

# Public Document Pack



## Cambridge City Council

### Civic Affairs

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

**Alternates:** Councillors Adey and Ratcliffe

*Published & Despatched: Tuesday, 7 February 2017*

**Date:** Wednesday, 15 February 2017

**Time:** 6.00 pm

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

**Contact:** Democratic Services

### 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 Monitoring Officer before the meeting.

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

To approve the minutes of the meeting held on 27 September 2016

#### 4 PUBLIC QUESTIONS

#### 5 EXTERNAL AUDIT 2015/16 AUDIT LETTER *(Pages 11 - 38)*

#### 6 EXTERNAL AUDIT CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2015/16 *(Pages 39 - 50)*

#### 7 EXTERNAL AUDIT 2016/17 AUDIT PLAN *(Pages 51 - 74)*

- 8        **INTERNAL AUDIT PLAN & STRATEGY 2017 / 2018** *(Pages 75 - 106)*
- 9        **DRAFT PAY POLICY STATEMENT 2017/18** *(Pages 107 - 122)*
- 10       **INTERIM REVIEW OF POLLING DISTRICTS POLLING PLACES AND POLLING STATIONS** *(Pages 123 - 130)*
- 11       **CITY COUNCIL WARD BOUNDARIES** *(Pages 131 - 134)*
- 12       **PROPOSED CITY COUNCIL SCRUTINY OF ITS REPRESENTATIVE ON THE CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY** *(Pages 135 - 142)*
- 13       **APPOINTMENT OF RETURNING OFFICER FOR COMBINED AUTHORITY** *(Pages 143 - 146)*

## 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.

Speaking on Planning or Licensing Applications is subject to other rules. Guidance for speaking on these issues can be obtained from Democratic Services on 01223 457013 or [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk).

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

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

Cambridge City Council would value your assistance in improving the public speaking process of committee meetings. If you have any feedback please contact Democratic Services on 01223 457013 or [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk).

**Filming, recording and photography**

The Council is committed to being open and transparent in the way it conducts its decision making. The public may record (e.g. film, audio, tweet, blog) meetings which are open to the public.

**Facilities for disabled people**

Level access to the Guildhall is via Peas Hill.

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.

Meeting papers are available in large print and other formats on request prior to the meeting.

For further assistance please contact Democratic Services on 01223 457013 or [democratic.services@cambridge.gov.uk](mailto:democratic.services@cambridge.gov.uk).

**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).

**General Information**

Information regarding committees, councilors and the democratic process is available at <http://democracy.cambridge.gov.uk/>

**Mod.Gov App**

You can get committee agenda and reports for your tablet by using the mod.gov app

## **CIVIC AFFAIRS**

27 September 2016

6.00 - 7.10 pm

**Present:** Councillors McPherson (Chair), Gawthrop, Holt, Robertson, Adey and Ratcliffe

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

#### **16/85/Civ Apologies for Absence**

Apologies were received from the Independent Person and the Deputy Independent Person and Councillors Benstead and Cantrill. Councillors Adey and Ratcliffe attended as alternates.

#### **16/86/Civ Declarations of Interest**

No interests were declared.

#### **16/87/Civ Minutes of Previous Meeting**

The minutes of the meeting held on 29 June 2016 were approved as a correct record and signed by the Chair.

#### **16/88/Civ Public Questions**

There were 3 public questions submitted by Mr Taylor. The Chair permitted the questions to be put despite Mr Taylor being unable to attend. The reason being that the committee meeting had been re-scheduled from 14 September on account of the External Audit not being completed in time for that date.

The questions were put by the Committee Manger at the time the relevant agenda item was taken.

#### **16/89/Civ Statement of Accounts 2015-16**

The committee received a report from the Principal Accountant (Technical & Financial Accounting) regarding the external audit conclusions and approval of the statement of accounts. Two minor alterations to the Accounts since publication of the draft accounts in June were tabled for the Committee's

attention (inclusion of a note regarding the EU Referendum result and reference to the External Audit of Cambridgeshire's Local Government Pension Scheme).

Neil Harris representing the External Auditor Ernst and Young summarised the conclusions of the Audit and that an unqualified opinion will be given and an unqualified conclusion on value for money arrangements. It was a clean audit opinion which reflected well on the Council.

He apologised to the Committee for the inconvenience of postponing the meeting from 14 September by reason of the Audit being incomplete, however steps would be taken to ensure no repetition.

**Resolved** (unanimously) to:

- i. Receive the audit findings presented by Ernst & Young
- ii. Approve the Statement of Accounts for year ending 31 March 2016
- iii. Authorise the Chair to sign on behalf of the Council the Letter of Representation and Statement of Accounts year ending 31 March 2016.

### **16/90/Civ Internal Audit Plan 2016 / 2017: Progress Report**

The committee received a progress report from the Head of Internal Audit regarding the Internal Audit Plan 2016/17.

**Resolved** (unanimously) to:

- i. Note progress against the original audit plan together with the associated assurance levels established.

### **16/91/Civ 2016 Review of Elections**

Question from the public (Mr Taylor) but by committee manager. During the last election I attended the Guildhall to view a nomination form. I was informed by the officer who showed me the form that it would be an offence to photograph it and if I took a photograph of it the returning officer would call the police. I thought this was inappropriate and intimidating and an attempt to deter or obstruct scrutiny and reporting. I suggest councillors stress the importance of public scrutiny of elections and consider attitudes to

transparency when appointing officers to positions which means they are likely to be appointed as returning officers.

Vicky Breading the Council's Electoral Services Manager replied stating that she could not recall the detail of the event as expressed – but she apologised if she appeared intimidating. She advised the committee that the rights to inspect nomination papers varied by election. She was concerned to get across the point that when taking a copy, the individual became responsible for that data and subsequent misuse of it could be reported.

After the incident, she had sought clarification from the Electoral Commission (post elections) that where it is allowed in law to take a copy, they advised taking of a photograph would also be permitted.

The committee received a progress report from the Electoral Services Manager regarding the 2016 Review of Elections.

Members of the committee congratulated the Returning Officer and elections team on running both May combined elections and June Referendum successfully.

There were a number of contributions on the location of the Count Venue for future elections one covering preference to be at the Guildhall as it is central, extra costs associated with more staff and an external venue. The Chief Executive advised the committee that she would take into account the views expressed. As Returning Officer it was her decision rather than one for Members or the Committee. In her view if an external venue meant a quicker count with better facilities for participants, including approved observers, then that would be preferable to the Guildhall.

**Resolved** (unanimously) to:

- i. Note the report

### **16/92/Civ Polling District Review**

The committee received a report from the Electoral Services Manager regarding the review of Polling Districts.

**Resolved** (unanimously) to:

- i. Conduct an interim review only for the necessary purpose of ensuring the proper administrative conduct of the 2017 county council elections.
- ii. Other amendments to polling district boundaries are not taken forward at this time but are included in the next compulsory review in 2018.

### **16/93/Civ Annual Complaints Report 2015-16**

Public question from Mr Taylor put by the committee manager:

I am disappointed the annual complaints report doesn't identify the councillors against whom complaints have been made (and in some cases upheld). Given public money has been spent compiling reports and making recommendations in the cases of complaints against councillors I would like to see such reports published; they could help inform people's votes at future elections. I would like to see the costs of investigations pro-actively published too.

Answer provided by Tom Lewis the Council's Head of Legal Practice and Monitoring Officer. Reporting complaints against councillors, as included in the Annual Report on Complaints, is in line with statute and the Council's Constitution. Expenditure incurred on investigating a complaint over £500 is reported by the Council in line with Open Data.

The committee received a report from the Business and Development Officer regarding the Annual Complaints and Feedback Report 2015-16. A correction was noted on page 16 of the report where the number of stage 2 complaints for city homes should be 3 (not 12). Cllr Robertson stated that it is now two years since the Council has been inviting customers who telephone to make a comment be it a complaint or compliment. The first quarter for 2016/17 has shown a drop in complaints compared to the first quarter of 2015/16.

**Resolved** (unanimously) to:

- i. Consider the draft annual complaints report 2015/16 shown at appendix A and approve for publication on the Council's website.

### **16/94/Civ Annual Report on Freedom of Information, Data Protection and transparency**

The committee received a report from the Head of Corporate Strategy regarding the Annual Report on Freedom of Information, Data Protection and transparency.



**Resolved** (unanimously) to:

- i. Note the Council's performance on transparency issues during 2015/16.

### **16/95/Civ Findings of the Review into Public Participation in the Council's Decision-Making**

The committee received a report from the Head of Corporate Strategy regarding the Findings of the Review into Public Participation in the Council's Decision Making.

Members of the committee supported any new initiatives with young people in addition to what is recommended in the report.

**Resolved** (unanimously) to:

Accept the suggestions made by the Working Group, shown in the boxes in the paper, and that Executive Councillors for responsibility for areas where the suggestions fall are asked to take them on board and arrange to move them forward.

### **16/96/Civ Appointing Person: Arrangements for the Appointment of the External Auditor**

The committee received a report from the Head of Finance regarding the options available to the Council regarding the adoption of an appointing person arrangement for the appointment of an external auditor for 2018/19 and later years.

**Resolved** (unanimously) to:

Recommend to Council the adoption of Public Sector Audit Appointments Ltd (PSAA) as the appointing person for the Council subject to receiving a satisfactory invitation to opt into the PSAAs appointing person arrangements.

Delegate acceptance of the invitation to the Head of Finance (Council's s151 Officer)

**16/97/Civ Meeting Calendar Report**

Public question from Mr Taylor put by the committee manager. \* I would like to suggest that the rules which apply to full council meetings are changed so that written responses are required to be provided to unreached public questions and that these are published along with the meeting papers on the council's website.

Answer by the committee manager - The Mayor asks Executive Councillors/Chairs to provide answers to those questions that have been not been put because time has run out. The Chair stated that when they were made available officers would put them on the website.

The committee received a report from the Democratic Services Manager regarding the Council's meeting calendar for the Municipal Year 2017/18.

**Resolved** (unanimously) to:

Delegate final approval to the Chief Executive in consultation with Group Leaders no later than 14 October 2016.

The meeting ended at 7.10 pm

**CHAIR**

## CAMBRIDGE CITY COUNCIL

---

REPORT OF: Head Of Finance

TO: Civic Affairs Committee

15/02/2017

WARDS: None directly affected

### **EXTERNAL AUDIT 2015/16 AUDIT LETTER**

---

#### **1 INTRODUCTION**

1.1 The attached Annual Audit Letter (Appendix 1) from Ernst & Young (EY) summarises the key issues arising from their 2015/16 audit.

#### **2. RECOMMENDATIONS**

2.1 That the contents of the Annual Audit Letter are considered and noted.

#### **3. BACKGROUND**

3.1 The Local Audit and Accountability Act 2014 requires a committee of the Council to consider the letter. For this Council that committee is Civic Affairs.

3.2 The letter was issued by EY in October 2016 and sent to members of Civic Affairs in early November.

#### **4. IMPLICATIONS**

(a) **Financial Implications** None.

(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 2017\External Audit 2015-16 Annual  
Audit Letter.docx

Date originated: 26 January 2017

Date of last revision: 26 January 2017

# Cambridge City Council

Annual Audit Letter for the year ended 31 March 2016

October 2016

Ernst & Young LLP

Page 13

## Contents

|                                 |    |
|---------------------------------|----|
| Executive Summary .....         | 2  |
| Purpose.....                    | 5  |
| Responsibilities.....           | 7  |
| Financial Statement Audit ..... | 10 |
| Value for Money .....           | 13 |
| Other Reporting Issues.....     | 16 |
| Focused on your future.....     | 19 |
| Appendix A    Audit Fees .....  | 22 |

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.psaa.co.uk](http://www.psaa.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 Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. 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.

# Executive Summary

## Executive Summary

We are required to issue an annual audit letter to Cambridge City Council (the Council) following completion of our audit procedures for the year ended 31 March 2016.

Below are the results and conclusions on the significant areas of the audit process.

| Area of Work   | Conclusion  |
|--|---|
| <b>Opinion on the Council's:</b><br>▶ Financial statements   | Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2016 and of its expenditure and income for the year then ended |
| ▶ Consistency of other information published with the financial statements                         | Other information published with the financial statements was consistent with the Annual Accounts.  |
| <b>Concluding on the Council's arrangements for securing economy, efficiency and effectiveness</b> | We concluded that you have put in place proper arrangements to secure value for money in your use of resources.   |

| Area of Work  | Conclusion   |
|---|--|
| <b>Reports by exception:</b><br>▶ Consistency of Governance Statement                                       | The Governance Statement was consistent with our understanding of the Council. |
| ▶ Public interest report  | We had no matters to report in the public interest.                            |
| ▶ Written recommendations to the Council, which should be copied to the Secretary of State                  | We had no matters to report.   |
| ▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014 | We had no matters to report.   |



| Area of Work   | Conclusion                   |
|--|------------------------------|
| Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA). | We had no matters to report. |

As a result of the above we have also:

| Area of Work  | Conclusion  |
|---|---|
| Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.  | Our final Audit Results Report was issued on 27 <sup>th</sup> September 2016. |
| Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice. | Our certificate was issued on 27 <sup>th</sup> September 2016.                |

In January 2017 we will also issue a report to those charged with governance of the Council summarising the certification work we have undertaken.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Neil Harris

Director  
For and on behalf of Ernst & Young LLP

Purpose



## Purpose

### **The Purpose of this Letter**

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2015/16 Audit Results Report to the 27<sup>th</sup> September 2016 Civic Affairs Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.





# Responsibilities

## Responsibilities

### Responsibilities of the Appointed Auditor

Our 2015/16 audit work has been undertaken in accordance with the Audit Plan that we issued in March 2016 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
  - ▶ On the 2015/16 financial statements; and
  - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
  - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
  - ▶ Any significant matters that are in the public interest;
  - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
  - ▶ If we have discharged our duties and responsibilities as established by thy Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.

## **Responsibilities of the Council**

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement (AGS). In the AGS, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



# Financial Statement Audit

## Financial Statement Audit

### Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 27<sup>th</sup> September 2016.

Our detailed findings were reported to the 27<sup>th</sup> September 2016 Civic Affairs Committee.

The key issues identified as part of our audit were as follows:

| Significant Risk  | Conclusion  |
|---|---|
| <p><b>Valuation and Impairment of Property, Plant and Equipment</b></p> <p>Property, Plant and Equipment (PPE) represent the largest asset values on the Council's balance sheet. Land and buildings are initially measured at cost and then revalued to fair value. Council dwellings and Other land &amp; Building are revalued annually</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 completed our planned audit procedures and, for a sample of revaluations:</p> <ul style="list-style-type: none"> <li>▶ Concluded that we were able to place reliance on the work undertaken by management's valuation expert.</li> <li>▶ Concluded that the basis of the valuations was in accordance with relevant guidance, in particular the 2015-16 Code of Practice on Local Authority Accounting.</li> <li>▶ Concluded that the accounting treatment applied to changes in the valuation of property assets was appropriate.</li> </ul> <p>We had no matters to report.</p> |
| <p><b>Pension Liability</b></p> <p>The Council operates a defined benefits pension scheme.</p>  | <p>We completed our planned audit procedures regarding the Pension Liability.</p> <p>We received a response from the Pension Fund Auditor on 20<sup>th</sup> September 2016</p>   |



| Significant Risk  | Conclusion  |
|---|---|
| <p>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>which provided evidence that the fair value of the scheme assets as at 31<sup>st</sup> March 2016 was understated. The relative values of equity; private equity and other investments funds were corrected as a result.</p> <p>We had no other matters to report.</p>   |
| <p><b>Management override of controls</b></p> <p>A risk present on all audits is that 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.</p> <p>Auditing standards require us to respond to this risk by testing the appropriateness of journals, testing accounting estimates for possible management bias and obtaining an understanding of the business rationale for any significant unusual transactions.</p> <p>For local authorities the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of management override. We therefore review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.</p> | <p>We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation.</p> <p>We did not identify any:</p> <ul style="list-style-type: none"> <li>▶ Material weaknesses in controls or evidence of material management override.</li> <li>▶ Instances of inappropriate judgements being applied.</li> <li>▶ Other transactions during our audit which appeared unusual or outside the Council's normal course of business.</li> </ul> <p>We reviewed capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised. Our testing did not identify any expenditure which had been inappropriately capitalised.</p> |
| <p><b>Revenue and expenditure recognition</b></p> <p>Auditing standards also required us to presume that there is a risk that revenue and expenditure may be misstated due to improper recognition or manipulation.</p> <p>We respond to this risk by reviewing and testing material revenue and expenditure streams and revenue cut-off at the year end.</p>   | <p>Our testing has not revealed any material misstatements with respect to revenue and expenditure recognition.</p> <p>Overall our audit work did not identify any issues or unusual transactions which indicated that there had been any misreporting of the Council's financial position.</p>   |

A close-up, shallow depth-of-field photograph of a stack of coins. The coins are stacked vertically, with some showing their edges and others showing their faces. The lighting is warm, highlighting the metallic texture and the ridges on the edges. A bright yellow rectangular box is overlaid on the left side of the image, containing the text 'Value for Money'.

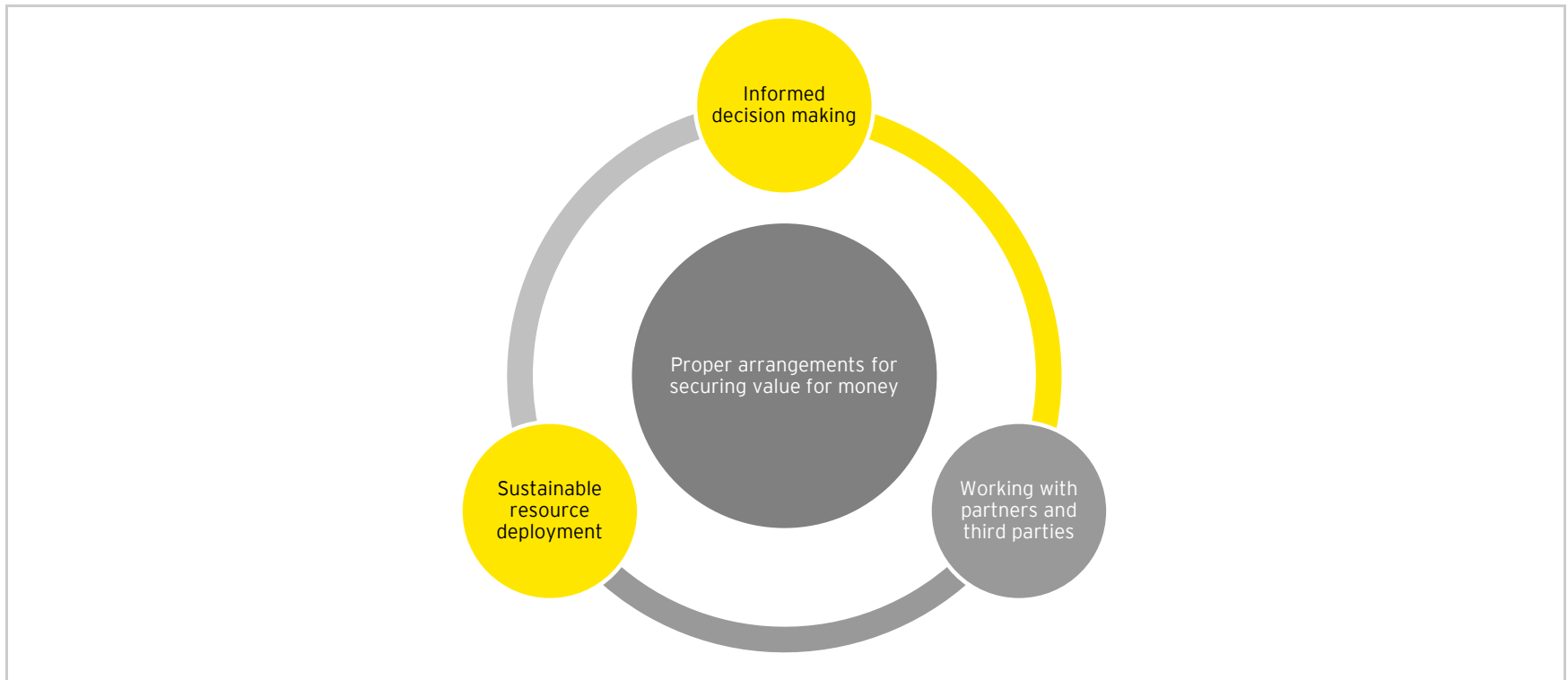
## Value for Money

## 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. This is known as our value for money conclusion.

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.



We issued an unqualified value for money conclusion on 27<sup>th</sup> September 2016.

We did not identify any significant risks in relation to our value for money conclusion.

We performed the procedures outlined in our Audit Plan and concluded that the Council had adequate arrangements in place.

As part of our work we considered the following areas and made the following observations:

### Key Findings

#### Response to financial pressures

In recent years the Council has responded well to the financial pressures arising from the recent economic downturn, and reductions in the level of central government funding to local government. These factors will continue to impact the Council's medium term financial strategy during the current and forthcoming financial years.

We reviewed the Council's 2016/17 Budget Setting Report. The Council has well established arrangements for reviewing its medium term financial plan which incorporates key assumptions and sensitivity review. The Council has a proven track record of achieving savings and achieving its budget.

The General Fund balance at £16 million comfortably exceeds the Council's minimum level of £5.1 million. In addition the council also holds £17.8million of earmarked reserves. The council is already developing plans for tackling the saving requirement of £3.5million cumulative savings required over the period ending 2020/21

On the basis of the work undertaken we have concluded that the Council has arrangements in place for deploying resources in a sustainable manner.

We performed the procedures outlined in our audit plan and we have not identified any further significant risks or weaknesses in relation to these criteria in our work to date.

We therefore concluded that you have put in place proper arrangements to secure value for money in your use of resources.



## Other Reporting Issues

## Other Reporting Issues

### Whole of Government Accounts

The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

### Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

### Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

### Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

### Objections Received

We did not receive any objections to the 2015/16 financial statements from member of the public.

### Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

## Independence

We communicated our assessment of independence in our Audit Results Report to the Civic Affairs Committee on 27<sup>th</sup> September 2016. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

## Control Themes and Observations

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have adopted a fully substantive approach and have therefore not tested the operation of controls. The matters reported below are limited to those deficiencies that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you.

| Description        | Impact   |
|--------------------|--|
| Contracts Register | <p>After requesting a list of all contracts/agreements which the Council is party to Officers were able to provide a contract register but noted that it was a couple of years out of date and that due to the amount of time it took to maintain and difficulty of obtaining data from service areas it had fallen into misuse.</p> <p>We understand that Officers are currently working on an alternative strategy for a new contracts register and recommend that a register is implemented and maintained in order that there is one central log of the contracts and agreements that the Council is committed to.</p> |

A close-up photograph of a person's hands holding binoculars to their eyes. The person's face is partially visible in the background, looking through the lenses. A bright yellow rectangular box is overlaid on the left side of the image, containing the text "Focused on your future".

Focused on your  
future



## Focused on your future

| Area                      | Issue  | Impact   |
|---------------------------|--|--|
| EU referendum             | <p>Following the majority vote to end the UK's membership of the European Union (EU) in the EU Referendum held on 23 June 2016 there is a heightened level of volatility in the financial markets and increased macroeconomic uncertainty in the UK. All three major rating agencies (S&amp;P, Fitch and Moody's) took action on the UK Sovereign credit rating. For entities in the public sector, there is likely to be an impact on investment property valuations if confidence in the wider UK property market falls; and the valuation of defined benefit pension obligations may also be affected. It is too early to estimate the quantum of any impact of these issues, but there is likely to be significant ongoing uncertainty for a number of months while the UK renegotiates its relationships with the EU and other nations.</p>   | <p>Many of the issues and challenges that face the UK public sector will continue to exist, not least because continued pressure on public finances will need responding to. Additionally it may well be that the challenges are increased if the expected economic impacts of the referendum and loss of EU grants outweigh the benefits of not having to contribute to the EU and require even more innovative solutions.</p>  |
| Devolution in East Anglia | <p>The UK has lagged behind other countries in decentralising its governance. But in recent years, 'localism' has gained momentum. Large parts of England have started to agree Devolution Deals, which transfer powers in policy areas such as housing, planning and transport, education, employment, skills, health and policing.</p> <p>If managed well, it could help stimulate local economies to achieve higher levels of job creation and growth; improve public service outcomes through better local coordination of resources and funding; revitalise local democracy through more accountable governance; and improve the sustainability of public finances.</p> <p>In March, the Chancellor published an offer to local authorities in East Anglia - to form an East Anglia Combined Authority covering Norfolk, Suffolk, Cambridgeshire and Peterborough. Communities and businesses in Cambridgeshire and Peterborough were consulted on the proposals.</p> | <p>The Cities and Local Government Devolution Act came into force on 28 March 2016. Orders and regulatory amendments relating to constitutional or electoral issues need to be in place by late 2016 to ensure that the combined authority can come into effect early in 2017 and the Mayoral elections can take place in May 2017.</p> <p>The Secretary of State must first make an Order for the creation of the combined authority and then seek consent to the draft Order from each authority. The draft Order will be considered by both Houses of Parliament before being made.</p> <p>In EY's report 'From Whitehall to Townhall Preparing for devolution to England's city regions' we look at progress so far and outline the factors that have driven success in winning more powers. We reflect on the</p> |

| Area | Issue   | Impact   |
|------|---|--|
|      | <p>Negotiations between the Councils in the East Anglian region concluded that the interests of the region would be best met through two combined authorities - Cambridgeshire and Peterborough, and Norfolk and Suffolk.</p> <p>Cambridgeshire and Peterborough have now negotiated a new devolution deal, proposing the formation of a Combined Authority including: Peterborough City Council, Cambridgeshire County Council, Fenland District Council, Huntingdonshire District Council, East Cambridgeshire District Council, South Cambridgeshire District Council, Cambridge City Council and the Greater Cambridge Greater Peterborough Local Enterprise Partnership. This proposals remains subject to ratification by each Council.</p> | <p>readiness of different areas to make a success of devolution and speculate on the long-term impact on local government.</p> <p>The debate will continue for some time to come, and lessons will be learned along the way. Drawing on our experience of working with a number of local authorities and cities, we are committed to helping facilitate debate and sharing best practices to help local government deliver the best services and outcomes to their communities and citizens.</p> <p>We will also need to consider how Councils are preparing for the transition to the new arrangements, whilst maintaining 'business as usual,' for our 2016/17 Value For Money conclusion.</p> |

Appendix A

## Audit Fees



## Appendix A    Audit Fees

Our fee for 2015/16 will be more than the scale fee set by the PSAA as reported in our Annual Results Report.

| Description   | Final Fee 2015/16<br>£ | Planned Fee 2015/16<br>£ | Scale Fee 2015/16<br>£ | Final Fee 2014/15<br>£ |
|---|------------------------|--------------------------|------------------------|------------------------|
| Total Audit Fee - Code work                                   | 51,979                 | 51,979                   | 51,979                 | 69,305                 |
| Total Audit Fee - Certification of claims and returns: Note 1 | TBC                    | 15,077                   | 15,077                 | 16,000                 |
| Non-audit work  | None                   | None                     | None                   | 2,500                  |

Our actual fee is in line with the scale fee set by the PSAA at this point in time.

We confirm we have undertaken non-audit work outside of the PSAA's requirements, this is the work on the Councils 2014/15 housing pooling of capital receipts return. The fee for this work was £2,500.

Note 1 - We have just commenced our work in this area. Our certification of the Housing Benefit claim will be completed to the 30 November 2016 deadline, and the final fee concluded at that time. We will report the results of our work and the final fee with you in our certification report in January 2017.

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

ED None

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com

This page is intentionally left blank

## CAMBRIDGE CITY COUNCIL

---

REPORT OF: Head Of Finance

TO: Civic Affairs Committee

15/02/2017

WARDS: None directly affected

### **EXTERNAL AUDIT CERTIFICATION OF CLAIMS AND RETURNS ANNUAL REPORT 2015/16**

---

#### **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 a certification methodology determined by the Department for Work and Pensions.

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 £39.1 million. EY reported extrapolated errors (which totalled less than £3,000) in a qualification letter, but no amendments were made to the subsidy return.

3.4 The Department of Work and Pensions (DWP) has confirmed that no changes to subsidy will be required.

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

3.5 EY did not identify any significant 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 2017\Final\External Audit 2015-16  
Certification of claims and returns FINAL.docx

Date originated: 01 February 2017

Date of last revision: 01 February 2017



# Certification of claims and returns annual report 2015-16

Cambridge City Council

January 2017

Ernst & Young LLP



Building a better  
working world

Civic Affairs Committee Members  
The Guildhall  
Market Square  
Cambridge  
CB2 3QJ

24 January 2017

Direct line: + 44 7854 279  
476Email: [NHarris2@uk.ey.com](mailto:NHarris2@uk.ey.com)

Dear Members

## **Certification of claims and returns annual report 2015-16 Cambridge City Council**

We are pleased to report on our certification and other assurance work. This report summarises the results of our work on Cambridge City Council's 2015-16 claims and returns.

### **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.

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 Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2015-16, 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.

In addition to this, the Council engaged us to act as reporting accountants in relation to a return outside PSAA's regime – pooling of housing capital receipts.

### **Summary**

Section 1 of this report outlines the results of our 2015-16 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £39,142,163. We met the submission deadline and issued a qualification letter on 28 November 2016. Details of the qualification matters are included in section 1. Our certification work did not lead to any amendments to the grant due.

We will provide a separate report to the Council in relation to the pooling of housing capital receipts return which had a total value of £797,606. No significant issues were identified as part of this work.



Fees for certification and other returns work are summarised in section 3. The housing benefits subsidy claim fees for 2015-16 were published by PSAA in March 2015 and are now available on the 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 Civic Affairs Committee.

Yours faithfully

**Neil Harris**  
Executive Director  
Ernst & Young LLP  
Enc

## Contents

|   |          |
|---|----------|
| <b>1. Housing benefits subsidy claim.....</b> | <b>1</b> |
| <b>2. Other assurance work .....</b>          | <b>2</b> |
| <b>3. 2015-16 certification fees.....</b>     | <b>3</b> |
| <b>4. Looking forward.....</b>                | <b>4</b> |

## 1. Housing benefits subsidy claim

| Scope of work                              | Results     |
|--|-------------|
| Value of claim presented for certification | £39,142,163 |
| Amended/Not amended                        | Not amended |
| Qualification letter                       | Yes         |
| Fee – 2015-16                              | £15,077     |
| Fee – 2014-15                              | £20,584     |

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 of 20 cases 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 similar to prior years.

Extended and other testing identified errors. No amendments were made to the claim. However we have reported underpayments and the extrapolated value of other errors in a qualification letter. The DWP will decide whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid. These are the main issues we reported:

- Rent Rebate: Prior year overpayments – We carried out 40+ testing as a result of errors that had been identified in the audit of previous years' claims. Testing of the extended sample identified 1 case where incorrect state retirement pension had been used. We reported an extrapolated error of £44.
- Rent Allowances – We carried out 40+ testing as a result of errors that had been identified in the audit of previous years' claims. Testing of the extended sample identified 3 cases where benefit had been underpaid and 1 case where benefit had been overpaid. We reported an extrapolated error of £2,842.

No amendments were made to the claim.

## 2. Other assurance work

During 2015/-16 the Council engaged us as reporting accountants in relation to the Pooling of Housing Capital Receipts return. This work has been undertaken outside the PSAA regime.

We have provided a separate report to the Council in relation to the return. The fees for this are included in the figures in Section 3. They are referred to here to ensure Members have a full understanding of the various returns on which we provide some form of assurance.

We did not identify any significant issues from this work that need to be brought to the attention of Members.

### 3. 2015-16 certification fees

PSAA determine a scale fee each year for the audit of claims and returns.

| Claim or return                            | 2015-16         | 2015-16             | 2014-15         |
|--|-----------------|---------------------|-----------------|
|  | Actual fee<br>£ | Indicative fee<br>£ | Actual fee<br>£ |
| <b>Certification</b>                       |                 |                     |                 |
| Housing benefits subsidy claim             | 15,077          | 15,077              | 20,584          |
| <b>Other Assurance Work</b>                |                 |                     |                 |
| Pooling of Housing Capital Receipts Return | 3,300           | 3,300               | 2,500           |

The 2014-15 certification fee includes a scale fee variation of £4,584.

The indicative certification fee for 2015-16 is based on the actual fee for 2013-14 with a 25% reduction in scale fee. For 2015-16 the level of error identified was similar to that identified in 2013-14.

## 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 2016-17 is £15,438. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2015-16. Indicative fees for 2016-17 housing benefit subsidy certification work are based on final 2014-15 certification fees. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014-15.

Details of individual indicative fees are available at the following web address:  
<http://www.psa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Head of Finance before seeking any such variation.

PSAA is currently consulting on the 2017-18 work programme. There are no changes planned to the work required and the arrangements for certification of housing benefit subsidy claims remain in the work programme. However, this is the final year in which these certification arrangements will apply. From 2018-19, the Council will be responsible for appointing their own auditor and this is likely to include making their own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that will be established by the DWP.



EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

[ey.com](http://ey.com)

This page is intentionally left blank

## CAMBRIDGE CITY COUNCIL

---

REPORT OF: Head Of Finance

TO: Civic Affairs Committee

15/02/2017

WARDS: None directly affected

### **EXTERNAL AUDIT 2016/17 AUDIT PLAN**

---

#### **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 2016/17.
- 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 National Audit Office 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 2016/17 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 2017\External Audit 2016-17 Audit  
Plan.docx

Date originated: 26 January 2017

Date of last revision: 26 January 2017

# Cambridge City Council

Year ending 31 March 2017

Audit Plan

26 January 2017

Ernst & Young LLP



Building a better  
working world

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

26 January 2017

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 the Council's appointed auditor. Its purpose is to provide the Civic Affairs Committee with a basis to review our proposed audit approach and scope for the 2016/17 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 preliminary 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. Where relevant, if our risk assessment changes, we will present you with an update of our Audit Plan at a subsequent meeting when our detailed planning procedures have been completed, and our interim planning work has been performed.

We welcome the opportunity to discuss this Audit Plan with you on 15 February 2017 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Suresh Patel

Executive Director  
*For and behalf of Ernst & Young LLP*  
Enc

## Contents

|  |           |
|--|-----------|
| <b>1. Overview .....</b>   | <b>1</b>  |
| <b>2. Financial statement risks .....</b>  | <b>2</b>  |
| <b>3. Value for money risks .....</b>  | <b>5</b>  |
| <b>4. Our audit process and strategy .....</b>                                       | <b>6</b>  |
| <b>5. Independence .....</b>   | <b>11</b> |
| <b>Appendix A Fees .....</b>   | <b>14</b> |
| <b>Appendix B UK required communications with those charged with governance ....</b> | <b>15</b> |
| <b>Appendix C Detailed scopes .....</b>  | <b>17</b> |

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies’. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psaa.co.uk](http://www.psaa.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 Civic Affairs 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 2017 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 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**

As set out in section 2, the Council will need to prepare group accounts for the first time in 2016/17 following activity to set up a new subsidiary, Cambridge City Housing Company. This will require additional audit procedures as set out in section 2.

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 2017.



## 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. We will seek to validate these with you.

Following completion of our detailed planning and interim audit procedures we will consider if any revisions are required to our identified risk assessment and provide you with an update.

| Significant risks (including fraud risks)  | Our audit approach   |
|--|--|
| <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.</li> <li>▶ Evaluating the business rationale for significant unusual transactions.</li> <li>▶ Review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.</li> </ul>  |
| <b>Other financial statement risks</b>   |  |
| <b>Group accounts</b>  |  |
| <p>The Council has recently set up a subsidiary entity, Cambridge City Housing Company whose activity includes material transactions. As a result, the Council will prepare group accounts for the first time in 2016/17.</p> <p>Whilst the number of transactions in 2016/17 are expected to be minimal, the value of transactions, particularly in relation to the balance sheet are expected to be material.</p> <p>The Council will need to consider the consolidation of the subsidiary including the elimination of inter-group transactions consolidation adjustments required to align accounting policy differences.</p> <p>The Council will also need to ensure that the accounts reflect all required disclosure requirements for group accounts.</p> | <p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Understanding the process for consolidating the subsidiary company.</li> <li>▶ Understanding the transactions undertaken between the two entities and testing that the appropriate accounting entries have been made to eliminate inter-group transactions.</li> <li>▶ Understanding and testing the differences in accounting policies, ensuring that the appropriate adjustments are made on consolidation to align accounting policies set for the group.</li> <li>▶ Reviewing the disclosures in the group accounts to ensure that they are materially accurate and complete.</li> </ul> |
| <b>Financial statements presentation – Expenditure and funding analysis and Comprehensive income and expenditure statement</b>   |  |
| <p>Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the Code) this year changing the way the financial statements are presented.</p>   | <p>Our Approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Review of the expenditure and funding analysis, CIES and new notes to ensure disclosures are in line with the Code.</li> </ul>   |

The new reporting requirements impact the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MiRS), and include the introduction of the new 'Expenditure and Funding Analysis' note as a result of the 'Telling the Story' review of the presentation of local authority financial statements.

The Code no longer requires statements or notes to be prepared in accordance with SeRCOP. Instead the Code requires that the service analysis is based on the organisational structure under which the authority operates. We expect this to show the Council's segmental analysis.

This change in the Code will require a new structure for the primary statements, new notes and a full retrospective restatement of impacted primary statements. The restatement of the 2015/16 comparatives will require audit review, which could potentially incur additional costs, depending on the complexity and manner in which the changes are made.

- ▶ Review of the analysis of how these figures are derived, how the ledger system has been re-mapped to reflect the Council's organisational structure and how overheads are apportioned across the service areas reported.
- ▶ Agreement of restated comparative figures back to the Council's segmental analysis and supporting working papers.

#### Valuation and Impairment of Property, Plant and Equipment and Investment Property

Property, Plant and Equipment (PPE) and Investment Property (IP) represent the largest asset values on the Council's balance sheet.

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 minimum 5 year rolling basis. In 2016/17 we understand that approximately 90% of IP will be revalued.

The Council will engage an external expert valuer who will apply a number of complex assumptions. Annually assets are assessed to identify whether there is any indication of impairment.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

We will obtain an understanding of and evaluate key controls over the valuation of PPE and IP.

Where asset valuations are undertaken in-year we will:

- ▶ Agree the source data used by your valuer to supporting records.
- ▶ Assess the work of your valuer.
- ▶ Agree the outputs to your fixed asset register and statements.

Where the Council proposes significant changes to valuation bases we will evaluate the rationale.

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.

#### Pension Liability

The Council operates a defined benefits pension scheme. Accounting for this scheme involves estimation and judgement. The Pension liability is the largest balance on the balance sheet.

We will obtain an understanding of and evaluate key controls over the valuation of the pension liability.

We will consider:

- ▶ The expertise of the Actuary used by the Council.
- ▶ The reasonableness of the estimations and judgements used.
- ▶ The completeness and accuracy of the data provided by the Council to the Actuary.

#### Capital transactions

We are aware that the Council are undertaking a number of large capital transactions, either themselves, or with a partner, some of which will span financial years.

It will be important for the Council to fully understand the arrangements in place and any accounting implications so that these can be appropriately recognised in the accounts.

Our Approach will focus on:

- ▶ Understanding the substance of significant one off transactions.
- ▶ Reviewing and testing the accounting treatment proposed by management to ensure that it is in accordance with accounting standards and the Code and has been recognised at the correct value and in the correct financial year.
- ▶ Considering the completeness and accuracy of any related disclosures (for example, joint arrangements).

## 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 2016-17 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. At this stage, 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.

If appointed, we will issue statutory audit opinions on the Council's newly formed subsidiary. We will plan our audit procedures to identify misstatements that could be material to the statutory financial statements of the individual entity.

#### 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:

- ▶ Understanding and evaluating 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; and
- ▶ 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              | Management's expert valuer              |
| Pension Liability valuation      | Management's actuary / EY Pensions team |
| Financial Instruments valuations | Management's expert valuer              |
| NDR Appeals Provision            | Management's 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 and Code of Audit Practice.

### **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 £119,000 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 How materiality is applied to the component locations**

The financial year ended 31 March 2017 will be the first year that the council prepares group accounts. As such, we determine component materiality as a percentage of Group materiality based on risk and relative size to the Group.

We understand that management are currently working through how the consolidation of the Cambridge City Housing Company will impact the group accounts. Once there is greater clarity on this and the relevant accounting transactions we will review the determination of component materiality and communicate this to you at a later date.

### **4.6 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 as a result of:



- ▶ Audit of group accounts – we have provided fee ranges to management which indicate a proposed fee of £4,500 where we are not the auditors of the Cambridge City Housing Company and £1,000 where we are.
- ▶ Amendments to the Code changing the way the financial statements are presented. Management are currently evaluating the extent of the change to the Council. Once this has been completed we will consider the audit procedures required to audit the restatement and propose a fee for the completion of the work.

## 4.7 Your audit team

We have made some changes to your engagement team to increase our capacity to provide effective client service and work with your team to deliver the audit in a shorter period of time, in advance of the earlier deadlines for 2017/18.

Suresh Patel now lead's the engagement team, He is an Executive Director with significant experience of Local Government audit. Suresh is supported by Hayley Clark, a Senior Manager 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).

Neil Harris and Tony Poynton (your previous senior engagement team) have been working with Suresh and Hayley, to aid a smooth transition and handover.

## 4.8 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 2016/17. 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.

| Audit phase                            | Timetable                                | Civic Affairs Committee timetable | Deliverables  |
|--|--|-----------------------------------|---|
| High level planning                    | <b>April 2016</b><br><b>January 2017</b> | -<br><b>15 February 2017</b>      | Audit Fee Letter<br>Audit Plan  |
| Risk assessment and setting of scopes  | <b>January – March 2017</b>              | <b>15 May 2017</b>                | Progress Report   |
| Testing routine processes and controls | <b>February – March 2017</b>             | <b>15 May 2017</b>                | Progress Report   |
| Year-end audit                         | <b>June – July 2017</b>                  | <b>13 September 2017</b>          |   |
| Completion of audit                    | <b>September 2017</b>                    | <b>13 September 2017</b>          | Report to those charged with governance via the Audit Results Report<br>Audit report (including our opinion on the financial statements; and overall value for money conclusion).<br>Audit completion certificate |

Reporting to the NAO on the Whole of  
Government Accounts return.

---

|                         |                     |            |                     |
|-------------------------|---------------------|------------|---------------------|
| Conclusion of reporting | <b>October 2017</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 6:94, when taking into account work on the Pooling of Housing Capital Receipts Return. 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 Suresh Patel, 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 2016 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2016>

## Appendix A Fees

A breakdown of our agreed fee is shown below.

|  | Planned Fee<br>2016/17<br>£ | Scale fee<br>2016/17<br>£ | Outturn fee<br>2015/16<br>£ | Explanation  |
|--|-----------------------------|---------------------------|-----------------------------|--|
| Opinion Audit and VFM<br>Conclusion              | 51,979*                     | 51,979                    | 51,979                      | *The fee currently quoted is the scale fee as set by PSAA. As set out in section 4.6 there are two matters which are likely to alter the planned fee for 2016/17. Once these have been agreed we will provide you with an update.      |
| <b>Total Audit Fee – Code work</b>               | <b>51,979</b>               | <b>51,979</b>             | <b>51,979</b>               |  |
| Certification of claims and returns <sup>1</sup> | 15,438                      | 15,438                    | 15,077                      |  |
| Non-audit work                                   | TBC**                       | -                         | 3,300                       | **This work relates to the Pooling of Housing Capital Receipts Return which is agreed outside of the PSAA regime. Should we be engaged to complete this work in 2016/17 we will agree a fee separately and provide you with an update. |

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></p> <p>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> | ▶ Audit Results Report |
| <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>   | ▶ Audit Results Report |
| <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>   | ▶ Audit Results Report |
| <p><b>Related parties</b></p> <p>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>  | ▶ Audit Results Report |
| <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>   | ▶ Audit Results Report |
| <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>   | ▶ Audit Results Report |



| 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>▶ Audit Results Report</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>▶ Audit Results Report</li> </ul>  |
| <p><b>Significant deficiencies in internal controls identified during the audit</b></p>  | <ul style="list-style-type: none"> <li>▶ Audit Results Report</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>▶ Audit Results Report</li> <li>▶ Annual Audit Letter if considered necessary</li> </ul> |
| <p><b>Group audits</b></p> <ul style="list-style-type: none"> <li>▶ An overview of the type of work to be performed on the financial information of the components</li> <li>▶ An overview of the nature of the group audit team’s planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>▶ Instances where the group audit team’s evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor’s work</li> <li>▶ Any limitations on the group audit, for example, where the group engagement team’s access to information may have been restricted</li> <li>▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements</li> </ul> | <ul style="list-style-type: none"> <li>▶ Audit Plan</li> <li>▶ Audit Results Report</li> </ul>  |
| <p><b>Certification work</b></p> <ul style="list-style-type: none"> <li>▶ Summary of certification work undertaken</li> </ul>  | <ul style="list-style-type: none"> <li>▶ Certification Report</li> <li>▶ Annual Audit Letter if considered necessary</li> </ul>                       |

## Appendix C Detailed scopes

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

We set audit scopes for each reporting unit which together enable us to form an opinion on the group accounts. We take into account the size, risk profile, changes in the business environment and other factors when assessing the level of work to be performed at each reporting unit.

We understand that management are currently working through how the consolidation of the Cambridge City Housing Company will impact the group accounts. Once there is greater clarity on this and the relevant accounting transactions we will review the determination of audit scope to enable us to report on the group accounts and provide you with an update.

**EY** | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.  
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

[ey.com](http://ey.com)

This page is intentionally left blank

## CAMBRIDGE CITY COUNCIL

---

REPORT OF: Strategic Director (Interim)

TO: Civic Affairs Committee

15 February 2017

WARDS: All

### **INTERNAL AUDIT PLAN 2017 / 2018**

---

#### **1. INTRODUCTION**

- 1.1 This is the draft Internal Audit Annual Plan and Strategy for 2017 / 2018 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 associated documents have been created in line with best practice 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 2017 / 2018 and:
- Approve the draft Audit Plan and Strategy for adoption; and
  - Note the internal documents on Internal Audit provision – the Audit Charter and the Code of Ethics – 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 2017 / 2018. 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 2017 / 2018.
- 3.2 Members' attention is also drawn to the fact that the Audit Charter and the Code of Ethics has been presented for approval. This sets out the original Terms of Reference for the service and is aligned against the PSIAS.

#### **4. IN YEAR SERVICE DEVELOPMENTS**

- 4.1 Cambridge City and Peterborough City Councils have worked in partnership since January 2011 for sharing Internal Audit management resources which

has delivered a number of financial benefits to each Council. This was further extended to include South Cambridgeshire District Council in July 2013.

- 4.2 As part of internal reviews in year, initial proposals were put forward to extend to include Huntingdonshire District Council under the 3C Shared Services. This was reported to Strategy and Resources Committee (10 October 2016). Peterborough City Council indicated at this point that they wished to conclude the current arrangements. During this committee cycle, Huntingdonshire District Council also deferred the decision to join the partnership.
- 4.3 Strategy and Resources Committee (23 January 2017) received a supplementary report for the development of a two way service between Cambridge City and South Cambridgeshire Councils only, which was agreed.
- 4.4 As at February 2017, Internal Audit is fully resourced, although it has recently received a resignation which will take effect in March 2017. Steps are in train to recruit into the post and to minimize impact on future audit plan days. A small adjustment has been reflected in the Audit Plan to mitigate.

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

5.1 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.

5.2 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.

5.3 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 the Civic Affairs Committee.

## **6. AUDIT: CODE OF ETHICS (APPENDIX B)**

6.1 The Code of Ethics sets out the expectations 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) and mirrors the obligations in this area as per the PSIAS.

## **7. INTERNAL AUDIT PLAN AND STRATEGY 2017 / 2018 (APPENDIX C)**

7.1 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 in the document.

- 7.2 The objective of the Plan is to provide a programme of work, sufficient to enable an informed annual opinion together with providing support to the 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.
- 7.3 The Plan for 2017 / 2018 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.
- 7.4 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. 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. This is based on resources used in previous years. Overall, 690 days have been identified, an increase on previous years.
- 7.5 If works identified in 7.4 above leads to the potential for resources required exceeding the amount set-aside then the Internal Audit lead will establish the course of action to be taken in consultation with the Strategic Director (Interim), Head of Finance (as the Councils 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.
- 7.6 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.
- 7.7 Once the Plan is approved, timings for each audit will be agreed with Directors / Heads of Service.

## **8. CONSULTATION**

- 8.1 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 December 2016 – January 2017 on the possible content for the Internal Audit plan and their views have been taken into consideration when putting the plan together.

## **9. IMPLICATIONS**

- (a) **Financial Implications**  
None

- (b) **Staffing Implications**  
The audit plan reflects current available resources and factors in the immediate shortfall due to resignation and time lapse for successful recruitment. 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: Code of Ethics  
C: Internal Audit Plan and Strategy 2017 / 2018

To inspect these documents contact Steve Crabtree on extension 8181.

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

Date originated: 02 February 2017  
Date of last revision: 02 February 2017



**CAMBRIDGE CITY COUNCIL  
INTERNAL AUDIT CHARTER**

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

Page 79

| <b>KEY CONTACTS</b> |                        |           |
|---------------------|------------------------|-----------|
| Steve Crabtree      | Head of Internal Audit | ☎ 458 181 |
| Bridget Bishop      | Principal Auditor      | ☎ 458 182 |

## 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, 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.

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. Arrangements will change in 2017 following agreement in principle at Strategy and Resources Committee on 23 January 2017 for the formation of a two way shared service with SCDC. Each authority, as at January 2017, had its own internal staff although this will be amended through TUPE when CCC assumes the lead role. The current 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 and this is expected to remain.

#### 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 and the Senior Management 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, Strategic Director (Interim), Head of Finance (as the 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 Strategic Director (Interim) 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 Senior 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.<br><br>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 <b>Table 3</b> ).                  |

- 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. 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.
- 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 3: PLANNING AND REPORTING FREQUENCY</b> |   |  |  |
|--|---|--|--|
| <b>Report Produced</b>                           | <b>For</b>  | <b>Reason</b>  | <b>Content</b>   |
| Audit Assignment Report                          | The relevant departments' <ul style="list-style-type: none"> <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 Strategic Director (Interim) 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 service arrangements, it would be prudent for each authority to be reviewed at the same time.

## INTERNAL AUDIT: CODE OF ETHICS CAMBRIDGE CITY COUNCIL

### INTRODUCTION

The purpose of a Code of Ethics is to promote an appropriate ethical culture for Internal Audit. The Code sets out the minimum standards for the performance and conduct of Cambridge City Council's (CCC) Internal Auditors. It is intended to clarify the standards of conduct expected when carrying out their duties and promote an ethical, professional culture at all times when undertaking audit duties.

### PRINCIPLES

Internal auditors are expected to apply and uphold the following principles:

- **Integrity.** The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.
- **Objectivity.** Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.
- **Confidentiality.** Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
- **Competency.** Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

### INTEGRITY

CCC Internal Auditors shall:

- Perform their work with honesty, diligence and responsibility;
- Observe the law and make disclosures expected by the law and the profession;
- Not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organisation;
- Respect and contribute to the legitimate and ethical objectives of the organisation; and
- Maintain relationships with colleagues, internal clients and external contacts that are characterised by honesty, truthfulness and fairness

## OBJECTIVITY

CCC Internal auditors shall:

- Not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation;
- Not review any activity for which they have previously had operational responsibility;
- Not accept anything that may impair or be presumed to impair their professional judgement; and
- Disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

## CONFIDENTIALITY

CCC Internal auditors shall:

- Be prudent in the use and protection of information acquired in the course of their duties but should ensure that requirements of confidentiality do not limit or prevent reporting within the authority as appropriate;
- Not make unauthorised disclosure of information unless there is a legal or professional requirement to do so; and
- Not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

## COMPETENCY

CCC Internal auditors shall:

- Engage only in those services for which they have the necessary knowledge, skills and experience;
- Perform Internal Audit services with the International Standards for the Professional Practice of Internal Audit; and
- Continually improve their proficiency, effectiveness and quality of their services

## MANAGING ARRANGEMENTS

To ensure compliance with the Code of Ethics:

- There is an annual review of the Code to reinforce understanding and confirm on-going commitment;
- Quality control processes are in place to demonstrate integrity in all aspects of the work;
- All staff are obliged to declare any potential conflicts of interest, as a minimum every 6 months;
- Confidentiality breaches will not be tolerated; and
- All staff are aware and understand the organisations aims and objectives together with an appreciation of the policies and procedures which govern the areas to be audited.

**CAMBRIDGE CITY COUNCIL**  
**INTERNAL AUDIT PLAN 2017 / 2018**

**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 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 (CCC) and Peterborough City Council (PCC) and this was extended to include South Cambridgeshire District Council (SCDC) in July 2013. The reduced provision at senior level has seen a commensurate reduction in cost.
- 2.2 Following the deferral by Huntingdonshire District Council (HDC) in developing the 3C shared services approach to include Internal Audit in October 2016, separate arrangements are now being explored to shape the service. A report to Strategy and Resources Committee (23 January 2017) set out the proposals for developing the shared service with SCDC. Existing staff at SCDC would TUPE across to CCC and deliver each audit plan together.

2.3 The audit plan reflects the priorities for CCC but there are a number of areas interlinked with SCDC which can be covered in partnership.

**3. INTERNAL 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 consultation with Directors and Heads of Service via Senior Management Team.

3.2 The Plan for 2017 / 2018 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. The audit team, as at February 2017 is made up of 4.57 FTE, including 0.4 FTE for the shared Head of Audit. Furthermore, one post will become vacant in March 2017 following the resignation (external promotion) of a Senior Auditor. Steps are in train to recruit for this post. Subject to successful recruitment, a small reduction in resource is reflected in the Audit Plan to allow for notice periods. In addition, in line with the shared service business case, additional days are included for the increased presence of the Head of Internal Audit.

3.4 The overall allocation of time from the estimated 690 days available is as follows (compared with previous year):

| <b>Table 1: INTERNAL AUDIT ALLOCATIONS</b> |                         |                         |
|--|-------------------------|-------------------------|
|  | <b>2017 / 2018 Days</b> | <b>2016 / 2017 Days</b> |
| <b>TOTAL RESOURCES ALLOCATED</b>           | <b>690</b>              | <b>644</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.

3.6 Time allocations within the plan are based on previous year assessments, with any overall allocation for each key area. As each audit activity is fully scoped and agreed with the appropriate senior manager, there will be a call off arrangement and each job will then be monitored to that time allocation.



### 3.7 Key Themes

- 3.7.1 As in previous years, Internal Audit will continue to support the compliance culture within the Council, with the emphasis on improving service ownership of controls and management of risk and governance including fraud. There will continue to be liaison with the external auditors. Aside from core financial systems, future coverage will be prioritised towards reviewing contracts and commissioning arrangements to ensure that desired outcomes are delivered efficiently. Focus will continue to be on partnership working with particular emphasis around the various shared services arrangements.
- 3.7.2 The plan is grouped by audit coverage to the key objectives of the Council. For each discrete audit area, a brief description of the scope for the work is provided together with the type of audit. Timing and detailed scopes for each audit will be agreed with the relevant Senior Manager prior to commencement of the fieldwork.
- 3.7.3 In addition, a number of audits are identified which aim to provide assurance that a number of corporate systems and processes are robust and protect the Council. A departure from the normal arrangements is a Council wide review of Organised Crime Procurement. Following a pilot study by the Home Office, a detailed checklist and audit regime has been identified which local authorities are asked to consider. We see this as a best practice toolkit which we will use to benchmark the Council against. We will also look to develop our partnership arrangements with the local Constabulary to assist in this as well as the other Cambridgeshire Councils.
- 3.7.4 Going forward, National Fraud Initiative works has been identified as an area outside of Internal Audit (Strategy and Resources Committee 23 January 2017, Internal Audit Shared Service Business Case). Those days have been reallocated to other audit activities.

This page is intentionally left blank

## APPENDIX C

### AUDIT PLAN 2017 / 2018

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 2017 / 2018 and a brief comparison with the previous year. A more detailed breakdown of planned audit work is given on the pages that follow.

| <b>AUDIT AREA</b>                    | <b>2017 / 2018</b> |                | <b>2016 / 2017</b> |
|--------------------------------------|--------------------|----------------|--------------------|
|                                      | <b>Days</b>        | <b>%</b>       | <b>%</b>           |
| Corporate Plan: Objectives           | 350                | 50.7           | 44.0               |
| Core Systems Assurance Work          | 40                 | 5.8            | 7.5                |
| Annual Governance and Assurance Work | 60                 | 8.7            | 9.0                |
| Other Resource Provisions            | 240                | 34.8           | 39.0               |
| <b>TOTAL</b>                         | <b>690</b>         | <b>100.0 %</b> | <b>100.0 %</b>     |

| AUDIT ACTIVITY | AUDIT TYPE | SCOPE |
|----------------|------------|-------|
|----------------|------------|-------|

| <b>OBJECTIVE 1...DELIVERING SUSTAINABLE PROSPERITY FOR CAMBRIDGE AND FAIR SHARES FOR ALL</b> |         |   |
|--|---------|---|
| Community Infrastructure Levy  | Project | Ongoing project. Provision of audit input as a critical friend. |

| <b>OBJECTIVE 2...TACKLING THE CITY'S HOUSING CRISIS AND DELIVERING OUR PLANNING OBJECTIVES</b> |                |   |
|--|----------------|---|
| Disabled Facilities Grant  | Grant approval | Review of a sample of payments made in respect of disabled facilities Approval of DFG |
| Service Charges (Tenants)  | Risk based     | Evaluation of the collection rates  |
| Ditchburn Place  | Contract       | Review of the deliverables and contract monitoring arrangements                       |
| Housing Delivery   | Risk based     | HDA governance arrangements   |

| AUDIT ACTIVITY | AUDIT TYPE | SCOPE |
|----------------|------------|-------|
|----------------|------------|-------|

| OBJECTIVE 3...MAKING CAMBRIDGE SAFER AND MORE INCLUSIVE |                             |   |
|---|-----------------------------|---|
| Use of Social Media                                     | Assessment of best practice | Evaluation of effectiveness of the current arrangements and learning best practice from other councils on how to make the most of social media. This will incorporate a review of the impact / proportionality of the current in-house social media policy. |
| Safeguarding  | Risk based                  | A high risk area on the Strategic Risk register. Regular reviews are undertaken each year which focuses on a different department / activity each time. The current audit will consider how third party providers / contracts comply with safeguarding.     |
| Street Traders / Market Licences                        | Risk based                  | Review of arrangements for awarding and monitoring licences and collection of income  |
| Food Safety Standards                                   | Risk based                  | Assessment in relation to food inspections  |
| Clay Farm   | Project                     | Ongoing contract review of this key project.  |

| OBJECTIVE 4...INVESTING IN IMPROVING TRANSPORT |            |   |
|--|------------|---|
| Car Park Permits                               | Compliance | Review arrangements for the use of permits  |
| Car Parks: Projects                            | Project    | Projects in this area will be provided with audit support as they progress. These, include, but are not limited to: <ul style="list-style-type: none"> <li>- Park Street CP</li> <li>- Equipment</li> </ul> |
| Garage Commercialisation                       | Project    | Post implementation review  |

| AUDIT ACTIVITY | AUDIT TYPE | SCOPE |
|----------------|------------|-------|
|----------------|------------|-------|

| OBJECTIVE 5...PROTECTING OUR CITY'S UNIQUE QUALITY OF LIFE |            |  |
|--|------------|--|
| Flood Assessment   | Risk based | Risk assessment that current arrangements are robust     |
| Leisure  | Contract   | Review of the leisure management contract                |
| Sports Projects  | Project    | Review of the delivery and management of sports projects |

| OBJECTIVE 6...PROTECTING ESSENTIAL SERVICES AND TRANSFORMING COUNCIL DELIVERY |            |  |
|---|------------|--|
| Electoral Register  | Risk Based | Compilation and management of the process to complete the register.  |
| Key Performance Indicators /<br>Balanced Scorecard                            | Risk Based | A review of how performance data is captured and an evaluation of the accuracy of the data provided.                                 |
| Office Accommodation Strategy   | Project    | Project review of the deliverables (to be scheduled for Quarter 4 2017/2018)   |
| TUPE  | Compliance | A key requirement as the Council seeks different models and ways of working. A compliance review will be undertaken to address this. |
| Contract Management:<br>Temporary Agency Workers                              | Contract   | Review of the arrangements for monitoring of the Temporary Agency Worker contract – which equates to £1.8m per annum.                |
| Commercial Property   | Risk based | Verification of income streams and the collection of service charges   |
| Portfolio Investments   | Project    | Roll forward from 2016/2017  |
| Financial Management System   | Project    | Ongoing provision of support and challenge to this critical project.   |

| AUDIT ACTIVITY | AUDIT TYPE | SCOPE |
|----------------|------------|-------|
|----------------|------------|-------|

| OBJECTIVE 6...continued  |            |   |
|--------------------------|------------|---|
| ICT                      | Risk based | Assessment of IT Strategy and IT policies   |
| Transformation Projects  | Project    | Gateway reviews and post implementation for a series of projects delivering savings             |
| Shared Services          | Risk based | Evaluation of delivery of shared services   |
| Cash Handling            | Risk based | Review of the arrangements for the receiving of cash transactions at the Cash Office and Arbury |
| Job Recording Procedures | Compliance | Review of operations  |
| Building Control Fees    | Risk based | Review of the arrangements for the billing and collection of fees                               |

| OBJECTIVE 7...TACKLING CLIMATE CHANGE, AND MAKING CAMBRIDGE CLEANER AND GREENER |          |                            |
|---|----------|----------------------------|
| Gas Maintenance   | Contract | Contract management review |

| AUDIT ACTIVITY | AUDIT TYPE | SCOPE |
|----------------|------------|-------|
|----------------|------------|-------|

| <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> |           |  |
| Insurance   | Assurance | Key controls audit as part of cyclical review of core systems                |
| Treasury Management   | Assurance | Key controls audit as part of cyclical review of core systems                |
| VAT   | Assurance | Key controls audit as part of cyclical review of core systems                |
| Accounts Receivable   | Assurance | Key controls audit as part of cyclical review of core systems                |
| Housing Benefits  | Assurance | System Parameter Testing (Detailed schedules are provided by External Audit) |
| Council Tax   | Assurance | Key controls audit as part of cyclical review of core systems                |

Audits not planned for 2017 / 2018:

- National Non-Domestic Rates; Main Accounting (which will be covered as part of the implementation of FMS); Accounts Payable; Payroll; Housing Rents; BACS; Fixed Assets; Budgetary Control.



| AUDIT ACTIVITY   | AUDIT TYPE | SCOPE   |
|--|------------|---|
| <p><b>ANNUAL GOVERNANCE AND ASSURANCE WORK:</b><br/> 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</p> |            |   |
| Organised Crime Procurement Review   | Compliance | <p>At the beginning of December 2016, the Home Office issued a report covering “Organised Crime Procurement Pilots”. This exercise looked at various aspects of Local Government activities which could be vulnerable to be targeted by organised crime. It recommends that Councils should look to undertake an audit in relation to Serious Organised Crime. Various pilots have taken place across the country (as well as in Scotland) and details have been circulated which suggest that a number of areas could be susceptible / at risk. Examples include where there is a high level of cash inputs into the service; contracts are awarded or there is significant interaction with the public and / or companies.</p> <p>A number of audit areas will be targeted and an overarching report produced. The areas include:</p> <p><b>Declarations (Members / Officers).</b></p> <ul style="list-style-type: none"> <li>- Monitoring / authorising secondary employment;</li> <li>- Gifts and hospitality registers</li> <li>- Declarations of interests</li> </ul> <p><b>Recruitment and Selection</b></p> <ul style="list-style-type: none"> <li>- Disclosure and Barring Services checks</li> </ul> <p><b>Bribery and Corruption</b></p> <ul style="list-style-type: none"> <li>- Anti-Money Laundering</li> </ul> <p><b>Procurement and Contract Arrangements</b></p> <ul style="list-style-type: none"> <li>- A selection of contracts will be selected from the Contracts Register</li> </ul> |

| AUDIT ACTIVITY   | AUDIT TYPE | SCOPE   |
|--|------------|---|
| <b>ANNUAL GOVERNANCE AND ASSURANCE WORK: continued</b> |            |   |
| Annual Audit Opinion                                   | N/A        | Head of Internal Audit opinion on the state of governance and the internal control framework in place within Cambridge City Council.  |
| Internal Audit Effectiveness                           | N/A        | Review of the Internal Audit service against the Public Sector Internal Audit Standards.  |
| Prevention of Fraud and Corruption                     | N/A        | Continued development and awareness of risks across the Council.<br>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.<br>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. |
| Annual Governance Statement                            | N/A        | 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.   |

NB: INTERNAL AUDIT WORKS IN RELATION TO THE NATIONAL FRAUD INITIATIVE HAS BEEN REMOVED FROM THE AUDIT PLANS AS PER THE INTERNAL AUDIT BUSINESS CASE.

| AUDIT ACTIVITY | AUDIT TYPE | SCOPE |
|----------------|------------|-------|
|----------------|------------|-------|

| OTHER RESOURCE PROVISIONS  |           |  |
|--|-----------|--|
| <p><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 2016 / 2017 Audit Plan.</b></p> |           |  |
| Carry Forward Activities   | Various   | A number of audits roll forward either as a result of starting late in 2016 / 2017 or being rolled forward due to other activities taking precedence e.g. special investigations.  |
| Follow Up Provision  | 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.  |
| Contingency: Advice / Requested Works  | Advice    | <p>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.</p> <p>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.</p> |
| Contingency: Fraud / Irregularity  | -         | <p>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 :</p> <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>     |
| Risk Management  | -         | 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.  |

This page is intentionally left blank

## CAMBRIDGE CITY COUNCIL

---

REPORT OF: Head of Human Resources

TO: Civic Affairs Committee 15/2/2017  
Council 23/2/2017

WARDS: All

### **DRAFT PAY POLICY STATEMENT 2017/18**

---

#### **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 2017/18 includes updates to salary scales following the nationally agreed two year pay award for the chief executive, directors and heads of service at JNC1 and JNC 2. This was implemented with effect from 1 April 2016 and was one per cent on basic salary with effect from 1 April 2016 and one per cent on basic salary with effect from 1 April 2017.
- 1.4 This report includes the proposal to change the designation of the JNC 2 pay grade to be called Band 11.

## 2. RECOMMENDATIONS

### The Civic Affairs Committee is asked to:

- 2.1 Consider and recommend to Council the draft Pay Policy Statement 2017/18 attached as Appendix 1.
- 2.2 To recommend to Council to delegate authority to the Head of Human Resources to implement the change of designation of the grade JNC 2 to Band 11.

### 3. PROPOSED CHANGE TO PAY SCALES – REDESIGNATION OF JNC 2 AS BAND 11

- 3.1 Following the introduction of the new senior Management Structure in 2016, which led to fewer head of service roles and the creation of new lead roles in shared services, where Cambridge City are the employing authority, we have established that we need more flexibility in the Council's grading structure for senior posts than is currently available. We believe we do not need to create a new grade, particularly as we introduced Band 10 in 2016 but we need more flexibility when posts are not heads of service but are senior roles.
- 3.2 It has previously been a condition of JNC 1 and JNC 2 posts that these are at head of service level. We therefore propose to re-designate the existing grade of JNC2 as Band 11, and to use this grade for posts which may not be heads of service.
- 3.3 The JNC 2 grade currently has four pay points and it is proposed that these remain unchanged when the grade is re-designated Band 11; £56,784, £59,023, £61,262, and £63,465.
- 3.4 We now have 13 head of service posts, 2 new posts on Band 10, and one new post recently assessed as being equivalent to a head of service role under the job evaluation scheme, the shared lead for building control.
- 3.5 The City Council has two main sets of terms and conditions, one for the majority of staff covering ten Bands (Band 1-10), on National Joint Council terms and conditions (NJC) and the second covering heads of service, directors and the chief executive, ranging from JNC2 to Chief Executive on Joint Negotiating Committee (JNC) terms and conditions of employment. It is proposed that new posts within Band 11 will be on the same terms and conditions of employment as

posts within the range Band 1 to Band 10, except in relation to incremental progression within the pay scale.

- 3.6 Progress through Band 11 will remain subject to performance in accordance with the senior management performance review (appraisal) scheme. The incremental progression on this grade has larger steps than within Bands 1 to 10, of approximately £2200 per increment. The normal progression under the senior management scheme is designed for incremental progression on a two yearly, not annual basis, as is the case with Bands 1-10. Progression can be accelerated to one year for exceptional performance.
- 3.7 As with other senior management posts, for the purposes of job evaluation, the HAY job evaluation scheme will be used.
- 3.8 Attached as Appendix 2 is a chart showing the current pay ranges for 2016 and 2017 and the proposed change of JNC2 to Band 11.

#### **4. CONCLUSIONS**

- 4.1 If we do not re-designate JNC 2 as Band 11, it would continue to exist as a head of service level grade with potentially no heads of service on it. We may in future be creating new shared service management posts which report to current heads of service or Directors, but the posts are not undertaking the same role as heads of service. Using Band 10 only could lead to recruitment difficulties and increased use of market supplements, which are temporary in nature.
- 4.2 Our current pay structure of heads of service on JNC2 and JNC1 has served us well since 2003/4, but with the introduction of more shared services and the changes to the senior management structure it now needs to change. In 2016 we introduced a new grade of Band 10, below the head of service level to assist with this. We are now in a different environment of shared services and where there are fewer heads of service but where we have a need for new levels of senior manager reporting to a head of service or Director.
- 4.3 We do not need to fundamentally change our pay structure but we do need the flexibility to be able to use an existing grade between Band 10 and JNC 1 in a different way.

#### **5. CONSULTATIONS**

- 5.1 The Chief Executive, Strategic Directors, Head of Legal Practice, Head of Finance, Support Services Manager and Democratic Services Manager have been consulted on this report and the attached draft Pay Policy Statement.

5.2 The trade unions have been consulted on the proposed re-designation of JNC2 to Band 11.

## 6. **IMPLICATIONS**

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

There are no financial implications arising from this the report.

### (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 use of the proposed Band 11.

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 re-designation of JNC 2 to Band 11 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 2016/17
- 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

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: 03 February 2017

Date of last revision: 03 February 2017



## Pay Policy Statement 2017/18

### Scope

This pay policy statement covers the posts of the chief executive, all directors and all heads of service.

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, following nationally agreed pay awards in 2016, are shown below. They are shown with effect from 1 April 2016 and 1 April 2017.

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>    | (01.04.16) | <b>£109,725</b> | <b>114,385</b> | <b>119,038</b> | <b>123,728</b> |
|                           | (01.04.17) | <b>£110,822</b> | <b>115,529</b> | <b>120,228</b> | <b>124,965</b> |
| <b>Strategic Director</b> | (01.04.16) | <b>£84,642</b>  | <b>87,985</b>  | <b>91,323</b>  | <b>94,666</b>  |
|                           | (01.04.17) | <b>£85,488</b>  | <b>88,865</b>  | <b>92,236</b>  | <b>95,613</b>  |
| <b>Head of Service</b>    |            |                 |                |                |                |
| <b>JNC1</b>               | (01.04.16) | <b>£65,705</b>  | <b>67,943</b>  | <b>70,147</b>  | <b>72,385</b>  |
|                           | (01.04.17) | <b>£66,362</b>  | <b>68,622</b>  | <b>70,848</b>  | <b>73,109</b>  |
| <b>JNC2</b>               | (01.04.16) | <b>£56,784</b>  | <b>59,023</b>  | <b>61,262</b>  | <b>63,465</b>  |
|                           | (01.04.17) | <b>£57,352</b>  | <b>59,613</b>  | <b>61,875</b>  | <b>64,100</b>  |
| <b>Band 11</b>            |            |                 |                |                |                |

### 2015/16 Review of Salary levels

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

The pay scales were reviewed in 2015; the outcome of this review was a 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.

As part of this review, new grade of Band 10 was introduced in 2016.

### **Revised Pay Grade – Band 11**

It is proposed to re-designate the existing grade JNC 2 as Band 11 with effect from 1 April 2017.

The Band 11 will be as the existing JNC 2 salary range. With effect from 1 April 2017 will be £57,352 to £64,100, with four separate pay points of £57,352, £59,613, £61,875 and £64,100.

New posts within Band 11 will be on the same terms and conditions of employment as posts within the range Band 1 to Band 10, with the exception of the incremental performance and job evaluation, which will be as for other senior management roles.

### **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.

With effect from 1 April 2016 there was a nationally negotiated pay award of 1% for Directors and Heads of Service on JNC1 and JNC 2 in accordance with the Joint Negotiating Committee (JNC) for Chief Officers and the same level of pay award for Chief Executives in accordance with the Joint Negotiating Committee (JNC) for Chief Executives. The pay awards covered the period to 31 March 2018 and were for 1% on basic salary with effect from 1 April 2016 and 1% on basic salary with effect from 1 April 2017.

### **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 recognised 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-imbusement 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. The next review will be in 2019, with the outcome effective for 2020/21.

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. The next review will be in 2017.

## **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 £14,975 to £16,481 per annum, with effect from 1 April 2017 it will be £15,375 to £16,781.

There was a nationally negotiated pay award for staff on NJC grades with effect from April 2016, for 2 years.

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-imburement 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 £123,728. The chief executive's current salary scale runs from £109,725 to £123,728, with effect from 1 April 2017 it will be £110,822 to £124,965.

The ratio between the current highest and lowest pay points is: - 1:8.3

With effect from 1 April 2017 the ratio between the highest and lowest pay points is: - 1:8.1

The ratio of the chief executive's current salary and current the lowest pay point is - 1:8.3

The current median average salary of all Cambridge City Council staff is - £27,394

The ratio of the chief executive's current salary to the current 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 £8.45 per hour (£16302 per annum).

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

The pay ratios based on the UK Living Wage of £8.45 are as follows:

The ratio between the highest pay point and the living wage is – 1:7.6

The ratio of the chief executive's current salary and the living wage is - 1:7.6

The median average salary of all Cambridge City Council staff (including the living wage supplement) is £27,394

The ratio of the chief executive's current salary to the median average salary, including the living wage supplement is -1:4.5

## **Apprentices**

The Council has engaged a number of apprentices. 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 £3.40 for the first year, and for the second year they are age related: £4.00 (at age 16-17), £5.55 (at age 18-20) and £6.95 (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 £5.55 (for the first year) are as follows:

The ratio between the highest pay point and the apprenticeship rate is - 1:11.6

The ratio of the chief executive's current salary and the apprentice rate is - 1:11.6

The median average salary of all Cambridge City Council staff, including apprentices is £27,394

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 & Crime Commissioner, Euro Elections and national referenda are set by the Government. The fees for County Council elections are set by the County Council. The fees for the Combined Authority Mayoral election are set by the combined authority. 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.

**Draft February 2017**

| Current Cambridge City Paybands |          |          |             | Proposed Cambridge City Paybands |          |          |             |            |          |             |             |
|---------------------------------|----------|----------|-------------|----------------------------------|----------|----------|-------------|------------|----------|-------------|-------------|
| 01/04/2016                      |          |          |             | 01/04/2017                       |          |          |             | 01/04/2017 |          |             |             |
| SCP                             | £        | Band     | Hour Rate £ | SCP                              | £        | Band     | Hour Rate £ | SCP        | £        | Band        | Hour Rate £ |
| 9                               | £14,975  | Band 1   | £7.76       | 9                                | £15,375  | Band 1   | £7.97       | 9          | £15,375  | Band 1      | £7.97       |
| 10                              | £15,238  |          | £7.90       | 10                               | £15,613  |          | £8.09       | 10         | £15,613  |             | £8.09       |
| 11                              | £15,507  |          | £8.04       | 11                               | £15,807  |          | £8.19       | 11         | £15,807  |             | £8.19       |
| 12                              | £15,823  |          | £8.20       | 12                               | £16,123  |          | £8.36       | 12         | £16,123  |             | £8.36       |
| 13                              | £16,191  |          | £8.39       | 13                               | £16,491  |          | £8.55       | 13         | £16,491  |             | £8.55       |
| 14                              | £16,481  |          | £8.54       | 14                               | £16,781  |          | £8.70       | 14         | £16,781  |             | £8.70       |
| 15                              | £16,772  | Band 2   | £8.69       | 15                               | £17,072  | Band 2   | £8.85       | 15         | £17,072  | Band 2      | £8.85       |
| 16                              | £17,169  |          | £8.90       | 16                               | £17,419  |          | £9.03       | 16         | £17,419  |             | £9.03       |
| 17                              | £17,547  |          | £9.10       | 17                               | £17,772  |          | £9.21       | 17         | £17,772  |             | £9.21       |
| 18                              | £17,891  |          | £9.27       | 18                               | £18,070  |          | £9.37       | 18         | £18,070  |             | £9.37       |
| 19                              | £18,560  |          | £9.62       | 19                               | £18,746  |          | £9.72       | 19         | £18,746  |             | £9.72       |
| 20                              | £19,238  |          | £9.97       | 20                               | £19,430  |          | £10.07      | 20         | £19,430  |             | £10.07      |
| 21                              | £19,939  | Band 3   | £10.34      | 21                               | £20,138  | Band 3   | £10.44      | 21         | £20,138  | Band 3      | £10.44      |
| 21                              | £19,939  |          | £10.34      | 21                               | £20,138  |          | £10.44      | 21         | £20,138  |             | £10.44      |
| 22                              | £20,456  |          | £10.60      | 22                               | £20,661  |          | £10.71      | 22         | £20,661  |             | £10.71      |
| 23                              | £21,057  |          | £10.91      | 23                               | £21,268  |          | £11.02      | 23         | £21,268  |             | £11.02      |
| 24                              | £21,745  |          | £11.27      | 24                               | £21,962  |          | £11.38      | 24         | £21,962  |             | £11.38      |
| 25                              | £22,434  |          | £11.63      | 25                               | £22,658  |          | £11.74      | 25         | £22,658  |             | £11.74      |
| 26                              | £23,166  | Band 4   | £12.01      | 26                               | £23,398  | Band 4   | £12.13      | 26         | £23,398  | Band 4      | £12.13      |
| 26                              | £23,166  |          | £12.01      | 26                               | £23,398  |          | £12.13      | 26         | £23,398  |             | £12.13      |
| 27                              | £23,935  |          | £12.41      | 27                               | £24,174  |          | £12.53      | 27         | £24,174  |             | £12.53      |
| 28                              | £24,717  |          | £12.81      | 28                               | £24,964  |          | £12.94      | 28         | £24,964  |             | £12.94      |
| 29                              | £25,694  |          | £13.32      | 29                               | £25,951  |          | £13.45      | 29         | £25,951  |             | £13.45      |
| 30                              | £26,556  |          | £13.76      | 30                               | £26,822  |          | £13.90      | 30         | £26,822  |             | £13.90      |
| 31                              | £27,394  | Band 5   | £14.20      | 31                               | £27,668  | Band 5   | £14.34      | 31         | £27,668  | Band 5      | £14.34      |
| 32                              | £28,203  |          | £14.62      | 32                               | £28,485  |          | £14.76      | 32         | £28,485  |             | £14.76      |
| 33                              | £29,033  |          | £15.05      | 33                               | £29,323  |          | £15.20      | 33         | £29,323  |             | £15.20      |
| 34                              | £29,854  |          | £15.47      | 34                               | £30,153  |          | £15.63      | 34         | £30,153  |             | £15.63      |
| 35                              | £30,480  |          | £15.80      | 35                               | £30,785  |          | £15.96      | 35         | £30,785  |             | £15.96      |
| 36                              | £31,288  |          | £16.22      | 36                               | £31,601  |          | £16.38      | 36         | £31,601  |             | £16.38      |
| 37                              | £32,164  | Band 6   | £16.67      | 37                               | £32,486  | Band 6   | £16.84      | 37         | £32,486  | Band 6      | £16.84      |
| 37                              | £32,164  |          | £16.67      | 37                               | £32,486  |          | £16.84      | 37         | £32,486  |             | £16.84      |
| 38                              | £33,106  |          | £17.16      | 38                               | £33,437  |          | £17.33      | 38         | £33,437  |             | £17.33      |
| 39                              | £34,196  |          | £17.72      | 39                               | £34,538  |          | £17.90      | 39         | £34,538  |             | £17.90      |
| 40                              | £35,093  |          | £18.19      | 40                               | £35,444  |          | £18.37      | 40         | £35,444  |             | £18.37      |
| 41                              | £36,019  |          | £18.67      | 41                               | £36,379  |          | £18.86      | 41         | £36,379  |             | £18.86      |
| 42                              | £36,937  | Band 7   | £19.15      | 42                               | £37,306  | Band 7   | £19.34      | 42         | £37,306  | Band 7      | £19.34      |
| 43                              | £37,858  |          | £19.62      | 43                               | £38,237  |          | £19.82      | 43         | £38,237  |             | £19.82      |
| 44                              | £38,789  |          | £20.11      | 44                               | £39,177  |          | £20.31      | 44         | £39,177  |             | £20.31      |
| 45                              | £39,660  |          | £20.56      | 45                               | £40,057  |          | £20.76      | 45         | £40,057  |             | £20.76      |
| 46                              | £40,619  |          | £21.05      | 46                               | £41,025  |          | £21.26      | 46         | £41,025  |             | £21.26      |
| 47                              | £41,551  |          | £21.54      | 47                               | £41,967  |          | £21.75      | 47         | £41,967  |             | £21.75      |
| 47                              | £41,551  | Band 8   | £21.54      | 47                               | £41,967  | Band 8   | £21.75      | 47         | £41,967  | Band 8      | £21.75      |
| 48                              | £42,474  |          | £22.02      | 48                               | £42,899  |          | £22.24      | 48         | £42,899  |             | £22.24      |
| 49                              | £43,387  |          | £22.49      | 49                               | £43,821  |          | £22.71      | 49         | £43,821  |             | £22.71      |
| 50                              | £44,308  |          | £22.97      | 50                               | £44,751  |          | £23.20      | 50         | £44,751  |             | £23.20      |
| 51                              | £45,284  |          | £23.47      | 51                               | £45,737  |          | £23.71      | 51         | £45,737  |             | £23.71      |
| 52                              | £46,280  |          | £23.99      | 52                               | £46,743  |          | £24.23      | 52         | £46,743  |             | £24.23      |
| 53                              | £47,300  | Band 9   | £24.52      | 53                               | £47,773  | Band 9   | £24.76      | 53         | £47,773  | Band 9      | £24.76      |
| 54                              | £48,343  |          | £25.06      | 54                               | £48,826  |          | £25.31      | 54         | £48,826  |             | £25.31      |
| 55                              | £50,500  |          | £26.18      | 55                               | £51,005  |          | £26.44      | 55         | £51,005  |             | £26.44      |
| 56                              | £52,015  |          | £26.96      | 56                               | £52,535  |          | £27.23      | 56         | £52,535  |             | £27.23      |
| 57                              | £53,530  |          | £27.75      | 57                               | £54,065  |          | £28.02      | 57         | £54,065  |             | £28.02      |
| 58                              | £55,045  |          | £28.53      | 58                               | £55,595  |          | £28.82      | 58         | £55,595  |             | £28.82      |
| 101                             | £56,784  | JNC 2    | £29.43      | 101                              | £57,352  | JNC 2    | £29.73      | 101        | £57,352  | Pay band 11 | £29.73      |
| 102                             | £59,023  |          | £30.59      | 102                              | £59,613  |          | £30.90      | 102        | £59,613  |             | £30.90      |
| 103                             | £61,262  |          | £31.75      | 103                              | £61,875  |          | £32.07      | 103        | £61,875  |             | £32.07      |
| 104                             | £63,465  |          | £32.90      | 104                              | £64,100  |          | £33.22      | 104        | £64,100  |             | £33.22      |
| 105                             | £65,705  | JNC 1    | £34.06      | 105                              | £66,362  | JNC 1    | £34.40      | 105        | £66,362  | JNC 1       | £34.40      |
| 106                             | £67,943  |          | £35.22      | 106                              | £68,622  |          | £35.57      | 106        | £68,622  |             | £35.57      |
| 107                             | £70,147  |          | £36.36      | 107                              | £70,848  |          | £36.72      | 107        | £70,848  |             | £36.72      |
| 108                             | £72,385  |          | £37.52      | 108                              | £73,109  |          | £37.89      | 108        | £73,109  |             | £37.89      |
| 109                             | £84,642  | DIRECTOR | £43.87      | 109                              | £85,488  | DIRECTOR | £44.31      | 109        | £85,488  | DIRECTOR    | £44.31      |
| 110                             | £87,985  |          | £45.60      | 110                              | £88,865  |          | £46.06      | 110        | £88,865  |             | £46.06      |
| 111                             | £91,323  |          | £47.34      | 111                              | £92,236  |          | £47.81      | 111        | £92,236  |             | £47.81      |
| 112                             | £94,666  |          | £49.07      | 112                              | £95,613  |          | £49.56      | 112        | £95,613  |             | £49.56      |
| 113                             | £109,725 | CEX      | £56.87      | 113                              | £110,822 | CEX      | £57.44      | 113        | £110,822 | CEX         | £57.44      |
| 114                             | £114,385 |          | £59.29      | 114                              | £115,529 |          | £59.88      | 114        | £115,529 |             | £59.88      |
| 115                             | £119,038 |          | £61.70      | 115                              | £120,228 |          | £62.32      | 115        | £120,228 |             | £62.32      |
| 116                             | £123,728 |          | £64.13      | 116                              | £124,965 |          | £64.77      | 116        | £124,965 |             | £64.77      |



This page is intentionally left blank

## CAMBRIDGE CITY COUNCIL

---

REPORT OF: Chief Executive

TO: Civic Affairs Committee

15/02/2017

WARDS: All

---

### **INTERIM REVIEW OF POLLING DISTRICTS, POLLING PLACES AND POLLING STATIONS**

---

#### **1 INTRODUCTION**

1.1 The Local Government Boundary Commission for England (LGBCE) has conducted a review of Cambridgeshire County Council electoral division boundaries across Cambridgeshire. Final recommendations were published on 6 September 2016.

1.2 The changes to the county division boundaries mean that an interim review of the polling district boundaries has been carried out to effect any changes to the register of electors. This review is outside of the normal cycle for reviewing polling arrangements (Due in 2018).

1.3 The three elements to this review are:

- Polling District – the area within which electors are assigned to a particular polling station.
- Polling Place – the area within which the polling station must be located.
- Polling Station – the building/room allocated for voting.

#### **2. RECOMMENDATIONS**

2.1 That the proposed polling districts be adopted from 1 March 2017 and the polling place for each be designated as the boundary for that polling district.

2.2 That polling districts, polling places and polling stations be kept under review.

### 3. BACKGROUND

- 3.1 The changes made by the LGBCE to the Cambridgeshire county division boundaries in the Cambridge city council area mean that they are no longer coterminous with the city ward boundaries.
- 3.2 A review of the polling districts was therefore carried out to ensure that the register of electors and subsequent polls can be administered effectively.
- 3.3 This review of polling districts is outside of the timetable for the scheduled compulsory review of polling districts, polling places and polling stations. The last compulsory review was concluded in 2013 and will therefore need to be started within the statutory five-year period, so by 2018.
- 3.4 The steps to be taken when conducting a review of polling districts are laid down within schedule 1A of the Representation of the People Act 1983.
- 3.5 The timetable for the interim review is:

|  |                   |
|--|-------------------|
| LGBCE publish final recommendations    | 6 September 2016  |
| Preliminary report to Civic Affairs    | 14 September 2016 |
| Publish notice of the review           | 22 December 2016  |
| Consultation responses to be made by   | 20 January 2017   |
| Final recommendations to Civic Affairs | 15 February 2017  |
| Updated Register of Electors published | 1 March 2017      |

- 3.6 Changes to the polling district boundaries will be reflected in a revised version of the register of electors to be published on 1 March 2017. This will allow for the changes to be in place for the scheduled polls on 4 May 2017.
- 3.7 There are currently 35 polling districts within the Cambridge city area. The movement of county division boundaries has necessitated the creation of new polling districts, so as to fall in line with existing city ward and county division boundaries. The new scheme has 45 polling districts in total, so an increase of ten from the current arrangements.
- 3.8 The creation of new polling districts means that some electors will be allocated to different polling stations. These electors will be provided with additional information, during the issue of poll cards, to alert them to the new location of their allocated station.
- 3.9 The allocation of polling stations are at the discretion of the Returning Officer. The attached list show the proposed polling stations for the

polls to be held on 4<sup>th</sup> May 2017, however these may change if venue availability changes.

3.10 The proposed polling districts, associated polling stations and a breakdown of their city wards/county divisions is shown at appendix A.

3.11 Approximately 9,000 (10%) of the electorate will have different polling stations. These electors will receive separate communication regarding the change in their polling station, although if they go to their old station on polling day they will be redirected by staff at that station. Updated statistics will be circulated at the meeting.

3.13 This review has not taken account of any proposed changes to Parliamentary constituency boundaries, as they will be reflected in the scheduled review in 2018.

#### 4. CONSULTATIONS

4.1 The consultation was published on the council website and comments were sought from the following:

- All elected representatives.
- Electors.
- Acting Returning Officer for South Cambridgeshire DC (for Queen Edith's ward only).
- Interested persons and bodies with expertise in relation to access to premises or facilities for disabled people.

4.2 The following comments were received during the consultation period.

| <b>Respondent(s)</b>               | <b>Comments</b>   | <b>Response</b>  |
|------------------------------------|---|--|
| Cllr. Martin Smart                 | Preference to match up boundaries of City & County                    | This can only be achieved if a review of the City ward boundaries is undertaken by the LGBCE.      |
| Trumpington Residents' Association | Use of Clay Farm Community Centre as a polling station from May 2018. | Agreed, it has always been the intention to move to the community centre once it is ready for use. |

| <b>Respondent(s)</b>    | <b>Comments</b>                              | <b>Response</b>                                |
|-------------------------|--|--|
| Cllr. Richard Robertson | Various errors in the street lists provided. | These have been corrected in the final report. |
| Marie Ferguson-Smith    |  |  |
| Simon Cooper            |  |  |

## **5. CONCLUSIONS**

- 5.1 Creation of the new polling districts has been difficult, due to the complexity of the now non-coterminous city and county boundaries. This has resulted in polling districts of varying size, which is not the ideal.
- 5.2 While it is not uncommon for ward and division boundaries to be completely coterminous, the current arrangements in Cambridge are not sufficiently sensible to allow more workable arrangements of the polling districts at the present time.
- 5.3 The proposed polling districts should be adopted until such time as any changes to primary boundaries are made.

## **6. IMPLICATIONS**

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

There are no financial implications if changes to the polling district boundaries are for administrative purposes only.

Changes to the location of polling stations could result in an increase or decrease in rental charges, due to the differing rates charged by organisations.

An increase in the number of polling stations would mean an increase in the number of polling station staff and consequently increase staff costs at an election.

### **(b) Staffing Implications**

There are no staffing implications.

### **(c) Equality and Poverty Implications**

An equality impact assessment for elections covers this report.

### **(d) Environmental Implications**



This report has a NIL climate change impact.

(e) **Procurement**

No procurement is required for this project.

(f) **Consultation and communication**

As indicated above (paragraph 4) public notice of the review was given and stakeholders informed of the consultation period.

(g) **Community Safety**

There are no community safety implications.

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

- Maps of current polling district boundaries.
- Maps of proposed polling district boundaries.
- LGBCE Final Recommendations for Cambridgeshire County council. (Published 6 September 2016)
- Electoral Commission guidance on conducting a review of polling districts, polling places and polling stations. (Published August 2013)
- Equality Impact Assessment for elections

To inspect these documents contact Vicky Breading on extension 7057.

The author and contact officer for queries on the report is Vicky Breading, Electoral Services Manager on ext. 7057  
[vicky.breading@cambridge.gov.uk](mailto:vicky.breading@cambridge.gov.uk).

Report file:

Date originated: 27 January 2017

Date of last revision: 2 February 2017

This page is intentionally left blank

Proposed polling station locations following review of polling districts

| New Polling District | Old Polling District<br>(Whole/Part Of) | Electorate | Polling Station Location<br><i>Stations in italics are still to be confirmed</i> | Double?<br><i>Split polling district</i> | Double?<br><i>Shared polling place</i> | Ward            | Division        |
|----------------------|---|------------|--|--|--|-----------------|-----------------|
| AAA                  | AA                                      | 2,844      | Barnwell Baptist Church  | Y  |  | Abbey           | Abbey           |
| ABA                  | AB                                      | 2,049      | East Barnwell Youth Centre   |  |  |                 | Abbey           |
| ACA                  | AC                                      | 1,711      | The River Lane Community Centre  |  |  |                 | Abbey           |
| BAB                  | BA                                      | 3,631      | Good Shepherd Church Hall  | Y  |  | Arbury          | Arbury          |
| BBB                  | BB                                      | 1,724      | St. Luke's Church Centre   |  | Y                                      |                 | Arbury          |
| BCC                  | BB                                      | 901        | St. Luke's Church Centre   |  | Y                                      |                 | Castle          |
| CAB                  | CA                                      | 662        | <i>St. Augustine's Church Hall (Small)</i>                                       |  |  | Castle          | Arbury          |
| CBC                  | CA                                      | 2,872      | St. Augustine's Church Hall (Large)  | Y  |  |                 | Castle          |
| CCC                  | CB                                      | 587        | Castle Street Methodist Church   |  | Y                                      |                 | Castle          |
| CDH                  | CB                                      | 1,564      | Castle Street Methodist Church   |  | Y                                      |                 | Market          |
| CEI                  | CB                                      | 527        | <i>Site at Churchill College</i>   |  |  |                 | Newnham         |
| DAD                  | DA                                      | 1,950      | St. Andrew's Church Centre   |  |  | Cherry Hinton   | Cherry Hinton   |
| DBD                  | DB                                      | 3,814      | Cherry Hinton Village Centre   | Y  |  |                 | Cherry Hinton   |
|                      | DC                                      |            |  |  |  |                 |                 |
| DCK                  | DB<br>DC                                | 456        | St. Philip Howard Church   |  |  | Queen Edith's   |                 |
| EAD                  | EA<br>EB                                | 1,039      | St. Thomas' Church Hall  |  | Y                                      | Coleridge       | Cherry Hinton   |
| EBD                  | EC                                      | 1,349      | St. Thomas' Church Hall  |  | Y                                      |                 | Cherry Hinton   |
| ECK                  | EA                                      | 1,735      | Lichfield Hall   |  |  |                 | Queen Edith's   |
|                      | EB                                      |            |  |  |  |                 |                 |
| EDL                  | EA                                      | 2,150      | St. Martin's Church Hall   |  |  | Romsey          |                 |
| FAF                  | FA                                      | 1,877      | Scout Centre, Logans Way   |  |  | East Chesterton | East Chesterton |
| FBF                  | FB                                      | 2,548      | Chesterton Methodist Church  | Y  |  |                 | East Chesterton |
|                      | FC                                      |            |  |  |  |                 |                 |
| FCG                  | FB<br>FC                                | 2,071      | Brownsfield Youth and Community Centre   |  |  | King's Hedges   |                 |
| GAB                  | GA<br>GB                                | 319        | Arbury Court Library   |  |  | King's Hedges   | Arbury          |
| GBG                  | GA                                      | 3,058      | Arbury Community Centre  | Y  |  |                 | King's Hedges   |
| GCG                  | GB                                      | 2,763      | North Arbury Chapel  | Y  |  |                 | King's Hedges   |
| HAH                  | HA                                      | 1,410      | St. Columba's Church Hall  |  |  | Market          | Market          |
| HBH                  | HB                                      | 4,040      | Wesley Methodist Church  | Y  |  |                 | Market          |
| IAI                  | IA                                      | 2,197      | Trinity Old Field Pavillion  |  |  | Newnham         | Newnham         |
| IBI                  | IB                                      | 2,288      | St. Mark's Church Community Centre   |  |  |                 | Newnham         |
| ICI                  | IC                                      | 1,006      | Fisher Hall  |  |  |                 | Newnham         |
| JAJ                  | JA                                      | 2,469      | St. Matthew's Church Hall  |  |  | Petersfield     | Petersfield     |
| JBJ                  | JB                                      | 2,805      | The Salvation Army Hall  | Y  |  |                 | Petersfield     |
| KAK                  | KA                                      | 2,229      | St. John The Evangelist  |  | Y                                      | Queen Edith's   | Queen Edith's   |
| KBK                  | KB                                      | 3,103      | St. James Church   | Y  |  |                 | Queen Edith's   |
| KCM                  | KA                                      | 992        | St. John The Evangelist  |  | Y                                      |                 | Trumpington     |
| LAL                  | LA                                      | 2,401      | Ross Street Community Centre   |  |  | Romsey          | Romsey          |
| LBL                  | LB                                      | 2,587      | Romsey Mill  | Y  |  |                 | Romsey          |
| LCL                  | LC                                      | 1,424      | C3 Centre  |  |  |                 | Romsey          |
| MAJ                  | MA                                      | 524        | Christian Science Church   |  | Y                                      | Trumpington     | Petersfield     |
| MBM                  | MA                                      | 524        | Christian Science Church   |  | Y                                      |                 | Trumpington     |
| MCM                  | MB                                      | 2,117      | Trumpington Village Hall   |  | Y                                      |                 | Trumpington     |
| MDM                  | MC                                      | 2,656      | Trumpington Village Hall   |  | Y                                      |                 | Trumpington     |
| NAB                  | NA                                      | 602        | Milton Road Library  |  | Y                                      | West Chesterton | Arbury          |
| NBC                  | NA                                      | 1,213      | <i>Chesterton Community College</i>  |  |  |                 | Castle          |
|                      | NB                                      |            |  |  |  |                 |                 |
| NCF                  | NA<br>NB                                | 3,677      | St. Laurence's Catholic Church   | Y  |  |                 | East Chesterton |
| NDG                  | NA                                      | 561        | Milton Road Library  |  | Y                                      | King's Hedges   |                 |

This page is intentionally left blank

## CAMBRIDGE CITY COUNCIL

---

REPORT OF: Democratic Services Manager

TO: Civic Affairs Committee

15/2/2017

WARDS: All

### **CITY COUNCIL WARD BOUNDARIES**

---

#### **1 INTRODUCTION**

- 1.1 The report updates the committee on the position regarding the electoral boundaries for the city council.

#### **2. RECOMMENDATIONS**

- 2.1 To note that one city ward (Trumpington) has met one criteria which would instigate a review by the Local Government Boundary Commission and request that the Chief Executive write to the Commission to seek clarification of the likely timing of a review
- 2.2 To receive an update at the September Committee alongside a review of the May 2017 County Council and Mayoral elections.

#### **3. BACKGROUND**

##### County Council Boundary Review

- 3.1 The Local Government Boundary Commission for England (LGBCE) approved new County Council divisions in September 2016. For the administrative area of the city there are 12 city divisions. The city and county boundaries are therefore no longer co-terminous. Elsewhere on the agenda is a report on the required polling district review for the city divisions as a result of the changes. There are now some polling districts that have a very small number of electors.

## City Council Boundaries

### 3.2 The LGBCE criteria for a boundary review are:

- if more than 30% of wards have an electoral imbalance of more than 10% from the electoral average ratio and/or
- one or more wards have an imbalance of more than 30%

and that the imbalance is unlikely to be corrected within a reasonable period. The fact that city boundaries are not co-terminous is not a factor for LGBCE. Many country areas have boundaries that are not co-terminous at district and county level.

The LGBCE calculate electoral equality by dividing the number of electors in a ward by the number of councillors elected to represent that ward to produce an 'electoral ratio'. High levels of electoral equality for a local authority will be a situation where a high proportion of wards across the authority have roughly the same electoral ratio and where no ward has a ratio which varies by a great degree from the average for the authority.

### 3.3 Cambridge has hit one of these criteria (December 2016 Register). Trumpington Ward has an electoral imbalance of 31%. Forecast housing growth in Trumpington Ward to 2020 is approx. 1,700 units to be completed. This is in addition to the approx. 1,200 housing units built so far. Four wards (Market, Newnham, Petersfield, Trumpington) have an electoral imbalance of more than 10% from the average for the authority. Note though that not all units will have registered (or registerable) electors.

The LGBCE reviews its work programme based on the figures it receives from all electoral registers (latest December 2016) and any updated data provided by Electoral Registrations Officers through the year. Cambridge City Council could be advised of a review therefore at any time. Whether we are a priority for a review will depend on the situation of other areas that may have higher electoral inequality.

### 3.4 The Council can request a review of its ward boundaries but LGBCE may or may not agree to this.

## Numbers of Councillors

### 3.5 When the LGBCE reviews the city boundaries, the city council will need firstly to recommend to the Commission its preferred Council

size (ie the number of councillors). The Commission will take the city council's preferred Council size into consideration but is not bound by it and will come up with its own preferred Council size for consultation along with an invitation to submit warding proposals. This means that the Council's preferred number of councillors or boundaries may not be implemented and once the review starts the Council will have no control over this.

#### 4. **IMPLICATIONS**

(a) **Financial Implications** – If the LGBCE decides that a review is to take place, it will advise the Council of its timescale. This would have resource implications which we do not currently have.

(b) **Staffing Implications** - see (a)

(c) **Equality and Poverty Implications**

(d) **Environmental Implications**

(e) **Procurement**

(f) **Consultation and communication**

The LGBCE undertakes a full consultation when it reviews an administrative area's boundaries.

(g) **Community Safety**

-

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

LGBCE technical guidance on boundary reviews

To inspect these documents contact Gary Clift on 01223 457011  
[www.lgbce.org.uk/policy-and-publications/guidance](http://www.lgbce.org.uk/policy-and-publications/guidance)

Report file:

Date originated: 03 February 2017

Date of last revision: 03 February 2017

This page is intentionally left blank



## CAMBRIDGE CITY COUNCIL

---

REPORT OF: Chief Executive

TO: Civic Affairs Committee

15/2/2017

WARDS: None directly affected

### **Proposed City Council Scrutiny of its Representative on The Cambridgeshire And Peterborough Combined Authority**

---

#### **1. Introduction**

- 1.1 At the Council meeting held on 27 June 2016 the Council requested that officers prepare a workable scheme for politically balanced scrutiny by City Council members of decisions taken by its representative on the Combined Authority, including pre-scrutiny where this was practical.
- 1.2 Officers were asked to bring proposals to Civic Affairs before the first full meeting of the Combined Authority.
- 1.3 The purpose of the report is to explore the best way to achieve this in a proportionate and practical way.

#### **2. Recommendations**

- 2.1 That the Committee recognises that pre-scrutiny of each decision made by the Council's representative to the Combined Authority is unlikely to be achievable.
- 2.2 That the Committee agrees that the Council's representative on the Combined Authority should be scrutinised at Strategy and Resources Scrutiny Committee meetings.
- 2.3 That this should be pre-scrutiny where this can be achieved within planned meetings but may be post-scrutiny where timescales do not align.

- 2.4 That Group Leaders and members of the Overview and Scrutiny Committee should be provided with copies of the Combined Authority's forward plan and agendas as a matter of course so they have the opportunity to feedback to the Council's representative in between meetings and that briefings to discuss issues of concern can be arranged at their request.
- 2.5 That a procedure reflecting the arrangements is reported to Committee in May 2017 for approval.
- 2.6 To note the arrangements for scrutiny of the Combined Authority, set out in section 4.

### **3. Background**

- 3.1 On 22 November 2016, Council first considered and the Leader then approved that the City Council become a constituent member of the Cambridgeshire and Peterborough Combined Authority. Council noted that a report would be submitted to Civic Affairs making proposals for scrutiny of its representative on the Combined Authority (as first requested by Council at its meeting on 27 June 2016).
- 3.2 The Council's representative on the Combined Authority, Cllr Herbert, reported progress to Strategy and Resources Scrutiny Committee on 23 January 2017 and will also report and take questions at Council on 23 February.

### **4. Scrutiny of the Combined Authority**

- 4.1 The arrangements for the overview and scrutiny committee for a combined authority are largely similar to the scrutiny arrangements for a local authority.
- 4.2 The shadow Combined Authority will have an Overview and Scrutiny Committee. It has been agreed that this will be 14 Members reflecting political balance across Cambridgeshire and Peterborough. The City Council will have two places on the Committee: one Labour Group member and one Liberal-Democrat. Neither member can be part of the Executive of the constituent council. The size of the committee and the number of places allocated to councils and/or political groups may change as the political balance changes across the geography.
- 4.3 The Chair of the scrutiny committee must be a member of an opposing political party to the Mayor. The scrutiny arrangements for the Combined Authority contain an additional provision that if the

Mayor is independent and not aligned to any political party, the Chair of the scrutiny committee cannot be a member of the majority party.

- 4.4 The Chair of the scrutiny committee does not have a casting vote and all matters will be decided by simple majority. Each member appointed by the constituent councils has one vote.
- 4.5 Other members that may be appointed (for example, from observer organisations) have no voting rights.
- 4.6 The quorum is at least two thirds of the membership.
- 4.7 Any matter (other than an excluded matter) which is relevant to the scrutiny committee's functions, can be referred there for discussion.
- 4.8 Those who can refer matters include:
  - Any scrutiny member of the Combined Authority
  - Any member of the Combined Authority (including, therefore, the LEP)
  - Any member of a constituent council
- 4.9 The scrutiny committee will be able to require members and officers of the Combined Authority to attend to answer questions.
- 4.10 A power of call-in applies to the decisions of the Mayor and the Combined Authority. The power enables review or scrutiny of any decision of the Mayor or the Combined Authority.
- 4.11 Where the decision has been made but not implemented, the scrutiny committee can direct that the decision is not implemented whilst it is under review by the scrutiny committee. This direction lasts for a maximum of 14 days from the date it is issued. Within that period of 14 days the scrutiny committee must meet to decide if it wants to recommend that the decision is reconsidered by the Mayor or the Combined Authority.
- 4.12 The Mayor or Combined Authority must meet to reconsider the decision no later than 10 days after receiving the scrutiny committee's recommendations.

## **5. Options for scrutiny of the City Council's representative**

### **Practical considerations**

- 5.1 In considering what options may be appropriate for scrutiny within the City Council it is important to ensure they are not trying to duplicate the statutory role of the Combined Authority's own scrutiny arrangements. This would not be good use of scarce resources and is likely to confuse the public.
- 5.2 The Council resolution talks about scrutinising the role of the Council's representative on the Combined Authority and asks that this should be pre-scrutiny where practical.
- 5.3 This Council has a tradition of pre-scrutinising most executive decisions which is not the practice in most other councils and is not a statutory requirement of the legislation. Our decision-making cycle is based on scrutiny meetings being organised on a planned basis, after which the Executive Councillor makes their decision.
- 5.4 On a purely practical basis, we cannot assume the City Council would be able to scrutinise in advance all decisions that the Council's representative may be asked to make as part of the Combined Authority.
- 5.5 The meetings of the Combined Authority and its Overview and Scrutiny Committee are unlikely to align with the meetings of each constituent council, given they all meet on slightly different patterns. No decisions have been made on the forward cycle of dates beyond April 2017, or their frequency. This means it is not clear when agendas would be published, making it impossible to guarantee that this Council could pre-scrutinise all items which are being reported to the Combined Authority, even if that were thought desirable.
- 5.6 At the moment the Shadow Combined Authority is meeting monthly which is far more frequently than our own scrutiny committees. If that pattern were to continue there would also be significant resource implications in trying to match this with a scrutiny meeting of our own.
- 5.7 I would expect the Combined Authority to consult on major decisions such as setting strategies or budgets, and this should make it possible for the City Council to pre-scrutinise such plans. But this could also depend on timing.

## Proposed way forward

- 5.8 Trying to decide what may ultimately be workable without the Combined Authority fully up and working and its full standing orders and constitution agreed is quite difficult. Therefore, it is suggested that the pragmatic solution is that the Council's representative (or Deputy if deputising) should report back and be subject to regular post-decision scrutiny at each Strategy and Resources Scrutiny Committee. The activities of the Combined Authority could be a standing item on each agenda. This committee specifically exists to scrutinise decisions and activity in the Leader's portfolio, including major external partnerships. The two overview and scrutiny members could also be invited to this meeting.
- 5.9 The alternative option would be to instead report to full Council. This would have the advantage that all members of Council are present but this is a more unwieldy forum for discussion. Members would obviously have the opportunity to ask the Leader questions at Council through the existing mechanisms.
- 5.10 Given the desire for some form of pre-scrutiny where possible, I suggest that this should be supplemented by a more informal process. This would enable group leaders to meet with the Council's Combined Authority representative and Overview and Scrutiny representatives to discuss any issues of interest in between formal Strategy and Resources Scrutiny Committee meetings.
- 5.11 Key decisions to be made by the Combined Authority and the Mayor are to be listed within a forward plan at least 28 clear days before being made so this should make it possible to plan ahead and consult via email or to set up an informal briefing if requested by either Group Leader. I would expect there will also be regular communications from the combined authority which will be shared with all Members.
- 5.12 The definition of a key decision relates to significant spend or savings above a particular level or impact on two or more wards. The level of what amounts to 'significant' will be determined within the Combined Authority's constitution. It should be noted that there will also be provision for urgency decisions where it is impractical to include a decision within the forward plan or where no prior notice can be given before making the decision.

## **Other considerations to note**

- 5.13 Overview and scrutiny committee of the Combined Authority will have the power to ask Combined Authority officers to attend meetings. The City Council's scrutiny committees will not have that power and City Council officers may not be able to provide technical advice on issues where the City Council does not have expertise.
- 5.14 Given all members can request the Combined Authority overview and scrutiny committee to consider items, I think members will need to consider whether that may be a more appropriate route for some issues so full officer advice can be provided.
- 5.15 The Council's constitution and procedure rules will need to be updated to make it clear when the public should use the Combined Authority's processes to discuss items of Combined Authority business.
- 5.16 Scrutiny at either Strategy and Resources Scrutiny Committee or Full Council would have implications for the other business on the agendas for those meetings. Other items may need to be re-ordered if there were public speakers/questions on this item, and the meeting would inevitably take longer to conclude all of its business if this item were added as regular items for each meeting.

## **Reviewing the proposals in this report**

- 5.17 I suggest these arrangements be reviewed by Civic Affairs in autumn 2017 once the Combined Authority is up and running.

## **Interim arrangements**

- 5.18 The report to Council on 22 November 2016 suggested an interim arrangement that the Council's representative report to each meeting of Council setting out the work and actions of the Combined Authority with an opportunity to ask questions on any report provided. In addition to 23 February Council meeting, it is proposed that this is also done for 20 April Council meeting i.e. to the end of the 2016/17 Municipal Year. An update report on the Council's partnerships will also come to Strategy & Resources Scrutiny Committee in March.

## **Alternative options**

5.19 Some members have suggested that Strategy and Resources Scrutiny Committee meetings should be set up to match the timescales and frequency of the Combined Authority once these are known. To fully assess the implications of this and the knock on to wider Council processes e.g. the budget will require a much bigger piece of work. I believe, if members were minded to consider this, it should be conducted as part of a wider review of whether the current scrutiny committee structure is fit for purpose given the changes in resource levels the Council has at its disposal and the new ways of working it is embracing.

## **6. Consultations**

6.1 The Leaders of the political groups on the City Council have been consulted on the draft of this report.

## **7. Implications**

### **(a) Financial and Staffing implications**

The proposals in this report have sought to find a proportionate solution to the request that the Council's representative on the Combined Authority be scrutinised by the City Council. The starting point has been what can be achieved within the Council's existing resources, both staffing and financial. It is also in the context that there will also be scrutiny of the representative by two non-executive members of the City Council who will sit on the Overview and Scrutiny Committee which has been specifically set up to scrutinise the Mayor and members of the Combined Authority.

### **(b) Equality and Poverty implications**

An equality impact assessment has not been completed. Officers have considered and do not anticipate any significant equality or poverty implications from either option proposed in this report.

### **(c) Environmental implications**

N/a

### **(d) Procurement**

N/a

(e) **Consultation and communication**

N/a

(f) **Community Safety**

N/a

**8. Background papers**

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

[Council Report, November 2016](#)

[Agenda & Minutes of Shadow Combined Authority Meeting, December 2016](#)

**9. Inspection of papers**

9.1 To inspect these documents, contact Gary Clift on 01223 457011.

9.2 The author and contact officer for queries on the report is Antoinette Jackson on 01223 457001.



## CAMBRIDGE CITY COUNCIL

---

REPORT OF: Chief Executive  
TO: Civic Affairs Committee  
WARDS: All wards

---

### **APPOINTMENT OF RETURNING OFFICER FOR THE ELECTION OF THE CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY MAYOR**

---

#### **1 INTRODUCTION**

- 1.1 The first election of a Mayor for the Cambridgeshire and Peterborough Combined Authority takes place on Thursday 4<sup>th</sup> May 2017.
- 1.2 The Combined Authority (Mayoral Elections) Order 2017 requires that each constituent council of a combined authority area must appoint an officer of the council to be the Returning Officer for the election of a combined authority mayor.

#### **2. RECOMMENDATIONS**

- 2.1 Appoint the Chief Executive (and Head of Paid Service) as the Returning Officer for Cambridge in respect of mayoral elections to the Cambridgeshire and Peterborough Combined Authority.
- 2.2 Authorise the Returning Officer to appoint, if required, a Deputy or Deputies to undertake those responsibilities in their absence.

#### **3. BACKGROUND**

- 3.1 All Councils are required to appoint an officer to be the Returning Officer at local government elections in accordance with section 35 of The Representation of the People Act 1983. For Cambridge City Council, that is the Chief Executive (and Head of Paid Service).

- 3.2 Ordinarily, statutory provisions will provide that the Returning Officer for local government elections will be the Returning Officer for any other polls held in that area.
- 3.3 However, the Combined Authority (Mayoral Elections) Order 2017 requires each constituent council to appoint the Returning Officer for the purpose of combined authority mayoral elections.
- 3.4 Returning Officers from each constituent council are responsible for the management of the poll in their area, with reference to the Combined Authority Returning Officer, who is appointed by the combined authority. For the poll due to be held on 4<sup>th</sup> May 2017, this is the Chief Executive of East Cambridgeshire District Council.

#### 4. **CONCLUSIONS**

- 4.1 The appointment of a Returning Officer for the combined authority mayoral election is required in order to fulfil the statutory functions necessary for the election of a combined authority mayor.
- 4.2 Deputies must be appointed at each poll to undertake duties on their behalf or take on the role of Returning Officer in their absence.

#### 5. **IMPLICATIONS**

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

The cost of the combined authority mayoral election will be funded by the combined authority. For Cambridge, this is estimated at £59,071 for 2017.

##### (b) **Staffing Implications**

None.

##### (c) **Equality and Poverty Implications**

None. An EQIA for elections covers this report.

##### (d) **Environmental Implications**

None.

##### (e) **Procurement**

Not required.

(f) **Consultation and communication**

None required.

(g) **Community Safety**

No implications.

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

- The Combined Authority (Mayoral Elections) Order 2017

To inspect these documents contact Vicky Breading on extension 7057.

The author and contact officer for queries on the report is Vicky Breading, Electoral Services Manager on extension 7057.

[vicky.breading@cambridge.gov.uk](mailto:vicky.breading@cambridge.gov.uk)

Report file:

Date originated: 2 February 2017

Date of last revision: 2 February 2017

This page is intentionally left blank