Audit or other members of staff. Other activities are also included, such as Civic Affairs (Audit Committee) support and External Audit liaison.

5. Reporting Protocols

At the conclusion of each individual audit a Draft Report and proposed Action Plan will be forwarded to the appropriate manager within the client department. Once agreement has been reached a Final Report and Action Plan will be forwarded to the relevant Director. All Members will have access to Audit Reports through the secure Intranet site.

A progress report will be presented to the Audit Committee indicating the level of achievement against agreed targets and any major findings arising from the audit work undertaken. An annual report will be prepared for Audit Committee in order to give assurance or otherwise to Members that they can rely on the internal control framework of the Council.

6. Detailed Plan

Documented below is the audit activity proposed, with its link to the strategic vision, where appropriate.

CAMBRIDGE CITY COUNCIL: INTERNAL AUDIT PLAN 2011 / 2012

VISION FOR THE CITY

OBJECTIVE	
1	A City which is diverse and tolerant, values activities which bring people together and where everyone feels they have a stake in the community
2	A City which recognises and meets needs for housing of all kinds - close to jobs and neighbourhood facilities
3	A City which draws inspiration from its iconic historic centre and achieves a sense of place in all of its parts with generous urban open spaces and well designed buildings
4	A City in the forefront of low carbon living and minimising its impact on the environment from waste and pollution
5	A City whose citizens feel they can influence public decision making and are equally keen to pursue individual and community initiatives
6	A City where people behave with consideration for others and where harm and nuisance are confronted wherever possible without constraining the lives of all
7	A City where getting around is primarily by public transport, bike and on foot
8	A City with a thriving knowledge-based economy that benefits the whole community and builds on its reputation as a global hub of ideas and learning
9	Objectives 1 – 8 underpinned by: A City seeking to achieve value for the public money the Council spends

Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment which encompasses the systems of governance, risk management and internal control, by evaluating its effectiveness in achieving the organisation's objectives. It examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, efficient and effective use of resources (*CIPFA Code of Practice for Internal Audit in Local Government 2006*).

SERVICE / SYSTEM	COUNCIL OBJECTIVE	AUDIT SCOPE	Critical		TOTAL
			Yes	Reason	
CORE SYSTEM ASSURANCE WORK					
Core systems are those that are fundamental to providing control assurance for internal financial control and allow the s.151 officer to make his statement included in the authority's Annual Statement of Accounts. The External Auditor also places reliance on the work undertaken by Internal Audit on core systems. These therefore feature in the plan every year.					
Housing Benefit	9	To consider Assessment / Payment and Output; Overpayments; Rent Officer Referrals; Performance Review; Fraud Prevention and Detection; Accounting arrangements; systems and data secure. Review IT system controls. Annual up-rating of checklist and software diagnostic tool.	Yes	External Audit reliance work	12
Council Tax	9	The audit will focus on controls in place to ensure the completeness, promptness, accuracy and validity of Council Tax transactions, including access restrictions, authorisations, accuracy checks on input, segregation of duties and error detection. Includes liaison with External Audit requirements and testing of IT system control.	-		-
NNDR	9	To review the property register; liable persons / discounts and exemptions evidenced and recorded; amounts due calculated accurately / promptly demanded; income received and accounted for; non-payment identified and pursued; systems and data secure. Review IT system controls.	Yes	External Audit reliance work	12
Main Accounting	9	System based approach considering key risk exposures. Included mapping of key control areas and liaison with External Audit requirements. Testing adequacy of input controls and including feeder system interfaces into the general ledger and reconciliation of control and suspense accounts. Review IT system controls.	Yes	External Audit reliance work	12
Treasury Management	9	To review the processes and procedures in dealing with and recording short term and long term investments and borrowings as well as evaluating the controls in place to mitigate against risks faced by Cambridge City Council as a result of the economic climate	-		-
Accounts Payable	9	Systems based approach considering key risk exposures. Include mapping of key control areas and liaison with External Audit requirements. Testing to provide assurance that accurate, timely payments are made which are only to bona fide creditors for goods and services provided for the benefit of the Council, including testing of authorisation controls. Review IT system controls.	-		-

Payroll	9	Substantive "cradle to grave" approach, following through samples of payments for example, permanent and temporary changes to pay. Testing to include authorisation controls at budget manager level. Review IT system controls.	-		-
Accounts Receivable – Debt Recovery Process	9	Systems based approach considering key risk exposures. Include mapping of key control areas and liaison with External Audit requirements. Testing to provide assurance that all income due is identified, invoiced, collected and recorded accurately and timely, including checking of controls over income in a sample of budget areas. Review IT system controls.	-		-
Fixed Asset Register / Capital Accounting	9	To evaluate the controls in operation for the identification of assets, disposal and transfers to the fixed asset register system, together with the accounting processes that have been adopted. Assess how future costs of repairs and maintenance are being identified and budgeted for.	-		-
Rent Accounting	9	The audit will review system access controls, debit creation, rent collection and arrears management	-		-
BACS Payments	9	The BACS system processes £millions each year through Payroll, Creditors etc. We will seek assurance that the controls including transfer of data from feeder systems are adequate. We will also ensure that payments made through BACS are accurately recorded on Oracle and that appropriate segregation of duties is maintained.	Yes	External Audit reliance work	12
VAT	9	To provide assurance that VAT is correctly accounted for by the authority and on a timely basis.	-		-
				TOTAL	48

ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK					
Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements. This section details audit work that specifically relates to the production of the Annual Governance Statement					
Annual Governance Statement Assurance Framework	ALL	Process and framework to feed into work on Annual Governance Statement, including the review recommendations made by Audit Commission in their annual letter and verify implementation (progress).	Yes	Corporate responsibility	15
Annual Audit Opinion	ALL	Head of Internal Audit opinion on the state of governance and the internal control framework in place within Cambridge City Council.	Yes	Corporate responsibility	5
Internal Audit Effectiveness	9	Review of the internal audit service against best practice guidelines.	Yes	Corporate responsibility	5
National Fraud Initiative	ALL	Key contact role and coordination of investigation of matches from NFI.	Yes	Corporate responsibility to protect finite resources	30
Risk Management	ALL	New system and the process for keeping up to date, identifying risks early, methods for getting manager buy-in and for recording and updating actions.	Yes	Corporate responsibility	15
Partnership Governance	ALL	Establishment of all the key partnerships which the City engages with; review of the levels of governance in place and an assessment of the residual risks for service delivery.	Yes	Ensure Council position is protected	20
Data Security / Information Governance	9	Examination of service providers who extract data for manipulation or analysis, controls they have in place over safety of client's data, how they transfer and store data off site. Do key suppliers who hold our data meet any of the recognised standards for IS such as SAS70 (now called ISAE3402) Also review off site laptop use (data storage, encryption etc)	Yes	Avoid reputation damage and need for Information Commissioner intervention	20
Project Management (including VfM)	ALL	To provide assurance that the Council's projects are managed in accordance with best practice and that VfM is achieved. We will review projects across several portfolios. This will include where appropriate post-implementation reviews in order to evaluate whether benefits have been realised.	Yes	Ensure finite resources are appropriate managed	20
TOTAL					130

CORPORATE CROSS CUTTING AUDITS					
Internal Audit provides support to Council and Directorate objectives by testing the effectiveness of controls designed to mitigate identified risks.					
Fire Safety / Property Portfolio	2, 6, 9	Provide assurance that there is a programme in place to ensure that Cambridge City Council owned and managed assets comply with Fire Safety Orders. Verify progress being made in undertaking fire risk assessments. Verify progress being made with respect to flats and corporate buildings.			15
Delegations: Officers / Members	ALL	Review of compliance with officer delegations e.g. financial limits and ensure that there are up-to-date signatory lists are maintained. Review of compliance with member delegations (Link in with pilot scheme for development of responsibilities to Area Committees and ensure that any decision-making powers are appropriately delegated and managed).			15
Service Preparations for Growth	ALL	Review of service preparation for Southern Fringe and North West Cambridge growth (including expansion of services e.g. refuse collection and planning for new community infrastructure)	Yes	Annual review	15
Spreadsheets	9	Examination of a sample of business-critical spreadsheets - accuracy, transfer of data, manipulation of data, passwords, back-ups			12
Health and Safety	ALL	Annual review.	Yes	Annual review	15
Asset Management	1, 2, 3, 8, 9	Review plans to maximise asset efficiency (scope excludes commercial property portfolio)			12
Budget Management	9	Review of cost centre management since the corporate restructure. To provide assurance that budgetary control is accurate and reliable at all levels of reporting from cost centre manager through to the Executive. The audit will consider the impact of the budgetary control on the delivery of planned outputs and excepted outputs.			12
S.106 Developer Contributions	2, 3, 5, 6, 7, 9	Verification that monies due is collected on a timely basis; are spent in accordance with agreements and not refunded due to failure to complete community projects to time.	Yes	Key control testing in important area B/f from 2010-11	12
Business Continuity	ALL	Specific themes to be covered include: <ul style="list-style-type: none"> • Service preparation for disruptive weather. • Election Management. • Impact of Olympics 	Yes	Potential impact on service provision and Council reputation	15
Safeguarding	ALL	Compliance testing in relation to the arrangements adopted for the vetting of perspective employees.			12
TOTAL					135

CONTRACTS AND PROJECTS					
Dependent on risk, we review a sample of projects and contracts each year to test whether the council's governance arrangements are being followed and that contracts provide value for money					
Orchard Upgrade	9	Post Implementation Review.			12
Clay Farm Programme	ALL	Verification of progress in relation to expected deliverables in relation to the land and community centre.			15
Brandon Court	9	Review of project process against objectives and the preparations for establishing on-going service provision			12
South Cambridgeshire District Council Contract Works	9	Review project in relation to the transfer works back to SCDC			12
Review of Compliance with TUPE	9	Verification of appropriate compliance with TUPE legislation in relation to recent major projects, and establishment of any lessons learnt to take forward.			12
Planned & Preventative Maintenance	2, 9	Review of arrangements to promote effective partnership working between Cambridge City Council and new contractor			12
Responsive Repairs Improvement Plan	2, 9	Review progress against plan objectives and contingency planning in case of failure to meet plan objectives.			12
Leisure Management	9	Review of contract arrangements in place for the delivery of leisure management .			12
EDRMS	9	Review of progress with the project and operational aspects where it has been implemented.	Yes	Corporate project	12
HRA Self Financing	9	Overview of project to look into the Housing Revenue Account being self financing in future years.			15
TOTAL					126

DEPARTMENT SPECIFIC REVIEWS					
CHIEF EXECUTIVES DEPARTMENT					
Member Allowances	9	Health checks to ensure payments are in accordance with policy and are evidenced.			10
CUSTOMER AND COMMUNITY SERVICES					
Cash Handling	9	Cash / bank arrangements within Sports Development			10
Housing Allocations	2, 6, 9	Review of housing allocations, work to prevent fraudulent allocations including detection of sub-lettings, and review of choice based lettings system			15
Financial Controls	1, 9	Review of financial control arrangements within Arts and Entertainment			10
Leasehold Recharges	2, 9	Review charging system with City Services in relation to leaseholds. Specific focus will be on Grounds Maintenance recharges. This will link into the implications for HRA self financing.			15
ENVIRONMENT					
Local Enterprise Partnership (LEP)	ALL	Maintain an overview on developments in the establishing the LEP and any ongoing impact on service delivery for Cambridge City Council.			15
Trade Waste	5, 7, 9	Review the management information available for cost management, to support bidding for new business, route planning and general business efficiency			15
Compliance with Driving & Vehicle Legislation	7, 9	Examine process for demonstrating compliance (e.g. tachographs, MoTs)			10
Review of Planning Enforcement	6, 9	Examine process for checking compliance with planning consent, issue and monitoring of s36 notices.			15
Crematorium	3, 6, 9	Examine progress with the implementation of Internal Audit recommendations made in 2010/11.			10
Trees	3	Review of processes within the Environment Directorate in relation to management of trees.			10
Markets	9	Testing to provide assurance that all income due is identified, invoiced, collected and recorded accurately and timely. Specific emphasis is on the review debt management procedures and processes for markets.			15

RESOURCES					
External Funding / Grants	ALL	The audit will review the processes in place for <ul style="list-style-type: none"> Bids for external funding are channelled through the appropriate processes; Examine how grants are managed at a corporate level and review processes for monitoring outcomes and funding conditions have been met Procedures are in place for synthesising bids to maximise benefits and minimise potential duplication in project proposals 			12
Insurance	3, 6, 7, 9	Procurement of insurance, management of insurance, and checking of contractors' insurance.			12
ICT Plan	9	Organisation / prioritisation of IT workplan, communication with other services and monitoring / support for non-corporate projects.			12
Procurement Strategy	5, 6, 8, 9	Examine how Procurement is using supplier classification information to amalgamate procurement spend across the Council, and review how procurement savings are being recorded.			12
Contracts (Legal)	ALL	Review of arrangements to ensure robust project support, document retention and prioritisation / externalisation of work.			12
OTHER RESOURCE PROVISIONS (CORPORATE SUPPORT)					
Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests as a result of changing risks. In addition there will be a number of follow ups of previous audit activities. Finally, a number of jobs will overlap between financial years and require a small amount of time to complete.					
Carry Forward Activities	ALL				41
Follow Up Provision	ALL				30
Fraud / Irregularity Contingency	ALL	Time is included within the plan for undertaking proactive counter fraud-work, together with reactive work where suspected irregularities have been detected.			30
Requested Work Contingency	ALL	Allowance exists to provide flexibility within the audit plan - for time spent on providing risk and control advice to officers, management and members; and ad hoc requests and consultancy work			80
Risk Register	-	Reviewing and monitoring of risks			30
Committee Support	-	Production of reports and attendance at Council committees (Civic Affairs / Standards etc.)			30
TOTAL RESOURCES ALLOCATED					890

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CAMBRIDGE CITY COUNCIL

REPORT OF: Head of Planning Services

TO: Civic Affairs Committee
Full Council

23/3/2011
7/4/2011

WARDS: All

APPROVAL OF JOINT MEMORANDUM OF UNDERSTANDING BETWEEN CAMBRIDGE CITY COUNCIL, CAMBRIDGESHIRE COUNTY COUNCIL AND SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL ON LEAD OFFICER SUPPORT TO THE CAMBRIDGE FRINGES JOINT DEVELOPMENT CONTROL COMMITTEE

1 EXECUTIVE SUMMARY

- 1.1 In 2007 the three Councils agreed to delegate their development control functions relating to Major Developments on the Cambridge Fringes to a Cambridge Fringes Joint Development Control Committee ("JDCC"). Since that time the three Councils have worked collaboratively to implement major development proposals in accordance with the Southern Fringe Area Development Framework and the Cambridge Local Plan 2006. The JDCC subsequently approved terms of reference for its operation and a scheme of delegation for officers advising the committee.
- 1.2 A Joint Planning Director (Growth Areas) was appointed by the three councils and funded by Cambridgeshire Horizons to exercise planning and development control powers under the agreed scheme of delegations and to advise the JDCC, to negotiate with Developers and to liaise with Cambridgeshire Horizons and facilitate the release of grant funding. With the completion of section 106 agreements and the subsequent issue of outline planning permissions for all the Southern Fringe sites these initial objectives have been successfully fulfilled and the post of Director of Joint Planning will be discontinued from 31st March 2011.
- 1.3 The three councils have agreed that the City Council's new Head of Planning Services will take responsibility for managing the co-ordination and delivery of growth in the Cambridge fringe sites. One third of the Head of Planning's time will be spent on this responsibility and she will be accountable to all three council's for providing professional planning advice to the JDCC. A draft memorandum of understanding of how this arrangement is to operate has been drawn up by officers of the three authorities and this is attached at appendix A. This arrangement will be subject to review on an annual basis by the three authorities.

2. RECOMMENDATIONS

- 2.1 That Civic Affairs Committee note the contents of the proposed memorandum of understanding and recommend to Full Council that this be approved by the City Council.

3. BACKGROUND

- 3.1 The contract for the Director of Joint Planning will not be renewed after 31/3/2011. There is an ongoing need for an appropriately experienced and qualified senior officer to support the JDCC in co-ordinating the delivery of new communities on the Fringe sites in Cambridge. To include these duties as part of the responsibilities of the City's new Head of Planning Services makes sense and all three councils have informally supported this as an appropriate way forward. The memorandum of understanding confirms the day-to-day operation of this approach and formalises the arrangement.

4. CONSULTATIONS

- 4.1 Consultations have taken place with Cambridgeshire County Council, South Cambridgeshire District Council, the Executive Member for Climate Change and Growth, the Chairman of the Joint Development Control Committee, Legal, Finance and Democratic Services

5. OPTIONS

- 5.1 There is an ongoing identified need for an appropriately experienced and qualified senior officer to support the JDCC. Key commitments in the form of outline planning permission for the entire Cambridge southern fringe have been delivered and the development authorised by those outline permissions now needs to be implemented. Major planning applications at North West Cambridge remain to be submitted and considered. Continuation with the current Director post is not an option but need exists for an alternative way of covering a number of the functions this post currently has responsibility for. Having considered where these responsibilities might be best accommodated it is considered preferable that these rest with the Head of Planning Services at the City Council.

6. CONCLUSIONS

- 6.1 This arrangement makes provision for the continued co-ordination of growth across the Cambridge Fringe sites and support and advice at the appropriate level to the Joint Development Control Committee.

7. IMPLICATIONS

- (a) Financial Implications – funding has been agreed for 2011/2012. Thereafter the future years costs of this arrangement will need to be agreed jointly by the three councils.

- (b) Staffing Implications - this arrangement will commit 30% of the Head of Planning Services time to supporting the JDCC in the co-ordination and delivery of growth in the Cambridge Fringe sites.
- (c) Equal Opportunities Implications – there are no adverse implications arising from the proposals set out in this report
- (d) Environmental Implications – the successful delivery of new communities on the Cambridge Fringe sites remains a high priority for all three councils and this arrangement is necessary to ensure that the JDCC is supported in overseeing that task.
- (e) Community Safety – there are no adverse community safety implications from this report. Community safety will be an important issue in the delivery of successful new communities in the Cambridge Fringe sites.

BACKGROUND PAPERS: There are no background papers.

The author and contact officer for queries on the report is Patsy Dell on extension 7103 or email: patsy.dell@cambridge.gov.uk

Report file:

Date originated: 14 March 2011
Date of last revision: 14 March 2011

Appendix A – Memorandum of Understanding

Memorandum Of Understanding: Scope Of Responsibility Of the Lead Planning Officer Advising The Joint Development Control Committee

A Proposal to form the basis of a Memorandum of Understanding to be entered into by Cambridge City Council, Cambridgeshire County Council and South Cambridgeshire District Council (“the Councils”)

1. In 2007 the Councils delegated their development control functions relating to Major Developments on the Cambridge Fringes to a Joint Development Control Committee Cambridge Fringes (“JDCC”) since when the Councils have worked collaboratively to implement Major Development proposals in accordance with the Southern Fringe Area Development Framework and the Cambridge Local Plan 2006
2. A Joint Planning Director (Growth Areas) was appointed to exercise planning and development control powers delegated under the Scheme of Delegations and to advise the JDCC, to negotiate with Developers and to liaise with Cambridgeshire Horizons and facilitate the release of grant funding. With the completion of section 106 agreements and the subsequent issue of outline planning permissions for all the Southern Fringe sites these initial objectives have been successfully fulfilled and the post of Joint Director of Planning will be discontinued from 31 March 2011.
3. It is proposed that after 31 March 2011 the functions of overseeing and delivering the committed and planned growth through the planning system and the role of adviser to the Councils and the person to whom delegated authority is given under the Scheme of Delegations shall be the Head of Planning Services at Cambridge City Council (“ the Head of Planning Services “).
4. In the performance of these duties the Head of Planning Services shall consult with senior officers from the Councils as appropriate and where called upon will advise the JDCC accordingly. In so doing the Head of Planning Services will seek to fairly represent the views of each of the Councils to the JDCC but the recommendations to the JDCC will be based on the Head of Planning’s professional judgement
5. The Memorandum of Understanding will operate on an ongoing basis from 1st April 2011 and shall be reviewed each year in January to determine its

effectiveness and whether or not it should be modified or replaced with any other arrangement. If the arrangements are working to the Councils' satisfaction they shall continue until revoked or modified by the agreement of the Councils.

6. For the first year of this arrangement i.e. until 31/3/2012 the funding shall be from the residual budget currently held by Cambridgeshire Horizons. Thereafter the funding shall be discussed and agreed through the annual review process.
7. For the avoidance of doubt) Major Developments has the same meaning as given in the Terms of Reference for the Joint Development Control Committee Cambridge Fringes ("TOR") as amended from time to time, Costs Sharing Protocol refers to Annex C of the TOR, and Scheme of Delegations refers to Annex D of the TOR.

V.7 3/3/2011

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CAMBRIDGE CITY COUNCIL

REPORT OF: Democratic Services Manager

TO: Civic Affairs Committee 23/3/2011

WARDS: None

MEMBER ALLOWANCES 2011 - 2012

1 INTRODUCTION

- 1.1 Under the Local Government Act 2000 and relevant Regulations, an Independent Remuneration Panel ('the Panel') is appointed to make recommendations to the Council on the amount of allowance payable to Councillors. The Council, before it makes or amends its allowance scheme, must have regard to the Panel's recommendations, but is not bound by them. The Panel's report is appended.
- 1.2 Since inception in 2002, the Panel has met at least once per year and reported to the Civic Affairs Committee annually so that councillors debate and agree an allowance scheme for the new Municipal Year, which starts on the day of the Annual Meeting of the Council, which for this year is 26 May.

2. RECOMMENDATIONS

The Committee is:

- 2.1 Requested to consider the Panel's recommendations for Members' Allowances for the 2011/12 year as set out in its report, make any amendments to it, and recommend a Scheme to Council for adoption on 7 April.
- 2.2 Recommended to agree a working assumption that the 2012/13 Allowance Scheme will be the same as 2011/12, with an inflationary adjustment as set in the Council Budget Setting Report February 2012. This working assumption is that officers will review with the Chair and spokes if there is any reason which requires the Panel to

convene and deliberate prior to the Committee considering the 2012/13 Scheme.

- 2.3 Recommended to agree that the Panel should consist of three members with an alternate and that each member should serve a four year term, extended by two years.

3. PROPOSALS FOR THE FUTURE

- 3.1 In addition to the Panel's report, officers were asked by the Committee last September to report to this meeting on any alternatives to reporting annually on Members Allowances, as is the current approach and has been in place since 2002. Officers were also asked to report on the make up of the Panel.

The annual convening of the Panel

- 3.2 The intention of the 2000 Act and the related statutory guidance was to maintain the ability of councillors to determine their own allowances but to introduce a prior input of views of a panel of lay people who either lived or worked in the authority's area. By being required to have regard to the views of lay people, who will have researched the issues, it was expected that councillors would more carefully consider the justification for any increases. In England, Councillor allowances have been set with regard to an Independent Panel's recommendations since 2002.
- 3.3 Local authorities that are elected to every 4 years convene their Panel every four years. Local authorities that elect by thirds may choose (but are not obliged) to require Panels to meet more frequently to take account of changes which would impact on an allowances scheme (eg. a change in political control). In Cambridgeshire, no other district council convenes its Panel annually and over the last eight years, the majority of councils have concluded that it is not necessary for its Panel to meet annually.
- 3.4 The Panel's recommendations are that the main components of the scheme remains the same and this will be the fifth consecutive year that the basic allowance and rates of special responsibility allowances will have been retained. Taking this into account, the Committee is recommended that there should at this stage be a working assumption that the Panel need not be convened in 2011/12 and that an inflation-only increase with no other change is planned for the 2012/13 allowances scheme. Officers will review the position with the Chair and spokes during the year to ensure that if there is

any reason which requires the Panel to convene prior to the Committee considering the 2012/13 Allowances Scheme; then it will.

The composition of the Panel

- 3.5 The membership of the Panel has been set at five by the Committee since inception in 2001, the law requires a minimum of three. In recent years, and despite various recruitment techniques, officers have struggled to attract applicants to maintain a Panel of five with two members having been retained on the Panel for over 8 years to ensure continuity and compliance with the legal requirement. With the resignation of the original member of the Panel just received, and the Panel now back to 3 members, it is recommended that the Panel in future consist of 3 with an alternate and that officers recruit to that vacancy immediately. Officers will consult members on ideas for reaching the largest audience to generate applications of interest. It is also recommended that a panel member's term is defined, which has not been set out before, and that this should be four years with the possibility of extending it for a further two years.

4. IMPLICATIONS

(a) Financial Implications

If the Allowance Scheme is agreed as recommended, the forecast spend for 2011/12 will be £241,985 which will be a slight reduction on 2010/11 (£242,423). If the Allowance Scheme is agreed as recommended, the basic allowance paid to all 42 councillors and the rate of special responsibility allowances paid will have remained at the same level since May 2007.

(b) Staffing Implications

If Committee agrees the recommendations, less resources will be required in 2011/12 as the Panel's work will be much reduced. There will be some additional work required to recruit to the alternate vacancy on the Panel.

(c) Equal Opportunities Implications

None arising from this report.

(d) Environmental Implications

None arising from this report.

(e) Community Safety

None arising from this report.

BACKGROUND PAPERS: The following are the background papers that were used in the preparation of this report – see the Panel’s report appended

To inspect these documents contact James Goddard on 01223 457015 or james.goddard@cambridge.gov.uk.

The author and contact officer for queries on the report is James Goddard on 01223 457015 or james.goddard@cambridge.gov.uk.

Report file:

Date originated: 14 March 2011
Date of last revision: 14 March 2011

Report of the Independent Remuneration Panel for Cambridge City Council

March 2011

1 Introduction

- 1.1 Under the Local Government Act 2000 and relevant Regulations, the Independent Remuneration Panel ('the Panel') is appointed to make recommendations to the Council on the amount of allowance payable to Councillors. The Council, before it makes or amends its allowance scheme, must have regard to the recommendations that have been made to it by the Panel.
- 1.2 The Panel meets at least annually to recommend an allowances scheme for the Council's Municipal Year (May to April). The Panel met in November 2010 and February 2011 to consider amendments to the 2010/11 municipal year scheme. The Panel previously met in May 2010 to consider any amendments following the local elections.
- 1.3 The Panel has undertaken consultation work via an on-line survey and drop-in surgery to seek Councillors' views on whether the basic and/or special responsibility allowances should be amended for the 2011/12 municipal year.
- 1.4 The Panel reports to Civic Affairs Committee, who in turn report to Full Council. The Council is not bound by the Panel's recommendations.

2. Recommendations

- 2.1 The Panel recommends to the Council:
 - (i) To make no change to the existing rate of basic allowance. Basic allowance to remain the same 2011-2012 as in 2010-2011 (£3199). This means no inflation increase.
 - (ii) That the current special responsibility allowance for Vice Chairs of all committees (Scrutiny, Planning, Licensing, Civic Affairs, Areas, Environment & Transport Area Joint Committee) is removed this money should be treated as a saving and not redistributed in view of the current economic climate.

- (iii) To make no change to the remaining special responsibility allowances . This means no inflation increase.
- (iv) The allowances for Dependent Carer and Childcare / babysitting should not be capped per hour and instead refunded at cost.
- (v) That all remaining duties for which travelling and subsidence are paid remain the same, and that they are paid in line with the local government officers' scheme.
- (vi) That a special responsibility allowance is available to single party councillors.
- (vii) That levels of allowances available to co-opted members remain the same 2011-2012 as in 2010-2011, with no inflation increase. This will not apply if the person is in receipt of any other allowance or expenses entitlement provided by the City Council. Co-opted members being non-councillors co-opted onto committees, working parties etc.
- (viii) No allowances under the scheme should be pensionable.

3. **Background**

- 3.1 The Panel's terms of reference are set by the Civic Affairs Committee and were last reviewed on 16 April 2008.
 - (i) Recognises that councillors undertake their council work for the sake of public service and not private gain.
 - (ii) Recognises in both basic and special responsibility allowances the varying demands placed upon councillors, dependent upon their roles and responsibilities.
 - (iii) Fairly and equitably compensates councillors, so far as the Panel thinks appropriate, for the time and effort they can reasonably be expected to devote to their work as a councillor.
 - (iv) Is economic, efficient to administer and effective.
 - (v) Is easy to understand, explain and administer.

- (vi) Recognises the level of out-of-pocket expenses councillors incur in carrying out their functions (e.g. stationery, telephone costs and computer consumables).
 - (vii) Has flexibility to reflect changes of responsibilities of individual councillors during the course of a municipal year.
- 3.2 As part of above, the statutory requirement is for the Panel to recommend:
- (i) The level of basic allowance.
 - (ii) Which member roles should receive a special responsibility allowance and what level.
 - (iii) Whether allowances are pensionable and if so applied to basic and/or special responsibility allowances.
 - (iv) Whether a childcare and dependent carers' allowances should be made available, at what level, and how it should be determined.
 - (v) Duties for which travelling and subsistence is to be paid and levels of allowance.
 - (vi) Levels of allowance which should be paid to co-opted members.
 - (vii) Whether any allowance should be backdated to the beginning of the financial year in event of the scheme being amended.
 - (viii) Whether annual adjustments of allowance levels may be made by reference to an index, and if so, for how long such a measure should run.

4. Membership of the Panel and its Work

- 4.1 A recruitment exercise was undertaken July to August 2010, which led to the filling of one vacancy. Members of the public were invited to submit application forms, which conformed to a person specification agreed by Members. Applicants which met the requirements were interviewed by a panel made up from 2 Councillors from the Standards Committee and one member of the Independent Remuneration Panel.

4.2 The Panel was fully staffed with five members until September 2010, when Brian Cockburn; a long standing member resigned. Further recruitment is still ongoing via details on the City Council website. The law requires a minimum of three members on a Panel, the Council has chosen to have five seats on its Panel. The members of the Panel are:

- Michael Arnold
- Graham Humby
- Geoffrey Kirkness
- Tobias Paul

Mr Arnold tendered his resignation of the Panel in March 2011.

Background details of the Panel are listed in the section 8 (biographies).

4.3 The Panel met on 28 February 2011 and heard in public the views of the Liberal Democrat, Labour and Green Groups, put by Councillors Boyce, Herbert, Reid and Wright respectively. The Panel considered a written statement submitted by Councillor Herbert pre-meeting. The Committee Manager acted as clerk to the Panel.

5. The Panel's Evidence and Deliberations

5.1 The Panel set out evidence and contextual information that had guided their thinking concerning member allowances. The representation covered the following issues:

- (i) A drop-in surgery on 17 February and on-line survey in January were undertaken. 17 of 42 councillors had responded, so the Panel had received a representative view.
- (ii) The survey suggested that councillors were unhappy with special responsibility allowance priorities for committees. Results were summarised in the 'Information for Group Leaders' and 'Cambridge City Council Committees SRAs – Meeting Rankings' documents.
- (iii) Based on feedback from the surgery and survey, the Panel were looking at ways to reallocate special responsibility allowance.

5.2 On 28 February the Panel received representations concerning allowances from the following:

- Councillor Boyce
- Councillor Herbert
- Councillor Reid
- Councillor Wright

5.3 The representation covered the following issues:

- (i) Sought clarification on Panel's view as to how the budget of £128,390 for basic allowance and £135,490 for special responsibility allowance should be allocated.
- (ii) Sought clarification on Panel's priorities for special responsibility allowance priorities. It was felt that special responsibility allowance was paid due to a member having responsibility for a portfolio, and not just for having a seat on a committee. It also reflected that work was undertaken outside of meetings.
- (iii) Sought clarification on Panel's views as to when special responsibility allowance should be paid.

Members raised concerns about results summarised in the 'Information for Group Leaders' and 'Cambridge City Council Committees SRAs – Meeting Rankings' documents. They felt that although the rankings reflected councillor survey comments, attendance at meetings and meeting profiles (ie awareness of meetings by members of the public), the rankings did not reflect:

- The 'real' number of meetings (briefings, meetings administered by other bodies (eg Area Joint Committee) etc) not listed in website meeting frequency figures.
 - Sitting on a committee required councillors to sit on linked meetings. For example, Development Control Forums and Planning meetings.
 - The number of meetings required for different portfolios was unpredictable. Sometimes these could be cancelled and reconvened.
 - Cancelled meetings still required preparation work prior to being cancelled.
 - Not all meetings required full committee membership attendance (such as sub-committees of full committees).
- (iv) Councillors expressed general difficulties when completing the survey used by the Independent Remuneration Panel as research material.

5.4 The Panel made the following points in response:

- (i) Basic allowance was paid for 'standard' councillor work such as ward work. The original allowance calculation allowed for 12 hours ward work per week, but the survey indicated that this had dropped to 7. If the work roles of councillors had changed, then an adjustment to allowances maybe required reflecting the change in priorities. An adjustment to the circa 50/50 budget split between basic and special responsibility allowance to facilitate this was considered and rejected.

Members felt that allowances should be paid for:

- Ward work.
- Time on committees and linked meetings.
- Preparation work for the above and post meeting follow up actions.

- (ii) The Panel had received mixed messages from the surgery as to whether special responsibility allowance priorities should be changed, or if the status quo should be maintained. Councillor Boyce suggested that the Council would be happy to reallocate allowances so long as Members did not receive less than current levels, unless it could be evidenced that a specific allowance should not be paid as it was redundant, then the funding could be reallocated.

- (iii) Attendance figures on the Council website suggested to the Panel that not all councillors were able to attend all committees they had seats on. The Panel noted Members response that in their view:
 - Attendance figures did not reflect when alternate contacts substituted for regular contacts on committees, or when a proportion of the main group were required to meet instead of the whole body (for example a sub-committee which only required 3 from a pool of 12 full committee members to attend).
 - The timings of meetings also had an impact on availability ie day time meetings were more difficult for full time employed councillors to attend than evening ones. Due to the number of possible time commitments in their diaries, councillors had to prioritise which meetings they could attend.

Timesheets had been used as a basis for paying allowances in the past. Members and the Panel agreed that arrangements had not proved satisfactory, particularly as it was difficult to quantify the amount of time councillors spent on work as it expanded to fill the

time available, which led to the need to find a new way to allocate allowances.

The possibility of a grading scale of special responsibility allowance for committees was discussed (ie more allowance would be paid to higher profile/more onerous committees). Councillors could understand this suggestion in principle, but felt it may prove impracticable because:

- The methodology would have to be robust.
- The Council does not have sufficient (staff) resource capacity to facilitate a graded or hourly paid special responsibility allowance scheme.

Liberal Democrat Group Comments to Independent Remuneration Panel on Cambridge City Members Allowances Scheme 2011/12

5.5 The status quo should be maintained on allowances in the short term. There would be justification in changing the multipliers if Council priorities, structure or work load changed. For example, the Localism Bill may require a change to Council structure through removing the need for an Executive.

5.6 Multipliers for special responsibility allowance could be changed where there was justification. Members should not receive less than current levels, unless it could be evidenced that a specific allowance should not be paid as it was redundant. The intention in 2008 was to freeze Executive Councillor allowances and increase allowances for remaining Members when additional funding became available. The expected funding did not become available, and so a larger than expected gap emerged between Members and Executive Councillors.

5.7 Councillor Reid expressed a personal view that the special responsibility allowance for Vice Chair positions may no longer be necessary. The Panel asked how meetings were led. Members responded:

- Executive Councillors drove scrutiny committees.
- The law required some meetings to occur such as Licensing and Audit Committees.
- The City Council constitution requires some committees to occur such as Planning and Area Committees. Their respective Chairs lead these.

5.8 Clarification was sought concerning carer's allowances. The Panel said that payment should be made against submitted costs.

5.9 The adoption of HMRC mileage allowance rates was requested

Labour Group Comments to Independent Remuneration Panel on Cambridge City Members Allowances Scheme 2011/12

5.10 Reference was made to Labour Group comments to the Panel in November 2008 and May 2010 (as listed in Appendix 3). Labour's position essentially remains the same.

- Simpler, fairer, transparent system needed.
- Independent panel needs to be supported by council to take the decisions.
- Redistribution from Executive Councillors to all Councilors.

5.11 The Council was requested to improve computer services for councillors to ensure they have appropriate hard and software to operate outside the Guildhall (ie remote working).

5.12 The Panel asked how the allowance calculation system could be improved. Councillor Herbert suggested changing the weighting on multipliers used in calculations to redistribute allowances to make them more equitable between all Members and the Executive Councillors.

Green Group Comments to Independent Remuneration Panel on Cambridge City Members Allowances Scheme 2011/12

5.13 The Green Group agreed with the main thrust of the Labour Group's comments, and supplemented these with some of their own comments.

5.14 The Panel were asked to consider the matter of ICT provision to Members. The variation in ICT literacy and provision of equipment made it difficult for Members to undertake their duties effectively as so much information from the Council to Member was communicated via email and e-reporting/web. There was no corporate provision of (wi-fi) equipment.

6. The Panel's Conclusions

- 6.1 The Panel recommended the retention of the current scheme for another year. It believed that only with a new data gathering exercise can it consider afresh the allocation of allowances and in particular the special responsibility allowance part of the budget bearing in mind that its unlikely there will be any additional funds in the next few years.
- 6.2 The Panel noted that the budget for Members' Allowances for 2011/12 is £263,880. However the Panel's recommendation is to keep within the previous year's budget of £255,700, minus allowances for Vice Chairs (amounting to £241,985). By keeping rates at last two years' levels, there is an underspend of £21,895. The Panel continues to recommend that the single party councillor should be recognised in the special responsibility allowance scheme.
- 6.3 The Panel requested that the report specifically mentioned:
- The Panel has undertaken a further survey of councillors this year.
 - That members of the Panel have attended many committees this year.
 - The Panel feel that they cannot recommend any increases in allowances in the current economic climate.
- 6.4 Specific Panel recommendations in detail as follows:
- (i) Basic allowance to remain the same as last municipal year (£3199) despite the strong evidence from the survey that if the Panel use the normal calculation method (average hours per week on ward work times minimum hourly rate times 52 weeks plus £417 for area committee), they would arrive at a lower rate. This means no inflation increase.
 - (ii) That the current special responsibility allowance for Vice Chairs of all committees (Planning, Licensing, Civic Affairs, Areas, Environment & Transport Area Joint Committee, Scrutiny) are all cancelled, this money in view of the current economic climate should be treated as a saving and not redistributed.
 - (iii) That the multiplier for all of the remaining special responsibility allowance's remain the same with no inflation, despite a strong feeling that some of the payment should be dependant on attendance of the committee meetings
 - (iv) That the expenses allowance for Dependent Carer and Childcare / babysitting costs be refunded at cost.

- (v) That all remaining duties for which travelling and subsidence are paid remain the same and that they are paid in line with the local government officers scheme.
- (vi) That one councillor parties or independents be paid an allowance.
- (vii) That the levels of allowances paid to co-opted members remain the same as this year, with no inflation increase.
- (viii) That allowances paid to Councillors are not subject to pension payments.

7. List of Appendices

Appendix 1 - The proposed Allowances Scheme 2010/11

Appendix 2 - Proposed Allowances Scheme 2010/11 spreadsheet

Appendix 3 - Cllr Herbert's written submission

8. Panel's Biography

Mr Michael Arnold - Retired. Lifelong resident of City. Financial background, most recently working for a biopharmaceutical company. Community Governor for Castle School. Volunteer Rowing Coach who looks after the schools section of a local rowing club. Member of the Panel 2002 - 2011.

Mr Graham Humby - Member of the Panel from 2010.

Mr Geoffrey Kirkness - Member of the Panel since 2006.

Mr Tobias Paul - Member of the Panel from 2010.

9. Background Papers

The following are the background papers that were used in the preparation of this report:

Civic Affairs Minutes 150910

Civic Affairs Report 150910

Civic Affairs Minutes 300610

Independent Remuneration Panel Report 2008

Cambridge City Councillors Allowances 2010-11

Cambridge City Councillors Allowances 2009-10
IRP_2009-10 allowance Spreadsheet
Cambridgeshire County Council Councillors Allowances 2010-11
East Cambridgeshire DC Councillors Allowances 2010-11
Fenland DC Councillors Allowances 2010-11
Huntingdonshire DC Councillors Allowances 2010-11
South Cambridgeshire DC Councillors Allowances 2010-11
Labour Submission 210211i_ Labour Grp Comments for IRP May
2010
Labour Submission 210211ii_ Lbr Grp Comments - Summary of LGA
Survey 2008
Labour Submission 210211iii_ Copy of LGA Members' Allowances
Survey 2008 - summary analysis FINAL
Labour Submission 210211iv_ Cambs Mmbr Allowances
Information for Group Leaders
Cambridge City Council Committees SRAs – Meeting Rankings

To inspect these documents contact James Goddard on 01223 457015 or james.goddard@cambridge.gov.uk.

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Members Allowances 2011 to 2012

Councillors are not paid a salary. However, they do get allowances to cover some of the costs of being a councillor. The Basic Allowance, the Special Responsibility Allowance, childcare and carer's allowance, and travelling costs are set by the Council having noted recommendations put to it by the Independent Remuneration Panel.

1 Basic Allowance and Special Responsibility Allowance (taxable)

Basic allowance: This is an annual flat rate payment to all councillors, intended to recognise the time devoted by councillors to work in their wards and political groups, recognising the level of out-of-pocket expenses councillors incur in carrying out their functions (eg stationery, telephone costs and computer consumables.) It also recognises that councillors undertake their council work for the sake of public service and not for private gain. For the 2011 / 2012 municipal year each councillor will receive an annual allowance of £2,782.

In addition, all 42 Members of the Council receive £417 in an area committee allowance. Therefore, the total allowance for a City Councillor before adding any other special responsibilities listed below is £3,199.

Special Responsibility Allowance: This is paid to councillors who have a higher than average workload and/or hold particular positions of responsibility within the council. For the municipal year 2011 / 2012 the allocation of Special Responsibility Allowances is as follows:

Leader	£10,433
Executive Councillor	£8,346
Scrutiny Committees - Chair	£1,113
Scrutiny Committees – Minority Spokes (Labour)	£1,391
Scrutiny Committees – Minority Spokes (Green)	£556
Planning - Chair	£2,226
Planning – Member (9)	£556
Planning – Minority Spokes (Labour)	£1,550
Planning - Minority Spokes (Green)	£835
Licensing - Chair	£696
Licensing – Minority Spokes (Labour)	£696
Licensing – Minority Spokes (Green)	£139
Licensing – Member (12)	£417
Joint Development Control(Chair/City spokes[1])	£2,226
Joint Development Control – Member (6)	£556
Standards – Spokes (2)	£556
Civic Affairs - Chair	£1,113
Civic Affairs – Minority Spokes	£556
Employment Appeals Sub – Members (9)	£139
Environment and Transport Area Joint - / Chair	£556
Leader of the Opposition Group – Labour	£1,947
Leader of the Opposition Group – Green	£835
Area Committees – Chair (4)	£835

2 Travel and Subsistence Allowances (mileage claims are taxable)

Councillors are paid at the same rates as Officers.

Mileage allowances with effect from 1 April 2011

Casual User Mileage: 52.2 pence per mile up to 8,500 miles
 14.4 pence per mile after 8,500 miles

Bicycle rate is based on the lowest casual user rate, which is now 46.9p per mile.

In the absence of any NJC motorcycle rates the AA rates are used by the Council. These are amended each year by the Regional Employers organisation by reference to the motoring element of the RPI from the 1st April each year.

	<u>Up to 125cc</u>	<u>Over 125cc</u>
Up to 4000 miles		
Comprehensive insurance	21.44p per mile	33.56p per mile
Over 4000 miles	8.18p per mile	11.97p per mile

Travel and subsistence allowances are payable for those duties prescribed in Regulations; that is,

- A meeting of the executive
- A meeting of a committee of the executive
- A meeting of the authority
- A meeting of a committee or sub-committee of the authority
- A meeting of some other body to which the authority make appointments or nominations
- A meeting of a committee or sub-committee of a body to which the authority make appointments or nominations
- A meeting which has both been authorised by the authority, a committee, or sub-committee of the authority or a joint committee of the authority and one or more other authorities, or a sub-committee of a joint committee and to which representatives of more than one political group have been invited (if the authority is divided into several political groups) or to which two or more councillors have been invited (if the authority is not divided into political groups)
- A meeting of a local authority association of which the authority is a member
- Duties undertaken on behalf of the authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises
- Duties undertaken on behalf of the authority in connection with arrangements made by the authority for the attendance of pupils at a school approved for the purposes of section 342 of the Education Act 1996
- Any other duty approved by the authority in connection with discharging the duties of the authority or its committees or sub-committees.

Reimbursement of public transport fares can also be made when attending approved council duties. For journeys by train, please ask for a **travel warrant** in advance of the journey from the Members' Services office.

VAT - Please let the staff in Members' Services make your hotel and flight bookings, as the Council can then reclaim the VAT.

You can only claim travel costs **from outside** Cambridge if your absence from Cambridge was unavoidable or if a meeting is called at short notice, and you have to make a journey which you would not otherwise have made. The exception to this rule is attending Planning or Licensing Committee meetings, as these take place more frequently than other meetings.

You cannot claim subsistence allowance for duties carried out within three miles of your home or if meals are provided.

Subsistence - can only be claimed where meals/accommodation are not provided.

- (a) **Breakfast Allowance** £6.72
(More than 4 hours away from normal place of residence or where the authority permits, a lesser period, before 11 am.)
- (b) **Lunch Allowance** £9.28
(More than 4 hours away from normal place of residence or where the authority permits, a lesser period, including the lunchtime between 12 noon and 2pm.)
- (c) **Tea Allowance** £3.67
(More than 4 hours away from normal place of residence or where the authority permits, a lesser period, including the period 3 pm to 6 pm.)
- (d) **Evening Meal Allowance** £11.49
(More than 4 hours away from normal place of residence or where the authority permits, a lesser period, ending after 7 pm.)
- (e) **Overnight Subsistence**
Absence overnight from the usual place of residence £79.82
In London, or for attending one of the approved conferences £91.04

3 Members' Childcare and Carer's Allowance

A Childcare/Dependent Carer Allowance is payable for actual expenditure incurred whilst undertaking approved council duties.. No cap shall be put on the overall budget for this Allowance, or on that which is paid to an individual member of the Council in any given year. This allowance is set by the Council having had regard to the recommendations annually of the Independent Remuneration Panel. The Panel considered allowances for childcare and dependent relatives and concluded that it was appropriate for actual expenditure to be reimbursed. Therefore, the allowance should be grossed up (hence the cap of £7 and £20 per hour based on the current going rate) to take account of tax being deducted. The allowance should be subject to receipts being submitted. The member must provide care for a person who normally lives with the member as part of his/her family and who is:

- A child below school age during school hours
- A child under 14 outside of school hours.
- An elderly, sick or disabled dependent requiring constant care.

A Carer will be any responsible mature person who does not normally live with the member as part of the member's family.

Payments made under this scheme will be open to public inspection.

Travel, subsistence and care allowances is payable for any invitations (except social events) from any official bodies. The Scheme is set so that payment of care, travel and subsistence allowances would be such that unexpected circumstances or new responsibilities or activities were covered by default, i.e. that rather than having a prescribed list of activities that ARE covered, have a list of proscribed activities (that are not covered).

4 Expenses

All Members are able to claim out of pocket expenses.

Council Pays For:

- Council letter-headed paper
- Plain paper
- Postage on the letters the Members' Services team prepares for dispatch
- Ink cartridges (providing signature is received confirming that it is used predominantly for Council work)
- Travelling expenses for:
 - Meetings that are approved Council duties (including site visits*)
 - Meetings instigated by an officer, which are (or had the potential to be) cross party
 - Training and development for councillors organised by the Council
 - Attendance at conferences and seminars that have been booked by officers
 - Briefings to Councillors that are cross party and organised by the Council
 - Council Working Parties
 - Meetings of outside bodies attended as a Council representative
 - Civic duties in capacity as a Bailiff
- Hanging files and folders for Council-supplied filing cabinets
- Phone calls made from the Council offices
- Faxes sent from Council offices (providing not of a party political nature)
- Fax rolls for Council supplied fax machines
- Hiring of accommodation for Group Away Days
- Personalised business cards and compliments slips

What the Councillor Needs to Pay For:

- Ink cartridges when used mainly for private work
- Pens, pencils, notepads, post-its and other ancillary stationery
- Travelling expenses relating to:
 - Meetings within the Ward(s)
 - Visits to constituents
 - Attendance at civic functions (unless a Bailiff)
 - Single party meetings/briefings
- Postage on letters typed and despatched by councillors
- Envelopes
- Phone calls made from home or mobile phones
- Faxes sent from home
- Any party political affiliation fees or expenses
- Fax rolls for personally provided fax machines

5 Entitlements will be payable on a part-year basis in any given year where:

- The scheme is amended; or
- A Councillor is elected to or leaves the Council; or
- A Councillor takes on, or gives up, a position for which a special responsibility allowance is payable.

6. A co-optee's allowance of the minimum wage for hours served, plus out of pocket expenses, is available.

7. There is no backdating to the beginning of the financial year of the allowances scheme in the event of the scheme being amended.
8. There is no annual adjustment of allowance levels by reference to an index.
9. There is no entitlement to a pension for any member under its Allowances Scheme.
10. The scheme includes provision for withholding allowances as a result of any member's full or partial suspension and that decisions on whether or not to withhold an allowance in any particular case be delegated to the Standards Committee.
11. Members may receive advice on the impact of receiving allowances and expenses on their tax and benefit position by contacting Karl Tattam in the Council's Finance Department (458161). A Local Government Information Unit publication "Councillors' Tax and Benefits" can also be made available to councillors on request. There are copies of this publication in the Members' Room at the Guildhall.
12. Please make all claims **within two months** on the Council's official claim form. Claims received no later than 5th will be paid on 24th of that month.
13. **Finally, any member of the Council may, by notice in writing given to the Director of Finance, elect to forego any part of his/her entitlement to any Allowance under this scheme.**

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Position	Head Count (current)	Head Count (anticipated)	Total 2010-2011	Total 2011-2012	% change	Current multiplier of the Basic allowance
Councillor (Basic allowance)	42	42	£ 134,358	£ 134,358	0.00	1.00
Leader of the Council	1	1	£ 60,509	£ 60,509	0.00	3.26
Executive councillors	6	6				2.61
Scrutiny chairs	4	4	£ 15,022	£ 13,910	7.40	0.35
Scrutiny vice chairs	4	4				0.09
Scrutiny spokesperson 1	6	6				0.43
Scrutiny spokesperson 2	2	2				0.17
Planning chair	1	1	£ 9,754	£ 9,615	1.43	0.70
Planning vice chair	1	1				0.04
Planning spokesperson 1	1	1				0.48
Planning spokesperson 2	1	1				0.26
Planning members	9	9				0.17
Licensing chair	1	1				0.22
Licensing vice chair	1	1				0.04

Licensing spokesperson 1	1	1	£ 6,674	£ 6,535	2.08	0.22
Licensing spokesperson 2	1	1				0.04
Licensing members	12	12				0.13
Standards spokespersons	2	2	£ 1,112	£ 1,112	0.00	0.17
Civic affairs chair	1	1				0.35
Civic affairs vice chair	1	1	£ 1,947	£ 1,669	14.28	0.09
Civic affairs spokesperson	1	1				0.17
Environment and transport area joint chair	1	1	£ 556	£ 556	0.00	0.17
Joint development chair	1	1				0.70
Joint development members	6	6	£ 5,562	£ 5,562	0.00	0.17
Employment appeals members	9	9	£ 1,251	£ 1,251	0.00	0.04
Area chairmen	4	4				0.26
Area vice chairs	4	4	£ 3,896	£ 3,340	14.27	0.04
Group leaders (see below)	1	1	£ 2,782	£ 3,568	28.25	N/A
Totals (full year)			£ 243,423	£ 241,985	0.59	

Group leaders' allowances	Group size	Sq root	NO. OF allowance	Individual amounts	Total amount
Group of one	0	0.00	0	£ 640	£ -
Liberal Democrat	29	5.39	0	£ 3,445	£ -
Labour	10	3.16	1	£ 2,023	£ 2,023
Green	2	1.41	1	£ 905	£ 905
Basic allowance supplement	1	1.00	1	£ 640	£ 640
Total (full year)					£ 3,568

Individual annual payment 2010-2011	Proposed multiplier of the Basic allowance	Individual annual payment 2011-2012	Total amount 2010-2011	Total amount 2011-2012	% change
£ 3,199	1.00	£ 3,199	£ 134,358	£ 134,358	0.00
£ 10,433	3.26	£ 10,433	£ 10,433	£ 10,433	0.00
£ 8,346	2.61	£ 8,346	£ 50,076	£ 50,076	0.00
£ 1,113	0.35	£ 1,113	£ 4,452	£ 4,452	0.00
£ 278	0.00	£ -	£ 1,112	£ -	100.00
£ 1,391	0.43	£ 1,391	£ 8,346	£ 8,346	0.00
£ 556	0.17	£ 556	£ 1,112	£ 1,112	0.00
£ 2,226	0.70	£ 2,226	£ 2,226	£ 2,226	0.00
£ 139	0.00	£ -	£ 139	£ -	100.00
£ 1,550	0.48	£ 1,550	£ 1,550	£ 1,550	0.00
£ 835	0.26	£ 835	£ 835	£ 835	0.00
£ 556	0.17	£ 556	£ 5,004	£ 5,004	0.00
£ 696	0.22	£ 696	£ 696	£ 696	0.00
£ 139	0.00	£ -	£ 139	£ -	100.00

£	696	0.22	£	696	£	696	£	696	0.00
£	139	0.04	£	139	£	139	£	139	0.00
£	417	0.13	£	417	£	5,004	£	5,004	0.00
£	556	0.17	£	556	£	1,112	£	1,112	0.00
£	1,113	0.35	£	1,113	£	1,113	£	1,113	0.00
£	278	0.00	£	-	£	278	£	-	100.00
£	556	0.17	£	556	£	556	£	556	0.00
£	556	0.17	£	556	£	556	£	556	0.00
£	2,226	0.70	£	2,226	£	2,226	£	2,226	0.00
£	556	0.17	£	556	£	3,336	£	3,336	0.00
£	139	0.04	£	139	£	1,251	£	1,251	0.00
£	835	0.26	£	835	£	3,340	£	3,340	0.00
£	139	0.00	£	-	£	556	£	-	100.00
£	2,782	N/A	£	3,568	£	2,782	£	3,568	28.25
					£ 243,423	£ 241,985	0.59		

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**LABOUR GROUP COMMENTS TO INDEPENDENT REMUNERATION PANEL ON
CAMBRIDGE CITY MEMBERS ALLOWANCES SCHEME 2010/11**

Dear Panel members

We also look forward to explaining our Group's points below, and responding to any questions.

1 SIMPLER, FAIRER, TRANSPARENT SYSTEM NEEDED - AND PERFECTLY DOABLE

We appreciate that finances are very tight but major benefits can be obtained from overdue changes to the current system from the limited funds available that will make arrangements

- simpler, so the myriad of different formulae and devices are made simple
- fairer, and
- transparent, so the public can see what we are paid.

You earlier supported some of our points. We support the principles and changes proposed by the Panel in November 2008, and were astonished when these were then rejected en bloc with no discussion or debate by the majority party on the Council, and rejected since each time they have been raised in Committee

We also re-attach BELOW our Labour Group comments to the Panel at that time. Sadly, EIGHTEEN MONTHS LATER - no progress has been made on these issues either, so we will talk through them all over again.

This includes inaction by the Council by failing to provide Councillors with the basic computer and email systems that are needed to perform effectively, though maybe progress can be made later in 2010.

2 INDEPENDENT PANEL NEEDS TO BE SUPPORTED BY COUNCIL TO TAKE THE DECISIONS - NOT THE MAJORITY PARTY IN SECRET

We want to see an end to the majority party annually undermining the Independent Remuneration Panel, by making allowances decisions in secret in their own party group on issues affecting the rights of ALL Councillors not just their members. The way the Panel's annual report is treated and commonly rejected has to change.

As in Parliament, it is not the right of a single political party on Cambridge City Council to decide allowances, and to impose their 'remuneration policies'. These appear to include a Liberal Democrat policy that none of their people should ever take an allowance cut, as was stated during the last Civic Affairs Committee allowance discussion in March 2010.

3 REDISTRIBUTION FROM EXECUTIVE COUNCILLORS TO ALL COUNCILLORS

As the ATTACHED thorough Excel spreadsheet by the UK Local Government Association shows - Cambridge has about the lowest basic Councillor allowance in England - despite this, Cambridge Executive Councillors enjoy a higher payment than a large number of adjacent District Councils in East England.

Majority party decisions including a year when Executive Councillors gained 27% mean an undue and unfair high share of the Allowances budget is paid to 7 Executive Councillors rather than shared more fairly between 42 Councillors. This is despite their chosen committee system diluting the workload of Executive Councillors by operating pre-2000 style non-scrutiny

Committees.

Cambridge Executive Councillors are paid over three times the amount of other Councillors, and it is questionable how some of their work contributions compare to that of many non-Executive Councillors.

Perhaps the Panel would also support trialling a diary system first with the 7 Executive Councillors.

Our further November 2008 points are below. Happy to explain any point.

Regards

Councillor Lewis Herbert
Leader of the Labour Group

INDEPENDENT REMUNERATION PANEL - LABOUR GROUP COMMENTS IN NOVEMBER 2008

Still valid because nothing has changed and Panel's recommendations were rejected by the Liberal Democrats

- 1 The square root principle only had/has legitimacy if applies across all Councillors. It is not now being applied fairly
- 2 The basic allowance should be increased and be more in line with that for corresponding councils. Most councillors are recompensed by less than the equivalent minimum wage per hour. This needs to include
 - a breaking its use as the unit for calculating all special allowances

The Panel showed this by getting around it/in adding a special allowance for membership of Area Committees

- b if necessary, reducing payments to the seven Executive Councillors who are now being paid over £10,000/year

Council governance continues to act via a version of Committees and has not adopted the 2000 Executive Councillor/Cabinet model of governance.

On Other Issues

- 3 The council needs to provide Councillors with better tools to do their jobs e.g. Broadband is still not connected for all Councillors, better email needed as Council system works badly when used remotely including with 20mB emails, and Blackberrys should be available for remote working, diary management etc
- 4 A range of inconsistencies need to be removed in allowance %s eg. For Minority Spokes that should be the same for all Committees, including so the system is transparent for the public
- 5 Labour Councillors are not against a straightforward time recording system.