

# Public Document Pack



## Cambridge City Council

### Civic Affairs

**Committee Members:** Councillors McPherson (Chair), Benstead (Vice-Chair), Cantrill, Holt, Robertson and Sinnott

**Alternates:** Councillors Pitt and Ratcliffe

*Published & Despatched: Tuesday, 9 February 2016*

**Date:** Wednesday, 17 February 2016

**Time:** 6.00 pm

**Venue:** Committee Room 1 & 2, The Guildhall, Market Square, Cambridge, CB2 3QJ

**Contact:** Sarah Steed

### AGENDA

**1 APOLOGIES FOR ABSENCE**

**2 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.

**3 MINUTES OF PREVIOUS MEETING** *(Pages 5 - 10)*

To approve the minutes of the meeting held on 16 September 2015.

**4 PUBLIC QUESTIONS**

**5 EXTERNAL AUDIT 2015/16 AUDIT PLAN** *(Pages 11 - 30)*

**6 EXTERNAL AUDIT CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2014/15** *(Pages 31 - 42)*

- 7        **INTERNAL AUDIT PLAN & STRATEGY 2016 / 2017** *(Pages 43 - 70)*
- 8        **IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS**  
*(Pages 71 - 74)*
- 9        **UPDATE ON INDIVIDUAL ELECTORAL REGISTRATION** *(Pages 75 - 90)*
- 10       **PAY POLICY STATEMENT 2016/17** *(Pages 91 - 106)*
- 11       **CONSTITUTIONAL CHANGES, FOR COUNCIL MEETINGS,  
PROCEDURE RULES, AMENDING THE CONSTITUTION / TERMS OF  
REFERENCE, FOR REVIEW OF LOCAL DEMOCRATIC ENGAGEMENT.**  
*(Pages 107 - 116)*
- 12       **LOCALISM ACT 2011 AND STANDARDS OF CONDUCT:  
APPOINTMENT OF "INDEPENDENT PERSON" AND DEPUTY** *(Pages  
117 - 124)*

# Information for the Public

## Location

The meeting is in the Guildhall on the Market Square (CB2 3QJ).

Between 9 a.m. and 5 p.m. the building is accessible via Peas Hill, Guildhall Street and the Market Square entrances.

After 5 p.m. access is via the Peas Hill entrance.

All the meeting rooms (Committee Room 1, Committee 2 and the Council Chamber) are on the first floor, and are accessible via lifts or stairs.

## Public Participation

Some meetings may have parts that will be closed to the public, but the reasons for excluding the press and public will be given.

Most meetings have an opportunity for members of the public to ask questions or make statements.

To ask a question or make a statement please notify the Committee Manager (details listed on the front of the agenda) prior to the deadline.

- For questions and/or statements regarding items on the published agenda, the deadline is the start of the meeting.
- For questions and/or statements regarding items NOT on the published agenda, the deadline is 10 a.m. the day before the meeting.

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Further information about speaking at a City Council meeting can be found at;

<https://www.cambridge.gov.uk/speaking-at-committee-meetings>

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A loop system is available in Committee Room 1, Committee Room 2 and the Council Chamber.

Accessible toilets are available on the ground and first floor.

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**Queries on reports**

If you have a question or query regarding a committee report please contact the officer listed at the end of relevant report or Democratic Services on 01223 457013 or [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk).

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## **CIVIC AFFAIRS**

16 September 2015

6.00 - 8.00 pm

**Present:** Councillors McPherson (Chair), Benstead (Vice-Chair), Cantrill, Robertson and Sinnott

### **FOR THE INFORMATION OF THE COUNCIL**

#### **15/44/Civ Apologies for Absence**

Apologies for absence were submitted from Councillor Holt and Councillor Pitt attended as the alternate.

#### **15/45/Civ Declarations of Interest**

No interests were declared.

#### **15/46/Civ Minutes of Previous Meeting**

The minutes of the meeting held on the 26 June 2015 were approved as a correct record and signed by the Chair.

#### **15/47/Civ Public Questions**

There were no public questions.

#### **15/48/Civ Statement of Accounts 2014-15**

The committee received a report from the Principal Accountant (Technical & Financial Accounting) regarding the external audit conclusions and approval of the statement of accounts.

In response to members' questions the Principal Accountant (Technical & Financial Accounting) and the Director of Ernst and Young said the following:

- i. In relation to note 34 what constitutes a financial instrument is laid down in accounting standards and CIPFA guidance. In relation note 34, the financial instruments were specifically categorised and were specific to an asset when over classification was looked at.
- ii. Not all debtors and creditors were defined as financial instruments.

- iii. Some items that were included as financial instruments in the disclosure note in the draft accounts should not have been, for example deferred receipts in respect of housing redevelopment schemes. The restatement had no impact on the core financial statements.
- iv. Closing systems had been good, and the issues in respect of budgetary forecasting had no impact on closing the accounts. This was addressed in the audit letter last year.
- v. The Principal Accountant (Technical & Financial Accounting) had prepared a good set of working papers. When substantial knowledge was held by one individual this did represent a key person dependency but as closing the accounts was specialist in nature this was not uncommon. The Head of Finance added that the future development of a Finance shared service could help to address these concerns.
- vi. Business rate appeals for doctor's surgeries had been settled in excess of those amounts previously envisaged in the draft accounts.
- vii. Compared to other Councils, the City Council's accounts in terms of robustness and quality were in the upper quartile.

**Resolved** (unanimously) to:

- i. Receive the audit findings presented by Ernst and Young.
- ii. Approve the Statement of Accounts for the year ending 31 March 2015.
- iii. Authorise the Chair of the meeting to sign the Letter of Representation and Statement of Accounts for the financial year ending 31 March 2015 on behalf of the Council.

**15/49/Civ Internal Audit Plan 2015 / 2016: Progress**

The committee received a progress report from the Head of Internal Audit regarding the Internal Audit Plan 2015/16.

In response to members' questions the Head of Internal Audit said the following:

- i. The audit of Safeguarding: Use of Volunteers had reviewed the vetting process that volunteers went through.
- ii. Significant progress had been made to resolve and finalise outstanding issues, particularly in relation to actions designated high importance.
- iii. The audit plan would start to include an estimate for the number of days set aside to review an issue compared to the actual number of days actually taken to resolve the issue.

- iv. Agreed to ensure that Executive Councillors were kept informed of outstanding audit actions.

**Resolved** (unanimously) to:

- i. Note progress against the original audit plan together with the associated assurance levels established.
- ii. Note the proposed amendments and re-phasing of the audit plan
- iii. Note progress on the delivery of prior agreed actions by management.

### **15/50/Civ Annual Complaints Report 2014-15**

The committee received a report from the Business and Development Manager regarding the Annual Complaints and Feedback Report 2014-15.

In response to members' questions the Business and Development Manager and the Chief Executive said the following:

- i. Use of the GovMetric system started 3 years ago, this began with a touch screen method to rate services offered face to face, this was then extended to the telephone system and then to the website. The Council had received over 5000 positive comments and negative comments were assessed as to whether these should be escalated as formal complaints.
- ii. From the 1 April 2015 the responsibility for the content of webpages fell to individual departments to ensure these were kept up to date.
- iii. The Web Team had re-launched the Council's website so that the web pages contained information which was task based after feedback from customers.
- iv. Whilst an increase in complaints had been recorded this was thought to be due to the fact that the Council had made it easier for customers to provide comments for example through the GovMetric system.
- v. The number of complaints were still at low levels when the volume of complaints were considered against the number of transactions that the Council undertook.

**Resolved** (unanimously) to:

- i. Approve the draft Annual Complaints Report for 2014/15 for publication on the Council's website.

### **15/51/Civ Individual Electoral Registration/Review of 2015 Elections**

The committee received a report from the Chief Executive regarding a review of the elections held in May 2015 and an update on Individual Electoral Registration.

In response to questions from Councillor Gehring the Chief Executive said the following:

- i. The Returning Officer exercised her judgement when considering whether to accede to a request for a re-count. There was no minimum percentage of voters which would trigger a re-count, the legislation required her to decide whether the request was reasonable. In this instance because of the size of the majority and the checks and balances that were undertaken as part of the count process she did not consider it to be reasonable to undertake a re-count.
- ii. The agents at the count were advised that the only option available to the challenge the decision of the Returning Officer was to submit an electoral petition.

In response to members' questions the Chief Executive and the Electoral Services Manager said the following:

- i. A mini count system was used in the May 2015 elections. Changes in legislation meant that counting could start in one ward before the whole of the verification process had been completed for all of the wards.
- ii. New Councillors were contacted to make them aware that they could request updated copies of the electoral register provided that the request was made in writing.
- iii. The City Council maintained links with other councils to share good practice, which included Oxford City Council. Oxford City Council removed approximately 10,000 electors who could not be verified in 2014 therefore the percentage of electors who were removed from the electoral role in 2015 looked smaller. The City Council had not removed people in 2014 so the numbers looked bigger now.
- iv. A lot of work had been done to encourage students from Cambridge University and Anglia Ruskin University to register to vote.
- v. Work had also been undertaken with care homes to develop electoral registration packs so that residents in care homes could register to vote.
- vi. In relation to residents that were at risk of domestic violence, the issue as to who had authority to authorise anonymous voting will be raised with the Cabinet Office.



Members requested that a further report on individual electoral registration was brought to the next Committee meeting. It was also requested that a report on the relocation of the election count venue was brought to Committee and this should include the positives, negatives and costings to use a different venue.

**Resolved** (unanimously) to:

- i. Note the issues raised in the report with regard to the Elections in 2015 and the implementation of Individual Electoral Registration (IER).
- ii. Ask the Returning Officer to bring a further report on individual electoral registration to the next Committee meeting. It was also requested that a report on the relocation of the count venue was brought to Committee and this should include the positives, negatives and costings to use a different venue.

### **15/52/Civ Meeting Calendar Report**

The committee received a report from the Democratic Services Manager which sought views on the Council's meeting calendar for the Municipal Year 2016/17.

In response to members' questions the Democratic Services Manager said the following:

- i. The proposed Housing Scrutiny date in September 2016 would be moved to avoid a clash with the Liberal Democrat Party conference.
- ii. Area Committees dates were not shown on the calendar as Area Committees set their own dates. However a calendar had been produced which included proposed dates for Area Committees and joint meetings with South Cambridgeshire District Council and the County Council and this could be circulated to members.

An amendment was proposed and unanimously approved in relation to recommendation 2ii that the calendar of meetings continued to go to Civic Affairs for approval.

**Resolved** (unanimously) to:

- i. To delegate final approval of the calendars to the Chief Executive in consultation with Group Leaders no later than 31 October 2015.
- ii. To confirm that for future years the calendar of meetings should still be approved by the Civic Affairs Committee.

The meeting ended at 8.00 pm

**CHAIR**

## CAMBRIDGE CITY COUNCIL

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REPORT OF: Head Of Finance

TO: Civic Affairs Committee

17/02/2016

WARDS: None directly affected

### **EXTERNAL AUDIT 2015/16 AUDIT PLAN**

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#### **1 INTRODUCTION**

- 1.1 The attached Audit Plan (Appendix 1) from Ernst & Young (EY) summarises their approach to the audit of the financial statements and the value for money (VFM) conclusion for 2015/16.
- 1.2 The Plan also highlights what EY consider to be the most significant audit risks.
- 1.3 EY staff will be available to discuss their report and answer any detailed questions arising from it.

#### **2. RECOMMENDATIONS**

- 2.1 That the contents of the external audit plan are noted.

#### **3. BACKGROUND**

- 3.1 In line with the Audit Commission's Code of Audit Practice, Ernst & Young are required to review and report on the Council's
  - Financial statements;and
  - Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code of Audit Practice. (The "Value for Money" (VFM) conclusion)
- 3.2 The attached audit plan details the approach that EY will use in relation to the 2015/16 audit. It specifies the work they will undertake, when they anticipate undertaking this work and how they

will report their findings. It also details EY's assessment of the key risks with regard to the financial statements.

#### 4. **IMPLICATIONS**

- (a) **Financial Implications** The audit fee relating to the costs of the audit work is included within existing budgets.
- (b) **Staffing Implications** None
- (c) **Equal Opportunities Implications** None
- (d) **Environmental Implications** None
- (e) **Procurement** None
- (f) **Consultation and communication** None
- (g) **Community Safety** None

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

N/A

The author and contact officer for queries on the report is Charity Main on extension 8152.

Report file: O:\accounts\Committee Reports & Papers\Civic  
Affairs\February 2016\Drafts\External Audit 2015-16 Audit  
Plan.docx

Date originated: 29 January 2016

Date of last revision: 29 January 2016

# Cambridge City Council

Year ending 31 March 2016

Audit Plan

26 January 2016

Ernst & Young LLP



Building a better  
working world

Civic Affairs Committee  
Cambridge City Council  
The Guildhall  
Market Square  
Cambridge  
CB2 3QJ

26 January 2016

Dear Committee Members

## **Audit Plan**

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Civic Affairs Committee with a basis to review our proposed audit approach and scope for the 2015/16 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this Audit Plan with you on 17 February 2016 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Rob Murray

Executive Director  
*For and on behalf of Ernst & Young LLP*  
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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies 2015-16". It is available from the Chief Executive of each audited body and via the PSAA website ([www.psa.co.uk](http://www.psa.co.uk))

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The 'Terms of Appointment from 1 April 2015' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

## 1. Overview

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of Cambridge City Council give a true and fair view of the financial position as at 31 March 2016 and of the income and expenditure for the year then ended; and
- ▶ Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

### **Changes in our audit scope**

We are aware that the Council is in the process of setting up a wholly owned local authority housing company which may require the production of group accounts for the first time.

We will provide an update to the Civic Affairs Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2016.



## 2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Council, identified through our knowledge of the Council's operations and discussion with those charged with governance and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
<b>Valuation and Impairment of Property, Plant and Equipment</b>	
<p>Property, Plant and Equipment (PPE) represent the largest asset values on the Council's balance sheet.</p> <p>Land and buildings are initially measured at cost and then revalued to fair value. Council dwellings are revalued annually whilst other land and buildings and investment property are revalued on a 5 year rolling basis.</p> <p>This is carried out by an external expert valuer and is based on a number of complex assumptions. Annually assets are assessed to identify whether there is any indication of impairment.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of external experts and assumptions underlying fair value estimates.</p>	<p>We will obtain an understanding of and evaluate key controls over the valuation of PPE</p> <p>Where asset valuations are undertaken in-year we will:</p> <ul style="list-style-type: none"> <li>• agree the source data used by your valuer to supporting records;</li> <li>• assess the work of your valuer; and</li> <li>• agree the outputs to your fixed asset register and statements</li> </ul> <p>Where the Council proposes significant changes to valuation bases we will evaluate the rationale.</p> <p>Where assets are not revalued in-year, we will review the Council's impairment assessment and consideration of whether the carrying values of these assets remain appropriate.</p>
<b>Pension Liability</b>	
<p>The Council operates a defined benefits pension scheme. Accounting for this scheme involves significant estimation and judgement. The Pension liability is the largest balance on the balance sheet. Due to the nature, volume and size of the transactions we consider this to be a significant risk.</p>	<p>We will obtain an understanding of and evaluate key controls over the valuation of the pension liability.</p> <p>We will consider:</p> <ul style="list-style-type: none"> <li>▶ the expertise of the Actuary used by the Council;</li> <li>▶ the reasonableness of the estimations and judgements used; and</li> <li>▶ the completeness and accuracy of the data provided to the Actuary</li> </ul>
<b>Risk of fraud in revenue recognition</b>	
<p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p>We will</p> <ul style="list-style-type: none"> <li>▶ Review and test revenue and expenditure recognition policies</li> <li>▶ Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias</li> <li>▶ Develop a testing strategy to test material revenue and expenditure streams</li> <li>▶ Review and test revenue cut-off at the period end date</li> </ul>
<b>Risk of management override</b>	
<p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements</li> <li>▶ Reviewing accounting estimates for evidence of management bias, and</li> <li>▶ Evaluating the business rationale for significant unusual transactions</li> </ul>

## 2.1 Responsibilities in respect of fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the controls to address those risks;
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determining an appropriate strategy to address any identified risks of fraud, and,
- ▶ Performing mandatory procedures regardless of specifically identified risks.

### 3. Value for money risks

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. For 2015-16 this is based on the overall evaluation criterion:

*"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"*

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

*"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"*

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has not identified any risks which we view as relevant to our value for money conclusion.

## 4. Our audit process and strategy

### 4.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Council's:

- ▶ Financial statements; and
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

#### 1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We report to you by exception in respect of your governance statement and other accompanying material as required, in accordance with relevant guidance prepared by the NAO on behalf of the Comptroller and Auditor General.

Alongside our audit report, we also review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require

#### 2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

### 4.2 Audit process overview

Our audit involves:

- ▶ Assessing key internal controls where we have identified significant risks;
- ▶ Reviewing the work of Internal Audit where appropriate to inform the identification of risk and our work on the Annual Governance Statement;
- ▶ Reliance on the work of valuation experts in relation to areas such as pensions, property; the NDR appeals provision; and financial instruments;
- ▶ Substantive tests of detail of transactions and amounts

#### **Analytics**

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

## Internal audit

We will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan where they raise issues that could have an impact on the year-end financial statements.

## Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Property valuations	Expert valuer
Pension Liability valuation	Actuary / EY Pensions team
Financial Instruments valuations	Expert Valuer
NDR Appeals Provision	Expert Valuer

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

## 4.3 Mandatory audit procedures required by auditing standards and the Code

As well as the financial statement risks (section two) and value for money risks (section three), we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

### Procedures required by standards

- ▶ Addressing the risk of fraud and error;
- ▶ Significant disclosures included in the financial statements;
- ▶ Entity-wide controls;
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements;

- ▶ Auditor independence.

#### **Procedures required by the Code**

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement and the Annual Report
- ▶ Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014.

### **4.4 Materiality**

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined that overall materiality for the financial statements of the Council is £2.39 million based on 2% of gross revenue expenditure in the provision of services. We will communicate uncorrected audit misstatements greater than £120,000 to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

### **4.5 Fees**

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of Cambridge City Council is £51,979.

The indicative scale fee does not take into account any additional work that may be required in the event the Council determines it needs to prepare group financial statements.

### **4.6 Your audit team**

The engagement team is led by Rob Murray, who has significant experience of Local Government audit. Rob is supported by Tony Poynton who is responsible for the day-to-day direction of audit work and is the key point of contact for the Principal Accountant (Technical & Financial Accounting).

### **4.7 Timetable of communication, deliverables and insights**

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Civic Affairs Committee's cycle in 2015/16. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Civic Affairs Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

<b>Audit phase</b>	<b>Timetable</b>	<b>Audit Committee timetable</b>	<b>Deliverables</b>
High level planning	<b>April 2015</b>	-	Audit Fee Letter
	<b>January 2016</b>	<b>17 February 2016</b>	Audit Plan
Risk assessment and setting of scopes	<b>January</b>	<b>16 May 2016</b>	Progress Report
Testing routine processes and controls	<b>February</b>	<b>16 May 2016</b>	Progress Report
Year-end audit	<b>August</b>	<b>September 2016</b>	
Completion of audit	<b>September</b>	<b>September 2016</b>	Report to those charged with governance via the Audit Results Report Audit report (including our opinion on the financial statements; [our opinion on the regularity of your expenditure and income]; and, [by exception] overall value for money conclusion). Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return.
Conclusion of reporting	<b>October</b>	<b>tbc</b>	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

## 5. Independence

### 5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 ‘Communication of audit matters with those charged with governance’, requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence.</li> </ul>	<ul style="list-style-type: none"> <li>▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li> <li>▶ Details of non-audit services provided and the fees charged in relation thereto;</li> <li>▶ Written confirmation that we are independent;</li> <li>▶ Details of any inconsistencies between APB Ethical Standards, the PSAA Terms of Appointment and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul>

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed; analysed in appropriate categories.

### 5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

#### ***Self-interest threats***

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council.

At the time of writing, there are no long outstanding fees.



We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with PSAA Terms of Appointment.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 22:78. No additional safeguards are required.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

#### ***Self-review threats***

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

#### ***Management threats***

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

#### ***Other threats***

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

#### ***Overall Assessment***

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Rob Murray, the audit engagement Director and the audit engagement team have not been compromised.

### **5.3 Other required communications**

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2015 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2015>

## Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2015/16 £	Scale fee 2015/16 £	Outturn fee 2014/15 £	Explanation
Opinion Audit and VFM Conclusion	51,979	51,979	69,305	Decrease due to 25% reduction in fees required by PSAA
<b>Total Audit Fee – Code work</b>	<b>51,979</b>	<b>51,979</b>	<b>69,305</b>	
Certification of claims and returns <sup>1</sup>	15,077	15,077	20,584	The 2014/15 scale fee is currently subject to final approval by PSAA.
Non-audit work	15,077	15,077	20,584	

*All fees exclude VAT.*

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

<sup>1</sup> Our fee for the certification of grant claims is based on the indicative scale fee set by the PSAA.

## Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Civic Affairs Committee. These are detailed here:

Required communication	Reference
<p><b>Planning and audit approach</b> Communication of the planned scope and timing of the audit including any limitations.</p>	▶ Audit Plan
<p><b>Significant findings from the audit</b></p> <ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	▶ Report to those charged with governance
<p><b>Misstatements</b></p> <ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ In writing, corrected misstatements that are significant</li> </ul>	▶ Report to those charged with governance
<p><b>Fraud</b></p> <ul style="list-style-type: none"> <li>▶ Enquiries of the Civic Affairs Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	▶ Report to those charged with governance
<p><b>Related parties</b> Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	▶ Report to those charged with governance
<p><b>External confirmations</b></p> <ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	▶ Report to those charged with governance
<p><b>Consideration of laws and regulations</b></p> <ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the Civic Affairs Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Civic Affairs Committee may be aware of</li> </ul>	▶ Report to those charged with governance

Required communication	Reference
<p><b>Independence</b></p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<ul style="list-style-type: none"> <li>▶ Audit Plan</li> <li>▶ Report to those charged with governance</li> </ul>
<p><b>Going concern</b></p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	<ul style="list-style-type: none"> <li>▶ Report to those charged with governance</li> </ul>
<p><b>Significant deficiencies in internal controls identified during the audit</b></p>	<ul style="list-style-type: none"> <li>▶ Report to those charged with governance</li> </ul>
<p><b>Fee Information</b></p> <ul style="list-style-type: none"> <li>▶ Breakdown of fee information at the agreement of the initial audit plan</li> <li>▶ Breakdown of fee information at the completion of the audit</li> </ul>	<ul style="list-style-type: none"> <li>▶ Audit Plan</li> <li>▶ Report to those charged with governance</li> <li>▶ Annual Audit Letter if considered necessary</li> </ul>
<p><b>Certification work</b></p> <ul style="list-style-type: none"> <li>▶ Summary of certification work undertaken</li> </ul>	<p>Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter if considered necessary</p>

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## CAMBRIDGE CITY COUNCIL

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REPORT OF: Head Of Finance

TO: Civic Affairs Committee

17/02/2016

WARDS: None directly affected

### **EXTERNAL AUDIT CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2014/15**

---

#### **1 INTRODUCTION**

1.1 This report presents the Certification of claims and returns annual report produced by Ernst & Young (EY), the Council's external auditor.

#### **2. RECOMMENDATIONS**

2.1 To note the contents of EY's report as attached at Appendix 1. EY will be present at the meeting to present their report and answer any questions.

#### **3. BACKGROUND**

3.1 EY, as the appointed auditors of the council, undertake certification of the housing benefit subsidy claim. This work was undertaken in accordance with certification instructions issued by the Audit Commission in relation to 2014/15.

3.2 In addition EY acted as reporting accountants in respect of the Housing Capital Receipts Pooling Return issued by the Department for Communities and Local Government.

#### **Housing Benefit Subsidy**

3.3 EY checked and certified the subsidy claim with a total value of £38.6 million. EY reported underpayments, uncertainties and the extrapolated values of errors in a qualification letter, but no amendments were made to the subsidy return.

3.4 The Department of Work and Pensions (DWP) has subsequently indicated that as a result of the audit the Council will receive additional subsidy of approximately £23,000.

### **Housing Capital Receipts Pooling Return**

3.5 EY did not identify any issues to report to members.

## **4. IMPLICATIONS**

(a) **Financial Implications** Covered in the report

(b) **Staffing Implications** None

(c) **Equal Opportunities Implications** No EQIA considered necessary as this report relates to certification work required by the relevant schemes. There are no policy decisions required.

(d) **Environmental Implications** None

(e) **Procurement** None

(f) **Consultation and communication** None

(g) **Community Safety** None

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

N/A

The author and contact officer for queries on the report is Charity Main on extension 8152.

Report file: O:\accounts\Committee Reports & Papers\Civic  
Affairs\February 2016\Drafts\External Audit 2014-15  
Certification of claims and returns.docx

Date originated: 29 January 2016

Date of last revision: 29 January 2016



# Certification of claims and returns annual report 2014/15

Cambridge City Council

25 January 2016

Ernst & Young LLP



The Members of the Civic Affairs Committee  
Cambridge City Council  
The Guildhall  
Market Square  
Cambridge  
CB2 3QJ

25 January 2016

Email: [MHodgson@uk.ey.com](mailto:MHodgson@uk.ey.com)

Dear Members

## **Certification of claims and returns annual report 2014/15 Cambridge City Council**

We are pleased to report on our certification work. This report summarises the results of our work on Cambridge City Council's 2014/15 claims.

### **Scope of work**

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, as transitionally saved, the Audit Commission made arrangements for certifying claims and returns in respect of the 2014/15 financial year. These arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

### **Statement of responsibilities**

The Audit Commission's 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities) applied to this work. It serves as the formal terms of engagement between ourselves as your appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we accept no responsibility to any third party.

### **Summary**

Section 1 of this report outlines the results of our 2014/15 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £38.6 million and met the submission deadline. We issued a qualification letter with our submission. The qualification matters are included in section 2. There were no amendments to the claim.



Fees for certification work are summarised in section 2. The fees for 2014/15 were published by the Audit Commission on 27 March 2014 and are now available on the Public Sector Audit Appointments Ltd (PSAA's) website ([www.psaa.co.uk](http://www.psaa.co.uk))

We welcome the opportunity to discuss the contents of this report with you at the 17 February Civic Affairs Committee.

Yours faithfully

**Mark Hodgson**  
Executive Director  
Ernst & Young LLP  
Enc

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## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£38,645,373
Amended	No
Qualification letter	Yes
Fee – 2014/15	£20,584 (including additional fee of £4,584)
Fee – 2013/14	£20,102 (including additional fee of £9,626)

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years claims. We found errors and carried out extended testing in several areas.

We reported underpayments, uncertainties and the extrapolated values of errors in a qualification letter. The DWP decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. The main issues we reported were:

- Non HRA rent rebates: testing of the initial sample did not identify any errors. Testing of an additional 40 cases carried out as a result of errors reported in previous years identified 3 cases where the Council miscalculated claimant income.
- HRA Rent Rebates: testing of the initial sample identified 1 case where the Council had overstated claimant income leading to underpaid benefit. Extended testing of an additional 40 cases identified 3 further cases where the Council miscalculated claimant income.
- Rent Allowances: testing of the initial sample identified 2 cases where claimant income was miscalculated. Extended testing of an additional 40 cases identified 1 further case where the Council miscalculated claimant income.
- Overpaid (HRA) Rent Rebates (Prior Years) Eligible Overpayments: testing of the initial sample identified 2 cases where the Council miscalculated the claimant's income. Extended testing of an additional 40 cases identified 4 further cases where the Council miscalculated claimant income.
- Overpaid Rent Allowances (Prior Years) Eligible Overpayments: testing of the initial sample identified 1 case where the Council miscalculated the claimant's income. Extended testing of an additional 40 cases identified 7 further cases where the Council miscalculated claimant income.

## 2. 2014/15 certification fees

The Audit Commission determined a scale fee each year for the audit of claims and returns. For 2014/15, these scale fees were published by the Audit Commission on 27 March 2014 and are now available on the PSAA's website ([www.psa.co.uk](http://www.psa.co.uk)).

Claim or return	2013/14	2014/15	2014/15
	Actual fee £	Indicative fee £	Final fee £
Housing benefits subsidy claim	20,102	16,000	20,584
<b>Total</b>	<b>20,102</b>	<b>16,000</b>	<b>20,584</b>

The fee includes time for annual reporting, planning, supervision and review.

The 2013/14 actual fee includes the scale fee of £10,476. The Audit Commission approved an additional fee of £9,626 for the extra testing undertaken during our in 2013/14, taking the total to £20,102 as reported in our 2013/14 certification report to Members.

The indicative fee for 2014/15 was based on the fee for 2012/13. The actual fee for 2014/15 is £4,584 higher than the indicative fee to reflect the extra work we have undertaken in 2014/15.

Our proposed final fee has been agreed with officers. The proposed final fee is subject to review by Public Sector Auditor Appointments who will determine the final scale fee which will not exceed the £20,584 above.

### 3. Other assurance work

During 2014/15 we also acted as reporting accountants in relation to the following scheme:

- ▶ Housing pooling return.

We have provided a separate report to the Council in relation to this return. This work has been undertaken outside the Audit Commission / PSAA regime, and the fees for this are not included in the figures included in this report. They are referred to here for completeness to ensure Members have a full understanding of the various returns that the Council prepares and on which we provide some form of assurance. We did not identify any significant issues that need to be brought to the attention of Members.

## 4. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2015/16 is £15,077. This was prescribed by PSAA in April 2015, based on no changes to the work programme for 2015/16. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2013/14.

Details of individual indicative fees are available at the following web address:  
<http://www.psa.co.uk/audit-and-certification-fees/201516-work-programme-and-scales-of-fees/individual-fees-for-local-government-bodies>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Director – Corporate Services before seeking any such variation.



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## CAMBRIDGE CITY COUNCIL

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REPORT OF: Director of Business Transformation

TO: Civic Affairs Committee

17 February 2016

WARDS: All

### **INTERNAL AUDIT PLAN 2016 / 2017**

---

#### **1. INTRODUCTION**

1.1 This is the draft Internal Audit Annual Plan and Strategy for 2016 / 2017 for consideration by the Civic Affairs Committee. The plan has been subject to consultation with all Directorates, the Chief Executive and a copy shared with our External Auditors, Ernst and Young.

1.2 Internal Audit Plans and the associated documents have been established in accordance with best practice as laid down in the Public Sector Internal Audit Standards (PSIAS).

#### **2. RECOMMENDATIONS**

2.1 Civic Affairs Committee is requested to examine the draft Internal Audit Plan for 2016 / 2017 and:

- Approve the draft Audit Plan and Strategy for adoption; and
- Note the internal documents on Internal Audit provision – the Audit Charter – as identified in accordance with the PSIAS.

#### **3. BACKGROUND**

3.1 This report provides an overview of the stages followed prior to the formulation of the Audit Plan for 2016 / 2017. The Audit Plan will then serve as the work programme for Internal Audit and provide the basis upon which the service will subsequently give Audit Opinions on Cambridge City Council's (CCC) system of internal control, risk management and corporate governance arrangements for 2016 / 2017.

3.2 Members' attention is also drawn to the fact that the Audit Charter has been presented for approval. This sets out the original Terms of Reference for the service and is aligned against the PSIAS.

3.3 As at 28 January 2016, the service is fully staffed and the proposed audit plan for the year is based on the assumption that the level of resource remains the same.

## **4. THE AUDIT CHARTER (APPENDIX A)**

4.1 The PSIAS have been primarily introduced to:

- Define the nature of internal auditing;
- Set basic principles for carrying out internal audit;
- Establish a framework for providing internal audit services, which add value to the organisation; and
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

4.2 As part of evidencing that these requirements are being adhered to, there is a duty for the service to have an Audit Charter which demonstrates how these elements are being handled and managed. The attached Charter covers off the above requirements.

4.3 Finally, there is an obligation under the mandatory standards to review and re-present the Audit Charter to Civic Affairs Committee annually. The Charter has to be re-evaluated to confirm its on-going validity and completeness, and thereafter, the documentation requires the scrutiny and endorsement of senior management and the Civic Affairs Committee.

## **5. CODE OF ETHICS**

5.1 The Code of Ethics sets out the expectations of Internal Audit staff in relation to service delivery. The document has been reviewed but remains unchanged from previous years (Civic Affairs Committee 19 March 2014: Agenda Item 6 Appendix B) and mirrors the obligations in this area as per the PSIAS.

## **6. INTERNAL AUDIT PLAN AND STRATEGY 2016 / 2017 (APPENDIX B)**

6.1 The Internal Audit Strategy has the overarching purpose of establishing how the annual programme of works has been devised e.g. data captured and the risks applied. The PSIAS recommends Internal Audit undertake annual assessments of the provisions in these areas and this is set out in the document.

6.2 The objective of the Plan is to provide a programme of work, sufficient to enable an informed annual opinion together with providing support to Annual Governance Statement (AGS). The draft plan provides an acceptable minimum level of audit coverage capable of generating the requisite audit assurances to the organisation, whilst also being affordable.

6.3 The Plan for 2016 / 2017 has been developed using a risk-based approach. It has been formulated from reviews of the following:

- i) Corporate Plan;
- ii) Corporate / service risks and an assessment of mitigating controls;
- iii) Areas of significant change or concern within the council;
- iv) Key projects / partnerships being undertaken; and
- v) Discussions with Directors and Heads of Service.

- 6.4 The Plan has been broken down across the 7 key objectives identified within the Corporate Plan together with specific audits required to provide overarching assurance to meet the needs of the Council. An indicative number of days have been identified per assignment.
- 6.5 The Plan excludes details of special investigations or “consultancy” activity that the Council also calls upon the team to deliver, but a separate allocation has been set aside in 2016 / 2017. This is based on resources used in previous years.
- 6.6 If works identified in 6.5 above leads to the potential for resources required exceeding the amount set-aside then the shared HoIA will establish the course of action to be taken in consultation with the Director of Business Transformation, Section 151 Officer 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.
- 6.7 Outcomes from each audit will lead to the production of the annual Audit Opinion. This will then inform the AGS which is signed off by the Leader of the Council and the Chief Executive and accompanies the Statement of Accounts.
- 6.8 Once the Plan is approved, timings for each audit will be agreed with Directors / Heads of Service.

## **7 CONSULTATION**

- 7.1 On-going work planning is agreed with External Audit to ensure that the work avoids duplication. A copy of the audit plan has been sent to External Audit for their information. Directors were consulted during January 2016 on the possible content for the 2016 / 2017 audit plan and their views have been taken into consideration when putting the plan together.

## **8 IMPLICATIONS**

(a) **Financial Implications**

None

(b) **Staffing Implications**

The audit plan reflects current available resources. Any significant change in resource or Council activities will be reported under separate cover to Members and their impact.

(c) **Legal Implications**

The Council has a legal obligation to maintain an adequate and effective system of internal audit, and the council has delegated this responsibility to this Committee. There are no adverse legal implications relating to the reporting progress.

(d) **Risk Implications**

In terms of risk management, the Plan and its outcomes are a key part of the Council’s risk management and assurance framework. The Plan

is based on risk assessments that include a review of the Council's risk register.

- (e) **Equality and Poverty Implications**  
None
- (f) **Environmental Implications**  
None
- (g) **Community Safety**  
None

#### **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

Public Sector Internal Audit Standards

Cambridge City Council Risk Registers

#### **APPENDICES:**

A: Internal Audit Charter

B: Internal Audit Plan and Strategy 2016 / 2017

To inspect these documents contact Steve Crabtree on extension 8181.

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

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**CAMBRIDGE CITY COUNCIL  
INTERNAL AUDIT CHARTER**

**SERVICE VISION:  
PROVIDING A HIGH CLASS AUDIT SERVICE, MEETING THE NEEDS AND EXPECTATIONS OF OUR STAKEHOLDERS**

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<b>KEY CONTACTS</b>		
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## 1. INTRODUCTION

- 1.1 Organisations in the UK public sector have historically been governed by an array of differing internal audit standards. The Public Sector Internal Audit Standards (the PSIAS), which took effect from the 1 April 2013, and are based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) now provide a consolidated approach to promoting further improvement in the professionalism, quality, consistency, transparency and effectiveness of Internal Audit across the whole of the public sector.
- 1.2 The PSIAS require that all aspects of Internal Audit operations are acknowledged within an Audit Charter that defines the purpose, authority and responsibilities of the service provision. The Charter therefore establishes the position of the service within Cambridge City Council (CCC); its authority to access records, personnel and physical properties relevant to the performance of engagements; in addition to defining the scope of Internal Audit activities. There is also an obligation under the PSIAS for the Charter to be periodically reviewed / presented to Civic Affairs Committee, the Section 151 Officer and senior management. This Charter will therefore be revisited annually to confirm its ongoing validity and completeness, and be circulated in accordance with the requirements specified above.

## 2. PURPOSE

- 2.1 In accordance with the PSIAS, Internal Auditing is defined as:

*"An independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."*

- 2.2 However, it should also be appreciated that the existence of Internal Audit does not diminish the responsibility of senior management to establish appropriate and adequate systems of internal control and risk management. Internal Audit is not a substitute for the functions of senior management, who should ensure that Council activities are conducted in a secure, efficient and well-ordered manner with arrangements sufficient to address the risks which might adversely impact on the delivery of corporate priorities and objectives.

## 3. AUTHORISATION

- 3.1 The requirement for an Internal Audit Service is outlined within the Accounts and Audit Regulations 2003, as amended in 2006 and 2011, which state that "a relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". This statutory requirement for continuous Internal Audit has been formally recognised and endorsed within CCC's Constitution.



3.2 Further, there are additional requirements placed upon the Chief Audit Executive (see Section 4: Organisation and Relationships), to fulfil all aspects of CIPFA's Statement on the Role of the Head of Internal Audit in Public Sector Organisations, whilst the Council's Constitution makes Internal Audit primarily responsible for carrying out an examination of the accounting, financial and other operations of the Council, under the independent control and direction of the Section 151 Officer. The role of Section 151 Officer at CCC is carried out by the Head of Finance. Management reporting is to the Director of Business Transformation.

3.3 The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorised to have full, free, and unrestricted access to any and all of the organisations:

- Records, documents and correspondence (manual and electronic) relating to any financial and other transactions;
- Physical properties, i.e. premises and land, plus cash, stores or any other Council property; and
- Personnel – requiring and receiving such explanations as are necessary concerning any matter under examination and generally assisting the Internal Audit activity in fulfilling its roles and responsibilities.

3.4 Such access shall be granted on demand and shall not be subject to prior notice, although in principle, the provision of prior notice will be given wherever possible and appropriate, unless circumstances dictate otherwise.

#### 4. **ORGANISATION AND RELATIONSHIPS**

4.1 Within the PSIAS, the terms 'Chief Audit Executive,' 'Board' and 'Senior Management' are used to describe key elements of the organisation's governance, and the ways in which they interact with Internal Audit. The PSIAS require that the terms are defined in the context of the governance arrangements in each public sector organisation, in order to safeguard the independence and objectivity of Internal Audit. At CCC, the following interpretations are applied, so as to ensure the continuation of the current relationships between Internal Audit and other key bodies at the Council. The following terms are explained:

- Chief Audit Executive
- Board
- Senior Management
- External Audit
- Other Internal Audit Service Providers
- Other External Review and Inspection Bodies

#### 4.2 Chief Audit Executive

At CCC, the Chief Audit Executive is the Head of Internal Audit (HoIA), part of a shared management arrangement between CCC, Peterborough City Council (PCC) and South Cambridgeshire District Council (SCDC) which is defined in a Memorandum of Understanding. Each authority, as at January 2016, had its own internal staff. The HoIA has a direct line of reporting to a Director who is part of the Council's Leadership Team as well as access to the Chief Executive should it be required.

#### 4.3 Board

In the context of overseeing the work of Internal Audit, the 'Board' will be the Civic Affairs Committee of the Council, which has been established as part of its corporate governance arrangements. The Committee is responsible for the following with reference to Internal Audit:

- Internal Audit Plans;
- Progress and performance against approved plans;
- Annual Audit Opinion, and
- Compliance against Public Sector Internal Audit Standards.

Internal Audit will work closely with the committee to facilitate and support its activities. Moreover, should it be needed, the HoIA also has a reporting line to the Chair of the Civic Affairs Committee.

#### 4.4 Senior Management

In the context of ensuring effective liaison between Internal Audit and senior officers, Internal Audit has regular access to Directors and Heads of Service. 'Senior Management' for the purposes of this Charter is the Strategic Leadership Team.

#### 4.5 External Audit

Internal Audit looks to minimise any potential duplication of work between internal and external auditors by sharing our Audit Plans prior to approval. With their agreement will look to ensure that they can place maximum reliance on the work of Internal Audit, wherever possible.

#### 4.6 Other Internal Audit Service Providers

Internal Audit will also liaise with other Council's Internal Audit Service providers, where shared service arrangements exist. In such cases, a dialogue will be opened with the other Council's equivalent Chief Audit Executive to agree a way forward regarding the future auditing regime.

#### 4.7 Other External Review and Inspection Bodies

Internal Audit will co-operate with all external review and inspection bodies that are authorised to assess and evaluate the activities of the Council, to determine compliance with regulations, standards or targets. Internal Audit will, wherever possible, utilise third party assurances arising from this work.

### 5. **OBJECTIVES AND SCOPE**

5.1 The provision of assurance services is the primary role of Internal Audit and there is a duty of care on the Chief Audit Executive to give an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control. This responsibility to evaluate the governance framework far exceeds examination of controls applying to the Council's core financial systems. Instead, Internal Audit is required to scrutinise the whole system of risk management, internal control and governance processes established by management.

5.2 Internal Audit also has a secondary role, whereby it will provide consultancy services which are advisory in nature and generally performed at the request of the Council to facilitate improved governance, risk management and control, and potentially contribute to the annual audit opinion.

5.3 A risk based Audit Plan will be developed each year to determine an appropriate level of audit coverage to generate an annual audit opinion, which can then be used to assist with the formulation of the CCC's Annual Governance Statement. Moreover, audit work performed will seek to enhance the Council's overall internal control environment. In the event of deficiencies in arrangements being identified during audit assignments, Internal Audit will put forward recommendations and agree actions aimed at improving existing arrangements and restoring systems of internal control to a satisfactory level, where relevant.

- 5.4 In accordance with the PSIAS, the Internal Audit Service will evaluate and contribute to the improvement of:
- The design, implementation and effectiveness of the organisation's ethics related objectives, programmes and activities.
  - The effectiveness of the Council's processes for performance management and accountability.
  - The Council's IT governance provisions in supporting the organisation's corporate priorities, objectives and strategies.
  - The Council's risk management processes in terms of significant risks being identified and assessed; appropriate risk responses being made that align with the organisation's risk appetite, the capturing and communicating of risk information in a timely manner, and its use by staff, senior management and members to carry out their responsibilities and inform decision making generally.
  - The provisions developed to support achievement of the organisation's strategic objectives and goals.
  - The systems formulated to secure an effective internal control environment.
  - The completeness, reliability, integrity and timeliness of management and financial information.
  - The systems established to ensure compliance with legislation, regulations, policies, plans, procedures and contracts, encompassing those set by the Council and those determined externally.
  - The systems designed to safeguard Council assets and employees.
  - The economy, efficiency and effectiveness with which resources are used in operations and programmes at the Council.
- 5.5 In addition to the areas recorded above, where Internal Audit will give input to their continuing enhancement; the Service will also provide support to the Section 151 Officer in the discharge of their duties, in particular with responsibility for the probity and effectiveness of the Authority's financial arrangements and internal control systems.
- 5.6 **Managing the risk of fraud and corruption is the responsibility of management.** However, as part of the scope of Internal Audit, it will be alert in all its work to the risks and exposures that could allow fraud or corruption to occur and will monitor the extent and adequacy of risk controls built into systems by management, sharing this information with External Audit and other corporate investigators e.g. Counter Fraud. In addition, we provide an annual response to External Audit on the levels of fraud risks across the Council.
- 5.7 In the course of delivering services encompassing all the elements stated above, should any significant risk exposures and control issues subsequently be identified, Internal Audit will report these matters to senior management, propose action to resolve or mitigate these, and appraise the Civic Affairs Committee of such situations.

## 6. INDEPENDENCE

- 6.1 Internal Audit operates within an organisational framework that preserves the independence and objectivity of the assurance function, and ensures that its activity is free from interference in determining the scope of internal auditing, performing work and communicating results. The framework allows the HoIA direct access to and the freedom to report unedited, as deemed appropriate, to the Civic Affairs Committee, the Chief Executive, Director of Business Transformation, Section 151 Officer and the Strategic Leadership Team.
- 6.2 Internal Auditors should have no operational responsibilities or authority over any of the activities that they are required to review. As a consequence, they do not develop procedures, install systems, prepare records, or engage in any other activity, which would impair their judgement. However, Internal Audit does have some surveillance over the development and facilitation of risk management advice and training. Overall ownership of risk management remains within Support Services.
- 6.3 In addition, Internal Auditors will not assess specific operations for which they were previously responsible, and objectivity is presumed to be impaired if an Internal Auditor provides assurance services for an activity for which they had responsibility within the previous 12 months. Internal Auditors may however provide consulting services relating to operations over which they had previous responsibility. The HoIA will confirm to the Civic Affairs Committee, at least annually, the organisational independence of the Internal Audit activity.

## 7. PROFESSIONAL STANDARDS

- 7.1 CCC's Internal Auditors operate in accordance with the Public Sector Internal Audit Standards, 2013.
- 7.2 The Internal Auditors are also governed by the policies, procedures, rules and regulations established by CCC. These include, but are not limited to, Financial Regulations and Contract Standing Orders, the Prevention of Fraud and Corruption Policy, and the Code of Conduct. Similarly, the Council's Internal Auditors will be aware of external bodies' requirements (e.g. as identified by CIPFA), and all legislation affecting the Council's activities.
- 7.3 The Council's Internal Auditors will additionally adhere to the Code of Ethics as contained within the PSIAS. Internal Auditors will also demonstrate due professional care in the course of their work and consider the use of technology-based audit and other data analysis techniques, wherever feasible and considered beneficial to the Council. All working arrangements and methodologies are set out in the Audit Manual.

8. **AUDIT RESOURCES**

- 8.1 The HoIA will be professionally qualified (CMIIA, CCAB or equivalent) and have wide internal audit management experience, to enable them to deliver the responsibilities of the role.
- 8.2 The HoIA will ensure that the Internal Audit Service has access to a team of staff that have an appropriate range of knowledge, skills, qualifications and experience to deliver requisite audit assignments. The type of reviews that will be provided in year include contract audits, systems reviews, consultancy input to new / modified systems, and special / fraud investigations. In the event of special / fraud investigations being required, there is limited contingency in the Audit Plans to absorb this work. However, additional resources may need to be made available to the Internal Audit Service when such input is necessary. Discussions will be held with Director of Business Transformation to facilitate this.

9. **AUDIT PLANNING**

- 9.1 Internal Audit will develop an annual audit strategy, together with annual audit plans and a summary of annual audit coverage using a risk based methodology. This will take into account documented corporate and operational risks, as well as any risks or concerns subsequently notified to Internal Audit by senior management. Copies of these documents will then be submitted to Departmental Management Teams and the Chief Executive for their approval prior to being taken forward to the Civic Affairs Committee for final endorsement, in advance of the new financial year to which they relate.
- 9.2 The Annual Audit Plan includes the timing, as well as budget and resource requirements for the year. Any difference between the plan and the resources available will be identified and reported to the Civic Affairs Committee. The plan will outline the assignments to be carried out and the broad resources and skills required to deliver the plan. It will provide sufficient information for the Council to understand the areas to be covered and for it to be satisfied that sufficient resources and skills are available to deliver the plan. Areas included in the plan are highlighted in **Table 1**.

**TABLE 1: TYPES OF AUDIT ACTIVITIES**

- |   |
|---|
| <ul style="list-style-type: none"> <li>• Core system assurance work</li> <li>• Governance and Assurance Framework</li> <li>• Corporate / Cross Cutting audits, including value for money reviews</li> <li>• Contracts and Projects</li> <li>• Departmental specific reviews</li> <li>• Fraud and irregularities</li> <li>• Follow up activity</li> <li>• Internal consultancy / advice on risks, controls and procedures</li> <li>• Member support</li> </ul> |
|---|

9.3 The audit plan will be kept under review to identify any amendment needed to reflect changing priorities and emerging risks. It will be flexible, containing an element of contingency to accommodate assignments which could not have been readily foreseen. However, on occasions, specific audit requests take precedence over the original audit plan and will be required as additional work rather than as a replacement. Resources, such as specialist or additional auditors may be required to supplement this. Internal Audit will reserve the right to make a charge for any additional work that is over and above that originally planned.

9.4 Annual audit plans will be discussed with each Departmental Management Team prior to their formal approval.

## 10. **REPORTING**

10.1 The process followed for completing each audit is set out in **Table 2**.

10.2 Upon completion of each audit assignment, an Internal Audit report will be prepared that:

- Provides an opinion on the risks and controls of the area reviewed, and this will contribute to the annual opinion on the internal control environment, which, in turn, informs the Annual Governance Statement; and
- Provides a formal record of points arising from the audit and management responses to issues raised, to include agreed actions with implementation timescales.

<b>TABLE 2: WORKING ARRANGEMENTS DURING AUDITS</b>	
<b>Stage</b>	<b>Commentary</b>
Audit Brief	Set up and agreed with manager(s)
Fieldwork	Assignment undertaking including interviews, testing etc.
Exit Meeting	At conclusion of fieldwork, issues raised for reporting (if not already provided during course of fieldwork).
Draft report	Produced following completion of fieldwork / exit meeting. Head of Service / Line Manager to formally respond within 10 working days, including acceptance (or not) of actions together with timescale proposals to implement.
Final Report	Audit incorporates all management comments within report and re-issue as a final within 10 days of receiving the response. The report will be distributed in accordance with agreed protocols (see Table 4).

10.3 Exit meetings are accommodated enabling management to discuss issued Draft Audit Reports. Accountability for management's response to Internal Audit actions lies with the Chief Executive, Directors, and / or Heads of Service, as appropriate.



10.4 Actions are rated and an overall opinion given on the service area reviewed (see **Table 3**). Final Audit Reports will be issued in line with agreed working protocols to the relevant nominated officers and subject to follow up work as necessary.

<b>TABLE 3: AUDIT OPINION / CLASSIFICATION OF RISKS</b>	
We categorise our <b>opinions</b> according to our assessment of the controls in place and the level of compliance with these controls:	
<b>Opinion / Assurance</b>	<b>Description</b>
<b>FULL</b>	The system is designed to meet objectives and controls are consistently applied that protect the Authority from foreseeable risks.
<b>SIGNIFICANT</b>	The system is generally sound but there are some weaknesses of the design of control and / or the inconsistent application of controls.  Opportunities exist to mitigate further against potential risks.
<b>LIMITED</b>	There are weaknesses in the design of controls and / or consistency of application, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
<b>NO</b>	Controls are weak and /or there is consistent non-compliance, which can result in the failure of the system. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.

10.5 Following the end of the year, an annual report will be produced setting out Internal Audits opinion on the state of the internal controls and governance across the Council. This will comment upon:

- The scope including the time period to which the opinions pertains;
- Any scope limitations;
- Consideration of all related projects including the reliance on other assurance providers;
- The risk or control framework or other criteria used as a basis for the overall opinion;
- The overall opinion, providing reasons where an unfavourable overall opinion is given; and
- A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

<b>TABLE 4: PLANNING AND REPORTING FREQUENCY</b>			
<b>Report Produced</b>	<b>For</b>	<b>Reason</b>	<b>Content</b>
Audit Assignment Report	<ul style="list-style-type: none"> <li>• The relevant departments'</li> <li>• Director</li> <li>• Head of Service</li> </ul>	The end of each audit assignment as the main recipient and those charged with actioning the issues identified	<ul style="list-style-type: none"> <li>• Executive Summary</li> <li>• Audit Opinion</li> <li>• Detailed risk issues</li> <li>• Agreed improvement plan</li> </ul>
	<ul style="list-style-type: none"> <li>• Chief Executive</li> <li>• Lead of the Council</li> <li>• Executive Councillor</li> <li>• External Audit</li> <li>• S.151 Officer</li> <li>• Monitoring Officer</li> </ul>	At the conclusion of the audit for information purposes	As above
Half Year Progress Reports	Civic Affairs Committee	To provide the Council with progress at delivering the audit service and any key governance issues arising.	<ul style="list-style-type: none"> <li>• Progress against annual plan</li> <li>• Any amendments to current annual plan</li> <li>• Details of significant risk issues</li> <li>• Details of non-responses or non-implementation of actions</li> </ul>
Annual Opinion and Performance Report	<ul style="list-style-type: none"> <li>• Civic Affairs Committee</li> <li>• External Audit</li> </ul>	The end of each year in accordance with PSIAS. An evaluation of the works undertaken and the level of assurance established.	<ul style="list-style-type: none"> <li>• Annual assurance report giving HoIA's opinion on the control environment</li> <li>• Achievement of the annual plan and performance data.</li> <li>• Effectiveness of Internal Audit</li> <li>• Compliance with PSIAS and any associated quality improvement plan</li> </ul>
Annual Audit Plan	<ul style="list-style-type: none"> <li>• DMT's</li> <li>• Civic Affairs Committee</li> <li>• S.151 Officer</li> <li>• External Audit</li> </ul>	Beginning of year. Details of the service delivered and the future plans to provide assurance across the Council in accordance with PSIAS.	Audit Plan and associated documents

## 11. **QUALITY ASSURANCE AND IMPROVEMENT**

11.1 The PSIAS require that the Internal Audit develops and maintains a quality assurance and improvement programme that covers all aspects of the Internal Audit activity, and includes both internal and external assessments. In the event of an improvement plan proving necessary to formulate and implement, in order to further develop existing service provisions, the HoIA will initiate the appropriate action and annually, the results of the quality and assurance programme together with progress made against the improvement plan will be reported to senior management and the Civic Affairs Committee.

### 11.2 **Internal Assessments**

The PSIAS additionally require periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of Internal Audit practices. This obligation is satisfied by the HoIA performing an annual self-assessment of the effectiveness of Internal Audit, before the results are submitted to the Civic Affairs Committee. Presenting this information to the Civic Affairs Committee enables members to be assured that the Internal Audit Service is operating in a satisfactory manner such that reliance can be placed on the subsequent annual audit opinion provided by the HoIA. This is complemented by an external assessment (see 11.3).

Internal arrangements also include receipt of post audit feedback from auditees and should criticism be received, this will immediately be investigated and steps taken to resolve matters raised. Prior years have seen post audit questionnaires issued. Following changes to the Councils intranet, audit have been unable to issue / record PAQ's. This will be addressed going forward and forms part of our improvement plan.

### 11.3 **External Assessments**

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. External assessments can be in the form of a full external assessment, or a self-assessment with independent external verification.

The HoIA will agree with the Director of Business Transformation and / or Section 151 Officer the form of the external assessments; and, the qualifications and independence of the external assessor or assessment team, including any potential conflict of interest. As part of the shared management arrangements, it would be prudent for each authority to be reviewed at the same time. This is currently planned for 2016 / 2017.

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**CAMBRIDGE CITY COUNCIL**  
**INTERNAL AUDIT PLAN 2016 / 2017**

## **1. INTRODUCTION**

- 1.1 This document is intended to demonstrate how Internal Audit will support the overall aims and objectives of the Council. It will be reviewed throughout the year to ensure its continued relevance, both in terms of supporting the council's aims and in achieving a professional, modern audit service.
- 1.2 The Accounts and Audit Regulations 2011 stipulate that a council should maintain "*a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk*". The regulations also provide that council's "*undertake an adequate and effective internal audit of its accounting records and of its system of internal control*" in accordance with the Public Sector Internal Audit Standards. The Audit team are bound by the requirements of these standards.
- 1.3 Internal Audit provides an independent, objective assurance and consulting service that adds value and improves the Council's control environment. It helps the Council deliver its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.4 The provision of assurance is the key role for Internal Audit. This role requires the Head of Internal Audit to provide an annual Audit Opinion based on an objective assessment of the framework of governance, risk management and control. This opinion is provided to the Civic Affairs Committee and also feeds into the Annual Governance Statement. Consulting services are advisory in nature and are generally performed at the specific request of management, with the aim of improving operations. Requests of this nature are considered in light of resource availability and our primary role of assurance.

## **2. STRATEGY**

- 2.1 Shared management arrangements have been in place since January 2011 between Cambridge City Council and Peterborough City Council and this was extended to include South Cambridgeshire District Council in July 2013. The reduced provision at senior level has seen a commensurate reduction in cost. Activities being considered to improve services going forward include:
- Where appropriate, use assurance provided from other authorities on audit activities; and
  - The potential to expand the shared arrangements, subject to appropriate caveats in place to protect Cambridge services. As a minimum this will constitute a review of the existing arrangements.

**3. AUDIT PLAN**

3.1 The sources of information used in identifying the priorities put forward for audit coverage include the Corporate Plan; the Financial Strategy; the Council’s strategic and operational risk registers; and consultations with individual Directors and their Management Teams.

3.2 The Plan for 2016 / 2017 aims to give the Council the best audit coverage within the resources currently available. Though it is compiled and presented as a plan of work, it must be recognised that it can only be a statement of intent. Whilst every effort will be made to deliver the plan, Internal Audit recognises that it needs to be flexible. Any substantial changes will be referred to the Chair of Civic Affairs Committee should the need arise.

3.3 Resource requirements are reviewed each year as part of the audit planning process. Current plans are based upon 4.57 FTE.

3.4 The overall allocation of time from the estimated 644 days available is as follows (compared with previous year):

<b>Table 1: INTERNAL AUDIT ALLOCATIONS</b>				
	<b>2016 / 2017 Days</b>	<b>2016 / 2017 %</b>	<b>2015 / 2016 Days</b>	<b>2015 / 2016 %</b>
<b>TOTAL RESOURCES ALLOCATED</b>	<b>644</b>	<b>100.0</b>	<b>678</b>	<b>100.0</b>

3.5 The internal audit plan needs to be fluid and flexible enough to enable the internal audit service to be reactive as required to situations arising during the course of the period covered by the plan. A contingency reserve element has been built in, to assist in dealing with any such matters arising to hopefully at least minimise any major impact on the work plan itself.

**(DRAFT) AUDIT PLAN 2016 / 2017**

With the current senior management structure under review and the potential change in departments etc., the initial plans are established based upon the 7 objectives of the Council as set out in the draft Corporate Plan (and are referenced across to the existing department name or area).

- BT: Business Transformation
- CEX: Chief Executive Office
- CORP: Corporate Strategy
- CCS: Customer and Community Services
- ENV: Environment
- SLT: Senior Leadership Team

Separately identified are ongoing assurance works which are routinely undertaken each year e.g. Key Financial Systems; works associated with annual assurance requirements; risk management and follow ups. The table below provides an overview of the breakdown of audit time for 2016/17. A more detailed breakdown of planned audit work is given on the pages that follow.

<b>AUDIT AREA</b>	<b>Days</b>	<b>%</b>
Corporate Plan: Objectives	281	44
Core Systems Assurance Work	48	7.5
Annual Governance and Assurance Work	60	9
Other Resource Provisions	255	39.5
<b>TOTAL</b>	<b>644</b>	<b>100.0</b>

AUDIT ACTIVITY	DEPARTMENT	AUDIT TYPE	SCOPE	DAYS
<b>OBJECTIVE 1...DELIVERING SUSTAINABLE PROSPERITY FOR CAMBRIDGE AND FAIR SHARES FOR ALL</b>				
Community Infrastructure Levy	ENV	Project	Ongoing project. Provision of audit input as a critical friend.	8
<b>OBJECTIVE 2...TACKLING THE CITY'S HOUSING CRISIS AND DELIVERING OUR PLANNING OBJECTIVES</b>				
Use of Council Assets	CCS / BT	Risk based	Review will focus on the Use of Council Land to deliver change.	12
Contract Management: Maintenance Programmes	CCS	Risk based	Review of the arrangements for awarding of contracts and contract monitoring in relation to maintenance works.	12
Planned Maintenance: (S.20 Works)	CCS	Risk based	Review of the processes for identifying the costs of works which are rechargeable to leaseholders.	10
<b>OBJECTIVE 3...MAKING CAMBRIDGE SAFER AND MORE INCLUSIVE</b>				
Safer Communities	CCS	Risk based	Cross cutting review to verify effectiveness of partnership working between sections to respond to crime, disorder and safety in the community.	12
Environmental Health: Enforcement	CCS	Risk based	Review of the Enforcement function.	12
Environmental Health: Licensing	CCS	Risk based	Review of the Licensing function.	12
Clay Farm Community Centre	CCS	Project	Ongoing review of this key project.	10



AUDIT ACTIVITY	DEPARTMENT	AUDIT TYPE	SCOPE	DAYS
<b>OBJECTIVE 4...INVESTING IN IMPROVING TRANSPORT</b>				
			Assurance will be sought from County in relation to the City Deal	–
<b>OBJECTIVE 5...PROTECTING OUR CITY'S UNIQUE QUALITY OF LIFE</b>				
Cultural Trust	CCS	Post Implementation	Review of the establishment of Cambridge LIVE and the client side arrangements	10
Ditchburn Place: Refurbishment Works	CCS	Project	Provision of a watching brief on this key project	10
<b>OBJECTIVE 6...PROTECTING ESSENTIAL SERVICES AND TRANSFORMING COUNCIL DELIVERY</b>				
Investment Projects	BT	Project	Review of projects which have been supported through additional funding to establish that key outcomes / deliverables are on track	10
Shared Services: Phase 1	BT	Post Implementation	Undertake lessons learnt exercise	12
Programme Office	BT	Project	Gateway reviews of new projects.	25
Service Continuity	SLT	Risk based	Review of service provision	12
Procurement and Commissioning	BT	Compliance	Verification that the Council is complying with new Public Contract Regulations 2015.	12
Sickness Absence	BT	Risk based	The review will look in to establishing whether there is effective management to challenge to improve absence rates.	12
Flexible Working Arrangements	BT	Risk based	The review will focus on the effectiveness of the ICT infrastructure to support flexible working and that services are operating to safe practices	12
Premises Security	BT	Risk Based	Review of arrangements of public access points to buildings	12

AUDIT ACTIVITY	DEPARTMENT	AUDIT TYPE	SCOPE	DAYS
<b>OBJECTIVE 6...continued</b>				
Financial Management System	BT	Project	Act as critical friend during initial design phase of the project. As moves to implementation phase, focus will switch reviews to validate that data migration between each interface is correct and robust	12
Telephony	BT	Post Implementation	Review following installation in April 2016	10
Information Governance	BT	Risk Based	Two audits will focus on Cyber Security and Records Management.	12
Support Services	BT	Post Implementation	Lessons learnt review following implementation in April 2016	12
Write Offs: Council Tax	BT	Compliance	Review new processes for the write off of Council Tax debts and account credits	10
Management of Elections	CEX	Risk based	Review of the arrangements for managing elections	10
<b>OBJECTIVE 7...TACKLING CLIMATE CHANGE, AND MAKING CAMBRIDGE CLEANER AND GREENER</b>				
			None identified for year	-

AUDIT ACTIVITY	DEPARTMENT	AUDIT TYPE	SCOPE	DAYS
<b>CORE SYSTEMS ASSURANCE WORK</b>				
<b>Core systems are those that are fundamental to providing control assurance for internal financial control and allow the s.151 officer to make their statement included in the authority's Annual Statement of Accounts. The External Auditor also places reliance on the work undertaken by Internal Audit on key systems. Systems are reviewed on a rolling cycle to ensure that all are covered.</b>				
Housing Benefits	CCS	Assurance	System Parameter Testing (Detailed schedules are provided by External Audit)	12
National Non-Domestic Rates	CCS	Systems	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.	12
Fixed Assets Accounting / Capital Programme	BT	Systems	The audit will assess the arrangements put in place in relation to managing the capital programme.  Particular emphasis will be on the approach / arrangements for the disposal of capital assets and the consultation process.	12
Budgetary Control	BT	Systems	The review will focus on the effectiveness of Cost Centre Management.	12
				<b>48</b>

Audits not planned for 2016 / 2017:

- Council Tax; Main Accounting; Treasury Management; Accounts Payable; Payroll; Accounts Receivable; Payroll; Housing Rents; BACS and VAT.

AUDIT ACTIVITY	DEPARTMENT	AUDIT TYPE	SCOPE	DAYS
<b>ANNUAL GOVERNANCE AND ASSURANCE WORK:</b>				
<b>Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements. This section includes audit work that relates to the production of the Annual Governance Statement</b>				
Annual Audit Opinion	N / A	Assurance	Head of Internal Audit opinion on the state of governance and the internal control framework in place within Cambridge City Council.	8
Internal Audit Effectiveness	N / A	Assurance	Review of the Internal Audit service against the Public Sector Internal Audit Standards.	6
Prevention of Fraud and Corruption	N / A	Assurance	There is a requirement to submit an annual summary report to Civic Affairs Committee on the status and levels of fraud, whistleblowing and corruption within the Council.  In addition, an annual survey is completed in relation to this for referral to our External Auditors in order for them to plan their works and understand the dynamics of the Council.	8
Annual Governance Statement	N / A	Assurance	Internal Audit assist in the collation of this information together with Corporate Strategy, Legal Services and Finance and produce the draft Annual Governance Statement and the associated Action Plan to address any significant shortcomings.	8
National Fraud Initiative	N / A	–	Ongoing investigations into anomalies identified through the previous data matching exercise.  Coordination and preparation for the next data download for submission to the Cabinet Office in October 2016.	30
				<b>60</b>

AUDIT ACTIVITY	DEPARTMENT	AUDIT TYPE	SCOPE	DAYS
<b>OTHER RESOURCE PROVISIONS</b>				
<b>Throughout the year, audit activities will include reviews that have not been specified within the Audit Plan, including management requests as a result of changing risks; following up agreed audit actions and completion of audit works from 2015 / 2016 Audit Plan.</b>				
Carry Forward Activities	Various	–	A number of audits roll forward either as a result of starting late in 2015/2016 or being rolled forward due to other activities taking precedence e.g. special investigations.	135
Follow Up Provision	Various	Follow Up	A number of audits completed in previous years where there have been concerns identified are followed up to ensure that agreed actions have been implemented.	30
Contingency: Advice / Requested Works	Various	Advice	Internal Audit act as a focal point to assist officers across the Council in providing advice / support in relation to projects; contracts; procurement or general controls.  In addition, as the plan is based only on a snapshot of the Council at any moment in time. Risks and priorities change all the time. An element of time has been set aside to allow for sudden changes to the Plan.	30
Contingency: Fraud / Irregularity	All	–	No matter how robust services and processes are, there is always the potential for anomalies to occur. An allocation (arbitrary) of time has been included in the Plan to accommodate :  <ul style="list-style-type: none"> <li>- Pro-active counter fraud work; and</li> <li>- Reactive work where suspected irregularities have been detected or reported via the whistleblowing route.</li> </ul>	30
Risk Management	All	–	Coordination, reviewing and monitoring of the Councils risk management framework and reporting to Civic Affairs Committee and Strategic Leadership Team on the implementation of agreed actions identified.	30
				<b>255</b>

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## CAMBRIDGE CITY COUNCIL

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REPORT OF: Director of Business Transformation

TO: Civic Affairs Committee

17 February 2016

WARDS: All

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### IMPLEMENTATION OF AGREED INTERNAL AUDIT ACTIONS

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#### 1 INTRODUCTION

1.1 At the Committee meeting in September 2015, Members expressed a desire for the numbers of outstanding agreed Internal Audit actions to be reduced. Members resolved that a further report on the outstanding and overdue actions be brought back to a future meeting including:

- steps proposed to resolve
- target dates
- senior officer accountability

The purpose of this report is therefore to provide Members with an up to date position on overdue Internal Audit actions.

1.2 Internal Audit reports include management action plans to address weaknesses in control identified during an audit. The effective implementation of these action plans, within timescales determined by management, is essential to ensure that risks are managed effectively.

1.3 All agreed Internal Audit actions are recorded on the Council's risk register and are monitored for implementation by the Strategic Leadership Team on a half yearly basis. Quarterly reports on outstanding actions are also issued to all Directors.

1.4 In addition, Internal Audit currently undertakes follow-up audits on those areas that originally received a 'limited' or 'no' assurance rating, to ensure that progress has been made with agreed actions.

#### 2 RECOMMENDATIONS

2.1 That Members of Civic Affairs Committee note progress made on implementation of Internal Audit agreed actions.

### 3 PREVIOUS REPORTS TO COMMITTEE

- 3.1 As part of this committee's forward plan, Internal Audit provides an update on the outcomes of our Audit work together with analysis as to the progress with agreed actions to improve the control environment. This update was last submitted to this committee in September 2015 when the summary position was as detailed in the table below:

**Table 1: Action Status (As at 11 August 2015)**

<b>ANALYSIS OF ACTIONS</b>					
	<b>Pre 2012</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>TOTAL</b>
Total Overdue	5	6	15	13	39
<b>ANALYSIS BY DEPARTMENT</b>					
Bus. Transformation	1	4	5	2	12
Chief Executive	-	-	-	-	-
Customer/Community	2	2	8	2	14
Environment	2	-	2	9	13
<b>ANALYSIS BY CATEGORY</b>					
Critical	-	-	-	-	-
High	3	1	10	4	18
Medium	1	4	5	7	17
Low	1	1	-	2	4

### 4 PROGRESS TO DATE

- 4.1 It is pleasing to report that a significant improvement has been made in reducing the numbers of overdue audit actions, with **no** overdue actions currently remaining. This followed a clear instruction from the Strategic Leadership Team (SLT) last month and a concerted effort has been made by managers, in conjunction with Internal Audit, to ensure that overdue actions are addressed and updated on the risk register.

### 5. EXPOSURE TO RISK

- 5.1 Internal Audit will continue to work with all Heads of Service and Directors to ensure steps are being taken to manage the identified risks and implement actions. The up to date position, including any significant implications for the control environment, will continue to be provided to Civic Affairs Committee as part of established reporting arrangements.



## 6. CONSULTATIONS

- 6.1 Senior Leadership Team is informed of the status of risks / actions within the risk register on a regular basis, the latest update being in January 2016. Directors and Heads of Service have been consulted on the need to review and update their Internal Audit actions.

## 7. CONCLUSION

- 7.1 Significant improvements have been made to the number of overdue Internal Audit Actions since we last reported in September 2015 with no overdue actions currently remaining. This is as a result of a concerted effort by managers, with the support of Internal Audit, following a clear instruction from SLT to address overdue actions on the risk register.
- 7.2 Going forward, we will continue to report to Directors and Heads of Service on a quarterly basis and to SLT on a half yearly basis, to ensure that this improved position is sustained.

## 8. IMPLICATIONS

- (a) **Financial Implications**  
None
- (b) **Staffing Implications**  
None
- (c) **Equality and Poverty Implications**  
None
- (d) **Environmental Implications**  
None
- (e) **Community Safety Implications**  
None

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

Risk Register Overdue Actions Report: 29 January 2016

To inspect this document contact Steve Crabtree on extension 8181.

The author and contact officer for queries on the report is Steve Crabtree on extension 8181.

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## CAMBRIDGE CITY COUNCIL

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REPORT OF: Chief Executive

TO: Civic Affairs Committee

17/2/2016

WARDS: All

### **UPDATE ON INDIVIDUAL ELECTORAL REGISTRATION**

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#### **1 INTRODUCTION**

- 1.1. At its last meeting in September 2015, this Committee requested a further update on the effect of Individual Electoral Registration (IER) in Cambridge following the end of the transition period in December 2015.
- 1.2. IER commenced in June 2014 with the combined aims of making voter registration a more secure and robust system thus reducing the risk of fraud and providing for greater register accuracy. It also places the responsibility of registering to vote on the individual rather than the 'head of household'. The introduction of IER also provided the ability for applicants to register to vote online for the first time.
- 1.3. In order to ensure that those already registered were not disenfranchised at the May 2015 UK Parliamentary election, a transition period allowed the old and new registration systems to run alongside one another. Following the May 2015 elections, the Government decided to end the transition period on 1 December 2015, resulting in those electors who had not re-registered under IER to be removed from the register.
- 1.4. The register of electors is the responsibility of the Electoral Registration Officer (ERO) and a separate function from the local authority. The register is the property of the ERO, not the council and the ERO in Cambridge is the Chief Executive.

#### **2. RECOMMENDATIONS**

- 2.1 To note the current registration situation in Cambridge, along with the work already carried out and that which is planned in the lead up to

the May 2016 City Council and Police & Crime Commissioner elections.

### 3. **BACKGROUND**

- 3.1. Upon the publication of the 1 July 2014 register update, the first under the new IER system, the register of electors in Cambridge totalled 93,339 electors.
- 3.2. These elector's details were matched against the database held by the Department of Work and Pensions (DWP) and those that could be verified were automatically transferred to the new IER system without any action required on the part of the elector.
- 3.3. In Cambridge 65,904 electors were transferred, representing a match rate of 70%, against a national average of 87%. This difference was attributed to the high number of students resident in the city, whose details would not match against DWP because that record would show their home address and not their term-time address. This was consistent with other authorities with high student numbers, for example, Oxford recorded a match rate of 71%. Across England & Wales, match rates varied from 61% in Hackney to 97% in Epping Forest.
- 3.4. Between June 2014 and December 2015 (the end of the transition to IER) electoral services have taken a number of steps to encourage those electors who did not match, as well as targeting residents who are less-likely to register by:
  - Carrying out local data matching to verify the registration entry
  - Attempting to contact the elector:
    - Writing on nine separate occasions
    - Six attempts to call at the address by our canvassing staff
    - Where we have an e-mail address, by that method also
  - Providing information in Cambridge Matters and Open Door, on our website, social media posts and issuing news releases
  - Sending direct e-mails to all students and registration prompt cards left in their college pigeon holes
- 3.5 This has been in addition to the activities carried out as part of the service's IER engagement strategy, such as:
  - Providing guidance and information to 6<sup>th</sup> form colleges, including interactive talks and registration events

- Working with the student unions of Cambridge University and Anglia Ruskin University to support registration events and provide information
  - Establishing regular meetings with residential and nursing homes and distributing registration packs to new residents
  - Building good relationships with homeless and other charities, such as Wintercomfort where monthly registration events are held
  - Liaison with Cambridgeshire Alliance (an umbrella organisation who work with and support disabled people) and their partners, such as Cam Sight, to provide information and support
  - Targeted advertising opportunities, such as distributing bike seat covers and an ad-bike and ad-van touring the city to highlight the pre-election registration deadline
- 3.6 This work has been managed alongside the Electoral Commission's national awareness campaign on TV, radio, online and in newspapers, which ran throughout the eighteen month transition period.
- 3.7 The last update to the register under the transition was made on 1 September 2015 when 97,104 electors were registered to vote in Cambridge. This comprised electors registered under both old and new schemes.
- 3.8 At the start of IER, the number of electors whose details could not be matched was 27,705. By the end of the eighteen month transition period, this figure had been reduced to 12,251.
- 3.9 On 1 December 2015, the transition to IER ended and those electors who could not be verified and who had failed to re-register under the new scheme were removed from the register. The new electorate stood at 81,128.

#### 4. KEY STATISTICS

##### 4.1 Electorate figures through IER transition

<b>Electorate at 17 February 2014</b>	last register under old system	93,159
<b>Electorate at 1 July 2014</b>	first update of IER transition	93,339
<b>Electorate at 1 December 2014</b>	first revision of IER transition	91,232

<b>Electorate at 1 September 2015</b>	last update of IER transition	97,104
<b>Electorate at 1 December 2015</b>	first complete IER register	81,128
<b>Electorate at 1 February 2016</b>	Most recent statistic	81,395

4.2 Register changes from 1 December 2014 to 30 November 2015

<b>Additions</b>	<b>Deletions</b>	<b>Amendments</b>
17,125	11,618	2,484

4.3 Register changes from 1 December 2015 to 1 February 2016

<b>Additions</b>	<b>Deletions</b>	<b>Amendments</b>
1,832	1,626	70

4.4 As can be seen above in tables 4.2 and 4.3, work continues throughout the year to maintain the accuracy of the register. Updates to the register are made each month between January and September, although these are suspended during the annual audit of the register in the autumn prior to the publication of the revised register on 1 December each year.

## 5. STUDENTS

5.1 The fall in registration numbers in Cambridge is primarily due to the high proportion of students that make up the population. Students can choose to register at either their home address or their term-time address, at both, or at neither and unfortunately, legislation no longer allows us to bulk register students direct from the University lists.

5.2 As mentioned above, we have been working with the universities and their student unions to inform students of the new responsibility to register themselves to vote. There are some difficulties communicating messages to the 35 separate colleges/halls of Cambridge University and responses have been better from some than others, so we have found that working with the student union has been more productive in reaching the wider student population.

5.3 Difficulties communicating with the large number of contacts at Cambridge University may explain why registration rates amongst some colleges/halls are better than others. An example of this is that we are reliant on the admin manager at each of the 35 sites to distribute e-mails directly to students on our behalf.

- 5.4 We have also found that Anglia Ruskin's student union have been more engaged with us and reliant on our support for their registration initiatives, while Cambridge University student union have worked more independently from us. Ultimately we can only provide support to such events where we are able to.
- 5.5 Information provided to us from the Universities, shows that there are currently just over 22,250 students studying in Cambridge and that 60% of these are living in university accommodation. However, we have been unable to obtain information on the nationality of these students and so do not know exactly how many are entitled to be registered.
- 5.6 Using data from pre-IER registers, we can estimate that around 10% of students are not eligible to vote and would therefore expect to be registering a maximum of around 20,000 students. As we can only identify the 60% of students who live in university accommodation (because we do not know where those in private rented accommodation are) we should have a recorded student register of around 12,000.

## **6. GOING FORWARD**

- 6.1 The business-as-usual work of electoral services continues to identify anyone who is not registered and invite them to do so, as well as establishing those electors who have moved away in order to remove them from the register.
- 6.2 In the lead up to the May 2016 elections, engagement activities will continue and an early focus will be National Voter Registration Day on Friday 5 February. This is organised by the national campaign group Bite the Ballot and we will be running events at three college sites: Hills Road 6<sup>th</sup> form, Long Road 6<sup>th</sup> Form and Cambridge Regional College. This work will be supported by an officer from South Cambridgeshire District Council's electoral office, as they too have a large number of residents attending at those college sites.
- 6.3 We will also be organising further promotional activities with both Cambridge and Anglia Ruskin Universities and their student unions.
- 6.4 We will again be distributing bike seat covers in the lead up to the election registration deadline of 18 April, as well as a cycle and a van touring the city to advertise the elections and the registration deadline.
- 6.5 We have been working with the Cabinet Office and John Penrose MP, the Minister responsible for IER, to work through the challenges

that the new system has placed on local authorities. We are actively engaged in working towards modifications to the IER system, which will result in increased registration rates and less bureaucratic administration processes; one result of this could be participation in a pilot scheme, although this is unlikely to take place before 2017.

## **7. CONSULTATIONS**

No consultations are required.

## **8. OPTIONS**

This report is for information only.

## **9. CONCLUSION**

9.1 Cambridge has a population turnover similar to much larger cities, mainly due to the student population. Pre-IER, around one third of the register would change annually and this has not changed with the introduction of IER. The register year 2014/15 saw 31,227 changes made to the register lists.

9.2 Electorate numbers in Cambridge have been reduced as a result of the introduction of IER. This is primarily due to students either choosing to register at home, or not at all, and is further compounded possibly, by a lack of understanding of the new system by residents or their continued disinterest in registration and voting generally.

9.3 Continuation of the work that began during the IER transition is vital to ensure that the register remains as complete and accurate as possible. The electoral services team have worked hard to maintain the registration database, while encouraging registration and engaging under-registered groups in the city. The story of IER in Cambridge is no different to that in authorities with similar populations and we have been working with those authorities to share ideas and good practice. The transition to IER may have ended, but the work to engage, educate and enrol Cambridge residents will continue.

## **10. IMPLICATIONS**

### **(a) Financial Implications**

At the start of the transition to IER, the Government granted funding to all authorities to manage the transition process and due to the 70% match rate we recorded at the start of IER we have received extra funding to cover our costs. This has been used to cover the increased cost of IER; such as the increase in volume of printing and



postage that IER legislation imposes. We have further used the funding to cover outreach work, training and advertising costs.

Crucially, the funding has allowed us to recruit a post to organise the extra engagement activity and assist with the extra administration of IER. The Electoral Services Support Officer was recruited in October 2014 and is currently contracted to October 2016. Without this post, engagement activity would not have been possible and the extra administration from IER would have proved challenging to the existing team.

(b) **Staffing Implications**

There are no staffing implications.

(c) **Equality and Poverty Implications**

An equality impact assessment has been carried out.

(d) **Environmental Implications**

Nil: the proposal has no climate change impact.

(e) **Procurement**

No procurement is required.

(f) **Consultation and communication**

This report will be available to the public through the usual council channels and will be distributed to local political party election agents for information.

(g) **Community Safety**

There are no community safety implications.

**11. BACKGROUND PAPERS:** The following are the background papers that were used in the preparation of this report:

- Equality Impact Assessment: Electoral Services - Registration
- Analysis of the Confirmation Live Run in England and Wales, a report by the Electoral Commission, October 2014
- Update on IER and the End of the Transition Period, a briefing for Members, December 2015

To inspect these documents contact Vicky Breeding on extension 7057.

The author and contact officer for queries on the report is Vicky Breeding on extension 7057.

Report file:

Date originated: 18 January 2016

Date of last revision: 29 January 2016

# Cambridge City Council Equality Impact Assessment



Completing an Equality Impact Assessment will help you to think about what impact your strategy, policy, plan, project, contract or major change to your service may have on people that live in, work in or visit Cambridge, as well as on City Council staff.

The template is easy to use. You do not need to have specialist equalities knowledge to complete it. It asks you to make judgements based on evidence and experience. There are guidance notes on the intranet to help you. You can also get advice from David Kidston, Strategy and Partnerships Manager on 01223 457043 or email [david.kidston@cambridge.gov.uk](mailto:david.kidston@cambridge.gov.uk) or from any member of the Joint Equalities Group.

## 1. Title of strategy, policy, plan, project, contract or major change to your service:

Electoral Services - Registration

## 2. What is the objective or purpose of your strategy, policy, plan, project, contract or major change to your service?

To assess access to voter registration for customers, specifically the impact of the introduction of Individual Electoral Registration (IER).

## 3. Who will be affected by this strategy, policy, plan, project, contract or major change to your service? (Please tick those that apply)

- Residents
- Visitors
- Staff

A specific client group or groups (please state):  
Residents who are eligible to register to vote.

## 4. What type of strategy, policy, plan, project, contract or major change to your service is this? (Please tick)

- New
- Revised
- Existing

## 5. Responsible directorate and service

Directorate: Chief Executive's

Service: Democratic Services (Electoral)

**6. Are other departments or partners involved in delivering this strategy, policy, plan, project, contract or major change to your service?**

No

Yes (please give details):

**7. Potential impact**

Please list and explain how this strategy, policy, plan, project, contract or major change to your service could **positively** or **negatively** affect individuals from the following equalities groups.

When answering this question, please think about:

- The results of relevant consultation that you or others have completed (for example with residents, people that work in or visit Cambridge, service users, staff or partner organisations).
- Complaints information.
- Performance information.
- Information about people using your service (for example whether people from certain equalities groups use the service more or less than others).
- Inspection results.
- Comparisons with other organisations.
- The implementation of your piece of work (don't just assess what you think the impact will be after you have completed your work, but also think about what steps you might have to take to make sure that the implementation of your work does not negatively impact on people from a particular equality group).
- The relevant premises involved.
- Your communications.
- National research (local information is not always available, particularly for some equalities groups, so use national research to provide evidence for your conclusions).

**(a) Age** (any group of people of a particular age, including younger and older people)

Rising 18's (16 & 17 year olds) who are entitled to register in advance of their 18<sup>th</sup> birthday and young people/students as the 18-24 age group is traditionally under-registered and disengaged with democracy.

NEGATIVE impact: The change to an individual application, rather than one made by the 'head of household', will mean that this age group are less likely to register as they are potentially less engaged with politics and democracy. The changes to the registration application process require the supply of information, such as a national insurance number, which is not readily available to students and young people. This may cause some to be dissuaded from registering.

POSITIVE impact: The introduction of an online application facility provides for greater interaction with this age group who are more likely to use this facility. A large amount of engagement work has been funded to engage, educate and enrol this particular group of traditionally under-registered residents.

**(b) Disability** (including people with a physical impairment, sensory impairment, learning disability, mental health problem or other condition which has an impact on their daily life)

POSITIVE impact: Changes to the registration application process now mean that applications can be made online, by telephone or in person. This allows a range of options for those with a disability that may have previously prevented them from making a paper application and providing a signature.

**(c) Gender**

No known impact.

**(d) Pregnancy and maternity**

No known impact.

**(e) Transgender** (including gender re-assignment)

No known impact.

**(f) Marriage and Civil Partnership**

No known impact.

**(g) Race or Ethnicity**

NEGATIVE impact: BME groups have been identified as traditionally under-registered. Engagement work is funded in order to engage, educate and erol this group and ensure these messages are getting across in certain communities.

POSITIVE impact: Explanatory material are available in several formats, including other languages. The online application facility means translation services are readily avliable.

**(h) Religion or Belief**

No known impact.

**(i) Sexual Orientation**

No known impact.

**(j) Other factor that may lead to inequality (please state):**

**8. If you have any additional comments please add them here**

Voter registration is heavily legislated as well as held under scrutiny by the Electoral Commission. In general such regulations and guidance are intended to promote equal access to registration.

The introduction of IER has had the above impacts across the country and these issues are not exclusive to Cambridge. We have been working closely with the Electoral Commission and the Cabinet Ofice to make changes which will have a more positive impact.

**9. Conclusions and Next Steps**

- If you have not identified any negative impacts, please sign off this form.
- If you have identified potential negative actions, you must complete the action plan at the end of this document to set out how you propose to mitigate the impact. If you do not feel that the potential negative impact can be mitigated, you must complete question 8 to explain why that is the case.
- If there is insufficient evidence to say whether or not there is likely to be a negative impact, please complete the action plan setting out what additional information you need to gather to complete the assessment.

All completed Equality Impact Assessments must be emailed to David Kidston, Strategy and Partnerships Manager, who will arrange for it to be published on the City Council’s website. Email [david.kidston@cambridge.gov.uk](mailto:david.kidston@cambridge.gov.uk)

## 10. Sign off

Name and job title of assessment lead officer: Vicky Breading, Electoral Services Manager

Names and job titles of other assessment team members and people consulted:

Date of completion: 6 August 2015

Date of next review of the assessment: August 2016

## Action Plan

**Equality Impact Assessment title:**

**Date of completion: 6 August 2015**

<b>Equality Group</b>	<b>Age</b>
Details of possible disadvantage or negative impact	The 18-24 age groupd have been identified as less-likey to enage with registration and voting.
Action to be taken to address the disadvantage or negative impact	As part of the engagement strategy, we are committed to providing advice and support to these groups, via registration ddrives and interactive sessions.
Officer responsible for progressing the action	Vicky Breading / Emily Watts
Date action to be completed by	Ongoing.

<b>Equality Group</b>	<b>Disability</b>
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

<b>Equality Group</b>	<b>Gender</b>
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	



<b>Equality Group</b>	<b>Pregnancy and Maternity</b>
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

<b>Equality Group</b>	<b>Transgender</b>
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

<b>Equality Group</b>	<b>Marriage and Civil Partnership</b>
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

<b>Equality Group</b>	<b>Race or Ethnicity</b>
Details of possible disadvantage or negative impact	BME groups have been identified as less-likely to register to vote.
Action to be taken to address the disadvantage or negative impact	Provision of support and information to community groups as part of the wider engagement strategy.
Officer responsible for progressing the action	Vicky Breeding / Emily Watts
Date action to be completed by	Ongoing.

<b>Equality Group</b>	<b>Religion or Belief</b>
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

<b>Equality Group</b>	<b>Sexual Orientation</b>
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

<b>Other factors that may lead to inequality</b>	
Details of possible disadvantage or negative impact	
Action to be taken to address the disadvantage or negative impact	
Officer responsible for progressing the action	
Date action to be completed by	

## CAMBRIDGE CITY COUNCIL

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REPORT OF: Head of Human Resources

TO: Civic Affairs Committee  
Council

17/2/2016  
25/2/2016

WARDS: All

### **DRAFT PAY POLICY STATEMENT 2016/17**

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#### **1 INTRODUCTION**

- 1.1 This report sets out a draft pay policy statement as required under the Localism Act. The Localism Act requires the Council to have considered, approved and published a pay policy statement for each financial year. This must be approved by Full Council and be in place by 31<sup>st</sup> March each year.
- 1.2 The pay policy statement covers posts designated 'chief officer'. For Cambridge City Council this includes the chief executive, directors and heads of service. The areas to be covered in the statement are: salary, expenses, bonuses, performance-related pay, severance payments, how election fees are paid and the pay policy on re-engagement of ex-employees. The Localism Act also requires the statement to define the lowest paid employees and the ratio to the highest earning employee.
- 1.3 The Civic Affairs Committee are asked to note that the Pay Policy Statement 2016/17 contains reference to the 2015 pay review of senior officer salaries: chief executive, director and heads of service at JNC1 and JNC 2 and the proposed introduction of a new pay grade, to be called Band 10.
- 1.4 The National Employers have recently made a pay offer to chief officers. There is no pay offer for Chief Executives.

This is a pay offer and has not been accepted, but if implemented on 1 April 2016 it would raise the pay levels of heads of service on JNC1, JNC 2 and directors at Cambridge City Council by

- One per cent on basic salary1 with effect from 1 April 2016
- One per cent on basic salary1 with effect from 1 April 2017

There will be a verbal update to the Civic Affairs Committee on any further information about this pay offer.

## **2. RECOMMENDATIONS**

### **The Civic Affairs Committee is asked to:**

- 2.1 Consider and recommend to Council the draft Pay Policy Statement 2016/17 attached as Appendix 1.
- 2.2 Note that a review of senior officer salaries has been undertaken in 2015 and that no change to the pay levels of the Chief Executive, Directors and Heads of Service on JNC1 and JNC2 is recommended as a result of that review.
- 2.3 To recommend to Council to delegate authority to the Head of Human Resources to implement the new Band 10.
- 2.4 To note the position on the chief officer pay award and receive an update at the meeting.
- 2.5 To recommend to Council to delegate authority to the Head of Human Resources to update the Pay Policy Statement 2016/17 should a chief officer pay award be agreed.

## **3. 2015 PAY REVIEW**

- 3.1 The Council has an agreement that senior officer pay scales will be reviewed every three years. The last review was undertaken in 2012.
- 3.2 The three year pay review has been undertaken for 2015 by the Head of Human Resources, using a range of pay benchmarking data including:
  - Hay Group market comparison data
  - Local Government Association report 'Epay check data report'. Senior Pay in local Government.
  - benchmarking data for all Councils in the East of England region
  - benchmarking data for Districts and Boroughs in the East of England
  - benchmarking data for shire districts/boroughs with approximately 1000 staff

- 3.3 The current benchmarking of senior salaries suggests the pay levels for our chief executive, director and heads of service grades are broadly in line with our comparator authorities.
- 3.4 As a result of analysing the benchmarking pay comparison data there is no recommended increase or reduction in the pay ranges for these posts at a locally negotiated level. There is no recommendation to reduce or increase the number of points in the pay grades for these posts, currently four.
- 3.5 The outcome of this review is the recommendation that the pay levels for the posts of Chief Executive, Director and Heads of Service on JNC 1 and JNC 2 grades remain unchanged (please note the reference in 1.4 above to a separate potential national pay award) as follows:
- Chief Executive £108,639 to £122,503
  - Directors £83,804 to £93,729
  - Head of Service (JNC1) £65,054 to £71,668
  - Head of Service (JNC2) £56,222 to £62,837
- 3.6 The next three year review will be in 2018.

#### 4. **PROPOSED CHANGE TO PAY SCALES – INTRODUCTION OF NEW GRADE, BAND 10**

- 4.1 During 2015 the City Council entered into a number of shared service partnerships with South Cambridgeshire District Council and Huntingdonshire District Council. For Legal Services and Building Control, Cambridge City is the ‘employing authority’ and staff from other councils have transferred to Cambridge City Council. One of the early pieces of work we are undertaking in order to fully establish the new services is to review the senior management structures; at the levels of head of service, senior manager and managers reporting to the lead officer. This has highlighted the need to review Cambridge City Councils pay and grading structure in terms of how these new senior posts fit within the current City Council pay structures and how we evaluate the grade of these new posts.
- 4.2 The City Council currently has two separate pay structures, one for the majority of staff covering nine Bands (Band 1-9), on National Joint Council terms and conditions (NJC) and the senior officer pay structures for heads of service, directors and the chief executive ranging from JNC2 to Chief Executive on Joint Negotiating Committee (JNC) terms and conditions of employment.

- 4.3 Attached as Appendix 2 is a chart showing the current pay ranges.
- 4.4 Through the work we have been doing on the potential management structures of the new shared services, awareness gained during the 2015 pay review of other council's pay structures below head of service, and taking into account the Management Structure being proposed by the Chief Executive, which envisages a potentially larger role for managers in some services, not at head of service level, we have concluded that we need a new grade.
- 4.5 Posts on Band 9 are generally heads of section or specialist professionals who report to a head of service. There is one head of service post on Band 9, the Head of Internal Audit. Posts on JNC 2 are heads of service and it is currently a condition of JNC 1 and 2 grading that these posts are at head of service level.
- 4.6 There is a gap in the current the pay structure between the two sets of terms and conditions and pay scales between £47,864 and £56,222. It is proposed to introduce a new pay grade into the Council's existing pay and grading structure, to be called Band 10 with a salary range of £50,000 to £54,500.
- 4.7 There will be four pay points within Band 10; £50,000, £51,500, £53,000, and £54,500. Progress through the grade will be subject to performance in accordance with our performance review (appraisal) scheme.
- 4.8 It is proposed to extend the current NJC pay scale above £47,864 (top of Band 9) with a new grade, Band 10.  
Posts within Band 10 will be on the same terms and conditions of employment as posts within the range Band 1 to Band 9.
- 4.9 For the purposes of job evaluation the HAY job evaluation scheme will be used to determine whether a post should be within Band 10. The HAY job evaluation scheme is used to determine senior management posts on the head of service, Director or Chief Executive pay grades.
- 4.10 It is anticipated that there will be relatively few posts within Band 10 and that these will be specific management posts, mainly in shared services. At present it is anticipated there will be two such roles.
- 4.11 We will undertake a review of the largest roles currently within Band 9 to assess whether any of these, having evolved since the last grading review, should be reconsidered as potential Band 10 roles. The costs of any change will be met by the service concerned, there will be no central provision for any regrading.

## **5. CONCLUSIONS**

- 5.1 If we do not implement a new grade between Band 9 and JNC 2 we will find it increasingly difficult to recruit and retain people in new shared service management posts. It will lead to increased use of market supplements, which are temporary in nature. It is expected that posts with a temporary element to pay will be difficult to fill and this will have an impact on the senior management structure and the service.
- 5.1 Our current pay structure of Bands1-9 and heads of service on JNC2 and JNC1 has served us well since 2003/4 and was still appropriate at the time of the major review of pay, terms and conditions in 2012. However, we are now in a different environment of shared service and changed expectations of senior managers, where there are fewer heads of service, and as such need a revised pay structure.
- 5.3 We do not need to fundamentally change our pay structure but we do need an additional grade below head of service level.

## **6. CONSULTATIONS**

- 6.1 The Chief Executive, Director of Business Transformation, Head of Legal Services, Strategic Procurement Officer, Head of Finance, Support Services Manager and Democratic Services Manager have been consulted on this report and the attached draft Pay Policy Statement.
- 6.2 The outcomes of the review have been considered by the Leader of the Council, Executive Councillor for Finance and Resources, Group Leader Liberal Democrat Group and Chair of Civic Affairs. Briefings are being arranged for the Group Leader Minorities Group and Opposition Spokesperson of Civic Affairs.
- 6.3 The trade unions have been consulted on the introduction of the proposed Band 10 and the 2015 pay review.
- 6.4 The Chief Executive included reference to the outcome of the 2015 (three year review) benchmarking of senior management pay for chief executive, director and heads of service level posts in her Management Structure Consultation paper.

## **7. IMPLICATIONS**

### **(a) Financial Implications**

Any costs associated with the introduction of the proposed Band 10 posts will be met from within existing budgets. There are no other financial implications arising from this the report.

Provision for a pay award at 1% has been accounted for in the 2016/17 budget.

(b) **Staffing Implications**

This report relates to the pay, terms and conditions of staff.

(c) **Equality and Poverty Implications**

EQIA's were undertaken for the pay, terms and conditions review in 2012 and for the introduction and review of the Living Wage Policy. A separate EQIA has not been prepared for this report.

We will monitor the implementation of the proposed Band 10 role.

Equality information by grade is reported annually to the Equalities Panel and is available on the Council's website.

(d) **Environmental Implications**

The proposal has no climate change impact.

(e) **Procurement**

The Living Wage Policy as it relates to contractors is included in the Pay Policy Statement.

(f) **Consultation and communication**

This pay policy statement once approved by Full Council will be published on the Councils website.

Approval of the introduction of the new Band 10 grade will be communicated to all staff and the pay scales will be updated.

(g) **Community Safety**

This report relates to the pay, terms and conditions of staff and does not impact directly on community safety matters.



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

- Pay Policy Statement 2015/16
- Provisions of the Localism Act relating to chief officer pay statements
- Communities and Local Government Openness and accountability in local pay: Guidance under section 40 of the Localism Act February 2012 and Supplementary Guidance February 2013.
- Local Government Association Localism Act: Pay Policy Statements Guidance (November 2011) and Supplementary Notes 1 and 2.
- City Council Pay scales
- Letter from the LGA relating to chief officer pay offer dated 13 January 2016.

To inspect these documents contact Deborah Simpson, Head of Human Resources on extension 8101.

The author and contact officer for queries on the report is Deborah Simpson, Head of Human Resources on 01223 458101.

Report file:

Date originated: 08 February 2016

Date of last revision: 08 February 2016



## Pay Policy Statement 2016/17

### Scope

This pay policy statement covers the posts of the chief executive, all directors and all heads of service within the JNC 1 and JNC 2 grades.

The Council is an accredited Living Wage Employer and this statement incorporates the Council's policy on the UK Living Wage.

The Council has a number of apprenticeship opportunities and there is a statement relating to apprenticeships.

### Salary

The current salary scales for the chief executive, directors and heads of service are shown below.

Progression through the pay band (a four point scale) is subject to a range of criteria that are currently assessed via the annual performance review.

<b>Chief Executive</b>	108639	113252	117859	122503
<b>Director</b>	83804	87114	90419	93729
<b>Head of service</b>				
<b>JNC1</b>	65054	67270	69452	71668
<b>JNC2</b>	56222	58439	60655	62837

### 2015 Review of Salary levels

The pay scales were revised in 2012 as part of the Council's review of pay, terms and conditions.

With effect from 1 January 2015 there was a nationally negotiated pay award of 2% for Directors and Heads of Service on JNC1 and JNC 2 in accordance with the Joint Negotiating Committee (JNC) for Chief Officers terms and conditions of employment. There was no national pay award affecting Cambridge City Councils Chief Executive's pay level. The pay award covered the period to 31 March 2016.

There has been a recent pay offer at the nationally negotiated pay level of 1% for April 2016 and April 2017.

The Council has an agreement that senior officer pay scales will be reviewed every three years in line with current median level pay. The last review was in 2012.

The three year pay review has been undertaken for 2015. The outcome of this review is the recommendation of no change at a locally negotiated level to the pay ranges for the posts of Chief Executive, Director and Heads of Service on JNC 1 and JNC 2 grades.

### **New Pay Grade – Band 10**

It is proposed to introduce a new pay grade into the Council's existing pay and grading structure, to be called Band 10.

It is proposed to extend the current NJC pay scale above £47,864 (top of Band 9) with a new grade, Band 10, with a salary range of £50,000 to £54,500, with four separate pay points of £50,000, £51,500, £53,000, and £54,500.

Posts within Band 10 will be on the same terms and conditions of employment as posts within the range Band 1 to Band 9.

For the purposes of job evaluation the HAY job evaluation scheme will be used to determine whether a post should be within Band 10. The HAY job evaluation scheme is used to determine senior management posts on the head of service, Director or Chief Executive pay grades.

### **Pay Awards**

Pay awards are nationally determined in accordance with the Joint Negotiating Committee (JNC) for Chief Executives and the Joint Negotiating Committee (JNC) for Chief Officers.

### **Terms and Conditions of Employment**

The terms and conditions of employment for the chief executive, directors and heads of service within the scope of this pay policy statement are determined in accordance with collective agreements, negotiated from time to time, by the JNC for Chief Executives and the JNC for Chief Officers, as set out in the Scheme of Conditions of Service. These are supplemented by local collective agreements reached with trade unions recognized by the Council and by the rules of the Council.

### **Remuneration on Recruitment**

Recruitment to the posts of chief executive and director is undertaken by a committee of councillors appointed by Council, but in the case of the chief executive, the appointment is made by Full Council, following a recommendation from the Employment (Senior Officer) Committee. The salary on recruitment will be within the current salary range for these posts at that time.

Recruitment to posts of head of service is undertaken by the chief executive or a director and is subject to notification to Executive Councillors before a job offer can be made. The salary on recruitment will be within the current salary range for these posts at that time.

There are occasions when the salary determined by the grading for a post results in an inability to successfully recruit to or retain staff in particular posts or specific occupational areas, due to fluctuations in the labour market supply. These recruitment and retention problems can affect ability to deliver services. In such cases it may be appropriate to pay a market supplement in addition to the salary where there is evidence to justify that market factors are the “material reason” for the post attracting a higher rate of pay than other posts graded similarly. Any additional market supplement will be made in accordance with the Market Pay Policy.

Rules governing the recruitment of the chief executive, directors and heads of service are set out in the councils constitution in section; Part 41, Officer Employment Procedure Rules

## **Bonuses**

There are no bonus arrangements payable to the chief executive, directors or heads of service.

## **Performance Related Pay**

Performance and progression through the pay band is assessed annually in line with the Council’s performance review schemes. For the chief executive and directors, performance is assessed by a panel of councillors, the Chief Officer Performance Review Working Party. For heads of service, performance is assessed by their director.

There is no performance related pay scheme outside of the performance review scheme, which determines the salary point of an officer, within the salary scale set out above.

## **Salaries over £100,000**

The post of chief executive is the sole post which carries a salary range of over £100,000.

## **Publication of salary data**

Salary data for the chief executive, directors and heads of service is published on the council’s website, in the Open Data, Transparency in local government, senior salaries or Senior Council Officers sections.

For the chief executive and directors this includes name, job description and actual salary, and for the chief executive, expenses and any election fees paid. For the heads of service this includes salary by post title.

This pay policy statement once approved by Full Council will be published on the Councils website.

## **Expenses**

The expenses which may be payable to the chief executive, a director or head of service include:

- car/bicycle/motorcycle allowances at HMRC rates
- re-imbursment of travel and subsistence

- one professional subscription per annum
- payments under the eye sight tests scheme
- relocation assistance in accordance with the Relocation Scheme

## **Severance Payments**

Severance payments are made in accordance with the council's employment policies and are the same for all staff.

Employees with more than two years service will be entitled to redundancy pay in line with local government guidelines and statutory provisions. Redundant employees may receive the following elements in their final pay:

- Normal pay up to the agreed leaving date
- Where applicable, payment in lieu of outstanding notice
- Severance payment (where entitled).

Under the council's redundancy scheme a weeks pay will be calculated on the basis of actual contractual pay. Additional benefits are not included. Cambridge City Council will not apply the statutory weeks pay definition.

Employees in the pension scheme and who are over age 55 are entitled to immediate onset of pension benefits based on actual reckonable service if:

- They are over 55 at the termination date
- They meet the two years vesting period in the Local Government Pension Scheme (LGPS)

Once an employee is in receipt of early payment of pension benefits, if their total pay and pension benefits together (if reemployed by another employer covered by the Local Government Modification order) exceeds their salary as at the leaving date, the difference may be claimed back from pension payments.

An employee will lose their entitlement to redundancy pay if they take up a post with another body covered by the Redundancy Payments (Local Government) (Modification) (Amendment) Orders within 4 weeks of the date of the redundancy and the offer of the new job has been made before the end of the original contract.

The chief executive, monitoring officer and chief finance officer can only be dismissed by the full council. All other directors and heads of service can only be dismissed in accordance with the Councils constitution, Part 41, Officer Employment Procedure Rules.

Any proposals with a salary or severance package with a total value over £100k will be reported by the Employment (Senior Officer) Committee to Full Council for decision.

## **Pension and Pension Enhancements**

The employees within the scope of this pay policy are entitled to and receive pension contributions from the Local Government Pension Scheme (LGPS). This is a contributory scheme and they currently contribute between 8.5% and 11.4% of their pensionable pay to the scheme.

The employer contribution rate is currently 17.4% i.e. the council contributes 17.4% of pensionable pay to the pension of a member of staff within the pension scheme. The rate of 17.4% is the same for all staff. The rate is reviewed every 3 years following a valuation of the fund by the appointed actuaries.

In addition to the employers contributions on pensionable pay Cambridge City Council like most employers in the Pension Fund is paying a 'Deficit Repayment' which is expressed in monetary terms, not percentage of payroll. This protects the Fund if Cambridge City Council's pensionable payroll flattens or drops, and ensures the Fund is receiving sufficient money to help pay the deficit. The deficit payment amount for 2014/2015 was £769,000. The contribution rates and deficit repayments for the next two years are: 2015/16 – 17.4%, £1,303,000 and for 2016/17 -17.4%, £1,881,000.

The Council's discretions on enhancement of pension are set out in the Pensions Discretion Statement 2014. This policy was approved by the Civic Affairs Committee on the 25 June 2014. The policy was reviewed in line with the requirement that Council officers review the statement every 3 years and / or in line with changes to the Local Government Pension Scheme (LGPS) as advised by the Local Government Pensions Committee (LGPC) and the Administering Authority (Cambridgeshire County Council), and any recommended changes will go before Civic Affairs for approval.

## **Pay Ratios**

### **Relationship to lowest paid and Chief Executive and median average of employees**

The lowest paid staff within the Council's pay structure are on Band 1. For this reason we have chosen staff employed on Band 1 as our definition of the 'lowest paid' for the purposes of this policy. Band 1 currently ranges from £14,075 to £16,231 per annum.

The terms and conditions of employment for Band 1 staff are in accordance with collective agreements, negotiated from time to time, by the National Joint Council for Local Government Services, as set out in the Scheme of Conditions of Service (commonly known as the Green Book). These are supplemented by local collective agreements reached with trade unions recognised by the Council and by the rules of the Council.

Pay policies which apply to Band 1 employees include:

- car/bicycle/motorcycle mileage at HMRC rates
- re-imbusement for travel and subsistence
- overtime/enhanced rates
- standby and callout arrangements
- one professional subscription per annum
- payments under the eye sight tests scheme
- Travel scheme (where applicable)

The highest paid officer of the council is the chief executive, with a current salary of £122,503. The chief executive's current salary scale runs from £108,639 to £122,503.

The ratio between the highest and lowest pay points on each scale is - 1:8.7

The ratio of the chief executive's current salary and the lowest pay point is - 1:8.7

The median average salary of all Cambridge City Council staff is £27,123.

The ratio of the chief executive's current salary to the median average salary is - 1:4.5.

The Council does not have a policy on maintaining or reaching a specific pay ratio between the lowest and highest paid staff.

## **Living Wage**

The Council has adopted a Living Wage policy for staff, agency workers and contractors engaged through the Council's Procurement processes.

The Council will pay the UK Living Wage rate for Cambridge City Council staff, by way of a supplement to pay rates.

The Council will pay the minimum of the UK Living Wage rate to agency workers after 4 weeks of their engagement with the City Council.

The Council will require contractors engaged through the Council's procurement processes to deliver services on Council premises to pay their employees/sub-contractor employees who work on the premises for 2 or more hours on any day in a week for 8 or more consecutive weeks in a year at least the UK Living Wage rate. The only contracts that will be excluded from the requirement to pay the Living Wage are:

- contracts where it would be unlawful to require the payment of the UK Living Wage
- contracts where, following evaluation, it is considered inappropriate to impose the requirement.

The UK Living Wage is £8.25 per hour (£15,916 per annum).

## **Pay Ratios and the Living Wage**

The pay ratios based on the UK Living Wage of £8.25 are as follows:

The ratio between the highest and lowest pay points is – 1:7.7

The ratio of the chief executive's current salary and the lowest pay point is - 1:7.7

The median average salary of all Cambridge City Council staff (including the living wage supplement) is £27,123.

The ratio of the chief executive's current salary to the median average salary is – 1:4.5

## **Apprentices**

The Council has engaged a number of apprentices and set a target of 20 apprenticeships by 2018. The apprentice roles have been created by services as development opportunities, to support the apprenticeship programme. These roles do not replace existing posts and are outside of the Living Wage policy.

The national apprentice rates are currently £3.30 for the first year, and for the second year they are age related: £3.87 (at age 16-17), £5.30 (at age 18-20) and £6.70 (at age 21 and over).

Cambridge City Council pay the age related national apprentice wage for the duration of the apprenticeship.

### **Pay Ratios and Apprenticeships**

The pay ratios based on the lowest pay rate for an apprentice at Cambridge City Council of £3.87 (for the first year) are as follows:

The ratio between the highest pay point and the apprenticeship rate is – 1:16.4

The ratio of the chief executive's current salary and the apprentice rate is - 1:16.4

The median average salary of all Cambridge City Council staff, including apprentices is £27,123.

The ratio of the chief executive's current salary to the median average salary, including apprentices is – 1:4.5

In the second year of an apprenticeship the salary rate increases in accordance with the persons age at that time.

### **Election Fees**

The Returning Officer is the person who has the overall responsibility for the conduct of elections. The Returning Officer is an officer of the Council who is appointed under the Representation of the People Act 1983. Although appointed by the Council the role of the Returning Officer is one of a personal nature and distinct and separate from their duties as an employee of the Council. Elections fees are paid for these additional duties and they are paid separately to salary.

The Chief Executive is the council's Returning Officer.

The fees for Parliamentary, Police Commissioner and Euro Elections are set by the Government. The fees for County Council elections are set by the County Council. The fees for Parliamentary and European Elections are pensionable.

Fees for district elections are set locally and current fees were agreed by the Civic Affairs Committee in April 2010 as £373 per contested ward and £55 per uncontested ward. Fees for district elections are pensionable.

Other officers, including senior officers within the scope of this policy, may receive additional payment for specific election duties.

### **Tax Avoidance**

The Council takes tax avoidance seriously and will seek to appoint individuals to vacant positions using the recruitment procedures on the basis of contracts of employment and



apply direct tax and National Insurance deductions from pay through the operation of PAYE.

Where consultants are recruited the Council will seek to avoid contractual arrangements which could be perceived as being primarily designed to reduce significantly the rate of tax paid by that person, such as paying the individual through a company effectively, controlled by him or her.

These principles will be embedded in contract clauses and guidance for managers when employing consultants.

### **Re-engagement of ex City Council staff within the scope of this policy**

All permanent or fixed term posts are advertised in accordance with the council's recruitment policies and appointment is made on merit.

Interim management appointments are made in accordance with the council's procurement policies and the provisions for contract for services.

The council will not engage an ex city council member of staff within the scope of this policy outside of these arrangements.

**February 2016**

**Existing Paybands as at  
01.01.15**

9	£14,075	Band 1
10	£14,338	
11	£15,207	
12	£15,523	
13	£15,941	
14	£16,231	Band 2
15	£16,572	
16	£16,969	
17	£17,372	
18	£17,714	
19	£18,376	Band 3
20	£19,048	
21	£19,742	
22	£20,253	
23	£20,849	
24	£21,530	Band 4
25	£22,112	
26	£22,937	
27	£23,698	
28	£24,472	
29	£25,440	Band 5
30	£26,293	
31	£27,123	
32	£27,924	
33	£28,746	
34	£29,558	Band 6
35	£30,178	
36	£30,978	
37	£31,846	
38	£32,778	
39	£33,857	Band 7
40	£34,746	
41	£35,662	
42	£36,571	
43	£37,483	
44	£38,405	Band 8
45	£39,267	
46	£40,217	
47	£41,140	
48	£42,053	
49	£42,957	Band 9
50	£43,869	
51	£44,836	
52	£45,822	
53	£46,832	
54	£47,864	
101	£56,222	JNC 2
102	£58,439	
103	£60,655	
104	£62,837	
105	£65,054	JNC 1
106	£67,270	
107	£69,452	
108	£71,668	
109	£83,804	DIRECTOR
110	£87,114	
111	£90,419	
112	£93,729	
113	£108,639	CEX
114	£113,252	
115	£117,859	
116	£122,503	

**Proposed new Pay Points**

9	£14,075	Band 1
10	£14,338	
11	£15,207	
12	£15,523	
13	£15,941	
14	£16,231	Band 2
15	£16,572	
16	£16,969	
17	£17,372	
18	£17,714	
19	£18,376	Band 3
20	£19,048	
21	£19,742	
22	£20,253	
23	£20,849	
24	£21,530	Band 4
25	£22,212	
26	£22,937	
27	£23,698	
28	£24,472	
29	£25,440	Band 5
30	£26,293	
31	£27,123	
32	£27,924	
33	£28,746	
34	£29,558	Band 6
35	£30,178	
36	£30,978	
37	£31,846	
38	£32,778	
39	£33,857	Band 7
40	£34,746	
41	£35,662	
42	£36,571	
43	£37,483	
44	£38,405	Band 8
45	£39,267	
46	£40,217	
47	£41,140	
48	£42,053	
49	£42,957	Band 9
50	£43,869	
51	£44,836	
52	£45,822	
53	£46,832	
54	£47,864	
55	£50,000	New Pay Band 10
56	£51,500	
57	£53,000	
58	£54,500	
101	£56,222	JNC 2
102	£58,439	
103	£60,655	
104	£62,837	
105	£65,054	JNC 1
106	£67,270	
107	£69,452	
108	£71,668	
109	£83,804	DIRECTOR
110	£87,114	
111	£90,419	
112	£93,729	
113	£108,639	CEX
114	£113,252	
115	£117,859	
116	£122,503	

## CAMBRIDGE CITY COUNCIL

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REPORT OF: Head of Legal Services

TO: Civic Affairs Committee

17/2/2016

WARDS: None directly affected

### **CONSTITUTION CHANGES: FOR COUNCIL MEETINGS PROCEDURE RULES, AMENDING THE CONSTITUTION/TERMS OF REFERENCE FOR REVIEW OF LOCAL DEMOCRATIC ENGAGEMENT**

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#### **1 INTRODUCTION**

1.1 This report seeks:

- approval for a change to Council Procedure Rules (to better manage the time spent at council meetings), following discussion between group leaders, members of Civic Affairs and the Mayor;
- agreement to the Terms of Reference for a review of local democratic engagement in line with the Motion agreed at Council on 22 October 2015
- approval for the Monitoring Officer to make routine changes to the Constitution to keep it up to date.

#### **2. RECOMMENDATIONS**

Constitution changes:

- 2.1 To recommend to Council the changes to Council Procedure Rules as set out in Appendix 1
- 2.2 That the Committee review the effect of these changes in Spring 2017.

Motion on public engagement in local democracy:

- 2.3 To agree a member working group with terms of reference, composition and delivery timetable as set out in paragraphs 4.2 to 4.3.

#### Updating the Constitution

- 2.4 To recommend to Council the changes to the Constitution as set out in Appendix 2 to allow the Monitoring Officer to keep the Constitution updated.

### 3. CHANGES TO COUNCIL PROCEDURE RULES

- 3.1 At its meeting on 18 March 2015, at the request of Councillor Holland, the Committee considered points made by Cllrs Holland and Hipkin regarding the length of Council meetings. Cllrs Holland and Hipkin made the following points:

- i. Council (and Area Committees) should not be open ended in duration.
- ii. Councillors should consider the equalities implications of late into the night meetings (e.g. childcare arrangements). Late meetings were not good for decision making. The Council should look to the changes made by Parliament to help those with caring responsibilities and good governance.
- iii. There was a general deterioration in behaviour and quality of debate as members became tired.
- iv. By 10.30pm, four and a half hours of debate had been had – that would be enough time to do business if members focussed their contributions. Council should consider a guillotine.
- v. There was a cost to the Council of late meetings (officer time, heating/lighting, childcare allowance).

- 3.2 In response, Civic Affairs Committee resolved to establish a working group comprising the Chair and spokes of the Committee, Group Leaders and the Mayor to consider the duration of Full Council meetings (minute 15/19/CIV).

- 3.3 The working group met in July and discussed a range of options which could reduce the duration of meetings without compromising the importance or integrity of the meeting. An agreed short list of options was then discussed separately by the political groups on the

Council with a further meeting of the working group held in November to consider the areas of consensus. The recommendations before the Committee have therefore been through a deliberative process, between and amongst, the three groups on the Council.

3.4 As a result of this process, this report proposes the following changes to Council Procedure Rules:

A. Length of speeches relating to motions

The member working group were seeking ways in which the overall duration of Council meetings could be reduced, without cutting off any member's right to speak. It was agreed to recommend a revised limit on time any member could speak from five minutes to three minutes and that movers and seconders of Motions (and amendments) should speak for ten minutes in total. It was felt that this would make a positive contribution to the overall duration of meetings.

B. Motions and amendments

The member working group agreed that amendments to a motion should be debated at the same time as the motion. This would also reduce the overall duration of meetings.

C. Wording of Motions when submitted

The member working group agreed that the Mayor should be able to encourage consensual wording where notice is given of two or more motions with similar effect.

3.5 The recommended changes to the Constitution are attached as Appendix 1 (proposed changes) with Appendix 2 showing the current wording for ease of reference.

3.6 The working group recommended that Civic Affairs Committee keep the effect of these changes under review, and revisit the issues in a year's time.

**4. REVIEW OF PUBLIC ENGAGEMENT IN LOCAL DEMOCRACY**

4.1 At the Council meeting on 22 October 2015, the following Motion was agreed:

*“Mindful of the need to engage the public as fully as possible in the democratic life of the city and at the same time acknowledging the severe financial pressures we are under, this Council calls for a comprehensive review, undertaken by the Civic Affairs Committee or a sub-group of that committee, of the ways in which the council can most effectively combine its responsibilities to promote local democracy while at the same time ensuring the prudent use of resources.”*

4.2 The terms of reference of the review are proposed as follows:

- i. To identify the current means by which the public engages with councillors and with the formal decision making processes of the Council (meetings of Full Council, scrutiny committees, regulatory committees and area committees and consultations on major policies) and, as far as possible, the resources used for each of those means;
- ii. To assess the impact of the current means of public engagement in decision making;
- iii. To review the costs and perceived impacts of different approaches to public engagement in decision making of comparable councils;
- iv. To report back to Civic Affairs with recommendations in September 2016.

4.3 It is proposed that a working group be established to oversee the review. It is recommended that this comprise the Chair of Civic Affairs Committee or his nominee; the Vice Chair of Civic Affairs Committee or his nominee; the opposition spokes on Civic Affairs Committee or his nominee; the Leader of the Council or his nominated representative of the Executive; the Leader of the Minorities Group or his nominee; and one councillor who has been newly elected to the Council since May 2014 from each of the two largest groups. The working group would invite views from all city councillors. The working group would be supported by officers from Corporate Strategy service.

4.4 The Working Group would aim to report back to Civic Affairs Committee in September 2016, in time for any recommendations with a budgetary impact to be considered as part of the budget setting process.

## **5. UPDATING THE CONSTITUTION**

5.1 The Council’s Constitution has the following provisions:

### **14.3 Changes to the Constitution**

14.3.1 **Approval.** *Changes to the constitution shall only be approved by the full Council after consideration of a report by the Chief Executive and Monitoring Officer to the Civic Affairs Committee.*

14.3.2 *However, the Monitoring Officer may approve drafting changes to the Constitution where these correct obvious errors or better give effect to the clear intention of the constitution.*

5.2 Whilst this is appropriate for substantive changes to the Constitution, there is a level of routine updating that is needed on a regular basis and which, in the officers' view, does not require approval by full Council and consideration by Civic Affairs. Officers have in mind specifically the following:

- Amending references to posts in the Council's Scheme of Delegation, where responsibilities and/or post titles change in the light of restructuring;
- Updating the Scheme of Delegation to reflect changes to delegations made by regulatory committees or by the Executive;
- Updating the responsibilities of members of the Executive, as determined by the Leader;
- Updating references to legislation where an Act of Parliament is replaced by another Act in substantially similar terms or reflecting changes in the law which are required by new legislation which the Council has no choice but to make.

5.3 Appendix 2 sets out proposed changes to the Constitution to allow the Monitoring Officer to keep the Constitution up to date in these areas without the need for reports to Civic Affairs and full Council.

## 6. CONSULTATIONS

6.1 Group leaders, the Chair of Civic Affairs and the Liberal Democrat Spokesperson have been consulted about the proposals in this report.

## 7. IMPLICATIONS

(a) **Financial Implications** None

(b) **Staffing Implications** Work to support the proposed Review can be carried out from within existing resources.

(c) **Equality and Poverty Implications** An equality impact assessment has not been carried out in respect of the proposals in this report. The constitutional changes proposed are unlikely to have any equality or poverty implications. Equality and poverty implications will be considered in the context of any proposals made by the Review.

(d) **Environmental Implications.** Nil

(e) **Procurement.** Nil

(f) **Consultation and communication** No further consultation or communication is proposed in relation to the constitutional changes. The member working group conducting the review will need to consider consultation and communication as part of the review's methodology.

(g) **Community Safety.** Nil

**BACKGROUND PAPERS:** There are no background papers for this report:

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Report file:

Date originated: 08 February 2016  
Date of last revision: 08 February 2016



## Appendix 1: Proposed changes to the Council Procedure Rules

### 21. Length of speeches

#### Generally

21.1 No speech shall, subject to the exceptions provided in 21.2 or elsewhere in the Council Procedure Rules, exceed five minutes in length without the consent of the Council given by reason of the exceptional importance of the subject and which consent shall be ascertained by the Mayor either on his/her own initiative or on a motion made which shall be put without amendment or discussion. Provided that it shall be within the discretion of the Mayor to permit up to a further five minutes beyond the time so mentioned without the necessity for any such consent.

#### Motions

21.2 Movers and seconders of motions may speak for a total of ten minutes between them, as may movers and seconders of amendments to motions. Other speeches on motions shall not exceed three minutes in length without the consent of the Council or of the Mayor given in accordance with 21.1.

### 13. Notices of Motion

#### 13.1 Notice

13.1.1 Notices of every motion, other than a motion which under Rules 4.2 or 14 may be moved without notice, shall be given in writing, bearing the names of the member or members of the Council giving the notice, and received not later than 10 am on the Tuesday preceding the usual day for issuing the summons for the next meeting of the Council, at the office of the Chief Executive by whom it shall be dated, numbered in the order in which it is received, and entered in a book which shall be open to the inspection of every member of the Council.

#### 13.2 Motion set out in agenda

13.2.1 The Chief Executive shall set out in the summons for every meeting of the Council all motions of which notice has been duly given in the order in which they have been received but will consult the Mayor on the order prior to publication. This applies unless the member giving such a notice intimated in writing, when giving it, that s/he proposed

to move it at some later meeting, or has since withdrawn it in writing. If the order is changed it will be made clear on the agenda. The original order of motions in the order received may be restored by a resolution passed on a motion (which need not be put in writing) duly moved and seconded.

13.2.2 If the Mayor considers that notice of two or more motions with similar effect have been given then, if those giving notice agree, a combined or consolidated motion may be included in the Council agenda in their place.

## RULES OF DEBATE

### 17. Motions and amendments

17.1 A motion or amendment shall not be discussed unless it has been proposed and seconded (except as provided in Rules 15 and 16), and, unless notice has already been given in accordance with Rule 13, it shall, if required by the Mayor, be put into writing and handed to the Mayor or Chief Executive before it is further discussed or put to the meeting.

17.2 An amendment of which notice has been given in accordance with Rule 13 shall be considered in debate at the same time as the motion which it seeks to amend. To this end, and without prejudice of the right of the mover and seconder to speak, such an amendment shall be deemed to have been formally moved and seconded at the commencement of debate, subject to the requirement that a seconder for the amendment is identified.

## Appendix 2: Proposed changes to updating the Constitution

### 14.3 Changes to the Constitution

14.3.1 **Approval.** Subject to 14.3.2 and 14.3.3, changes to the constitution shall only be approved by the full Council after consideration of a report by the Chief Executive and Monitoring Officer to the Civic Affairs Committee.

14.3.2 However, the Monitoring Officer may approve drafting changes to the Constitution where these correct obvious errors or better give effect to the clear intention of the constitution.

14.3.3 The Monitoring Officer may also approve drafting changes in these circumstances:

- To update the Council's scheme of delegation where responsibility for a function the subject of delegated powers is moved from one officer to another; for instance, following a departmental restructuring or to reflect changes in job titles or the management structure.
- To reflect changes to delegations to officers made by regulatory committees or by the Executive.
- To reflect changes in responsibilities of members of the Executive, as determined by the Leader.
- To update references in the Constitution to legislation where an Act of Parliament is replaced by another Act in substantially similar terms or to reflect changes which are required by new legislation which the Council has no choice but to make.

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## Agenda Item

### CAMBRIDGE CITY COUNCIL

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REPORT OF: Head of Legal Services  
TO: Civic Affairs 17/02/2016  
WARDS: None directly affected

#### **LOCALISM ACT 2011 AND STANDARDS OF CONDUCT: APPOINTMENT OF "INDEPENDENT PERSON" AND DEPUTY**

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#### **1 INTRODUCTION**

- 1.1 The purpose of this report is to recommend the Council to extend the appointment of the Council's "Independent Person" and Deputy for the standards regime introduced by the Localism Act 2011

#### **2. RECOMMENDATIONS**

The Committee is asked to recommend Council:

- 2.1 To extend the appointment of Sean Brady and Robert Bennett as the Council's Independent Person and Deputy for a term of two years until the end of February 2018.

#### **3. BACKGROUND**

- 3.1 The Council appointed Sean Brady and Robert Bennett to their roles in February 2013 for a term of three years. The appointments were made on the recommendation of a member panel. Members of the public were invited to apply for the role by an advertisement in the Cambridge News and on the Council's website.
- 3.2 The Council had previously endorsed selection criteria and a role description, which are annexed to this report. The Council also agreed to an allowance of £1,000 for the principal Independent Person and of £500 for their deputy.

#### **4. THE ROLE OF INDEPENDENT PERSON**

- 4.1 The Council is required by the Localism Act 2011 to appoint one or more "Independent Persons" to play a role in connection with the

determination of complaints against councillors and to retain an independent element to the promotion and regulation of standards.

#### 4.2 These are functions of the Independent Person:

- The IP must be consulted and their views taken into account before the Council makes a decision on any allegation it has decided to investigate.
- The IP may be consulted by the Council in other circumstances related to “standards” issues; e.g. at the point at which a complaint is received, or more generally regarding ethical issues.
- The IP may be consulted by a member of the authority against whom an allegation has been made.

#### 4.3 The Independent Person and Deputy also have a wider role in relation to good governance through their attendance and contribution to debate at Civic Affairs Committee. This introduces an element of external challenge.

### 5. **BIOGRAPHICAL INFORMATION**

#### 5.1 **Sean Brady.**

Before becoming the City Council’s Independent Person, Mr Brady was an external member of Uttlesford District Council’s Standards Committee since it was set up, and was its Chair for 10 years. During this time, he chaired a number of public hearings of complaints.

Mr Brady’s professional background is as a Chartered Insurer. He is a Fellow of the Chartered Insurance Institute. He has also been a Patient Representative on Advisory Groups at Addenbrookes Hospital.

#### 5.2 **Robert Bennett**

Mr Bennett’s professional background is as an Auditor. He worked for the Audit Commission between 1976 and 1980, for Peterborough Development Corporation between 1980 and 1981, and as a Senior Internal Auditor at Cambridgeshire County Council between 1981 and 1985.

Mr Bennett worked for PricewaterhouseCoopers between 1985 and 2010, and was a Partner from 1990. He led the public sector audit business in the South East of England. He has extensive experience of working with NHS bodies and local authorities, including work,

before his current appointment, as Cambridge City Council's external auditor.

## 6. THE OPTIONS

6.1 The options are either to extend the current appointments for a period or to run a fresh recruitment exercise.

6.2 Points in favour of extending their period of office include:

- These have been successful appointments. In the experience of the Monitoring Officer, the appointees have performed their duties well.
- They have gained experience of the Independent Person role in the course of the previous three years and there is merit in retaining this experience.
- There is an expense to recruitment and it places demands on officer and member time.
- We may not be able to recruit candidates of a similar calibre, and there is a risk that the recruitment would fail. Our experience is that it is difficult to recruit to external panels and similar. On initial recruitment to these posts, we received only two applications.

6.3 Points in favour of recruiting new Independent Persons include:

- It is, arguably, more transparent.
- We may benefit from new recruits looking at things with a fresh perspective.

6.4 The Monitoring Officer's view is that the arguments in favour of extending the period of office are stronger but that the Council should consider open recruitment of Independent Persons on expiry of an extended five year period; i.e. in two years' time.

## 7. CONSULTATIONS

Mr Brady and Mr Bennett are willing to serve for an additional two years if the Council wishes to extend their period of appointment.

## 8. IMPLICATIONS

(a) **Financial Implications** An allowance of £1,000 is payable to the Independent Person and £500 to the Deputy. This is provided for within existing budgets.

(b) **Staffing Implications** None

(c) **Equal Opportunities and Anti-Poverty Implications**

The initial appointment was advertised on the Council's website and in the Cambridge News and was conducted in accordance with the Council's .

(d) **Environmental Implications** – Nil impact.

(e) **Procurement** – Nil.

(f) **Consultation and communication** – See section 7.

(g) **Community Safety** – Nil.

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

Report to Civic Affairs Committee – 27 June 2012.

Report to Council – 21 February 2013

To inspect this document contact Simon Pugh, Head of Legal Services on (01223) 457401 or [simon.pugh@cambridge.gov.uk](mailto:simon.pugh@cambridge.gov.uk) or view online at <http://www.cambridge.gov.uk/democracy/documents/s12651/Appointment%20of%20Independent%20Person.pdf> and <http://democracy.cambridge.gov.uk/documents/s17381/IP%20ppointment%20Panal%20Report.pdf>

The author and contact officer for queries on the report is Simon Pugh, Head of Legal Services on (01223) 457401 or [simon.pugh@cambridge.gov.uk](mailto:simon.pugh@cambridge.gov.uk)



## **Appendix: Role of Independent Person**

### **ROLE DESCRIPTION**

Responsible to: The Council

Liaison with: Monitoring Officer, members of the Civic Affairs Committee, officers and members of the City Council and key stakeholders within the community.

1. To assist the Council in promoting high standards of conduct by elected and co-opted members of Cambridge City Council and in particular to uphold the Code of Conduct adopted by the Council and the seven principles of public office, namely selflessness, honesty, integrity, objectivity, accountability, openness and leadership.
2. To be consulted by the Council through the Monitoring Officer and/or the Civic Affairs Committee before it makes a decision on an investigated allegation and to be available to attend meetings of the Hearing Panel of the Standards Committee for this purpose.
3. To be available for consultation by the Monitoring Officer and/or the Civic Affairs Committee before a decision is taken as to whether to investigate a complaint or to seek local resolution of the same.
4. To be available for consultation by any elected member who is the subject of a standards complaint.
5. To develop a sound understanding of the ethical framework as it operates within Cambridge City Council.
6. To participate in training events to develop skills, knowledge and experience and in networks developed for Independent Persons operating outside the City Council's area.
7. To attend training events organised and promoted by the Council's Civic Affairs Committee.
8. To act as advocate and ambassador for the Council in promoting ethical behaviour.
9. To advise the Council in respect of any recommendation by the Employment (Senior Officer) Committee to dismiss the Chief Finance Officer, Head Of Paid Service or Monitoring Officer on disciplinary grounds.

## SKILLS AND COMPETENCIES

The Independent Person will have:

- a keen interest in standards in public life.
- a wish to serve the local community and uphold local democracy.
- the ability to be objective, independent and impartial.
- sound decision making skills
- leadership qualities, particularly in respect of exercising sound judgement.

The Independent Person will:

- be a person in whose impartiality and integrity the public can have confidence.
- understand and comply with confidentiality requirements.
- have a demonstrable interest in local issues.
- have an awareness of the importance of ethical behaviours.
- be a good communicator.

Desirable additional criteria are:

- working knowledge/experience of local government or other public service and/or of large complex organisations and awareness of and sensitivity to the political process.
- knowledge and understanding of judicial/quasi- judicial or complaints processes.

You should demonstrate in your application how you meet the above criteria as this will assist the short-listing process.

Means of assessment will be by application form and by interview.

NOTE: You will be required to be contactable during normal working hours by telephone or by email and to be available to attend hearings which may be held in the day time and at relatively short notice.

## Eligibility for Appointment

A person cannot be appointed as an Independent Person if they are or were within a period of 5 years prior to the appointment:

- a member, co-opted member or officer of the authority, or a relative or close friend.

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