



Cambridge City Council Civic Affairs

Date: Monday, 17 May 2021

Time: 5.30 pm

Venue: The Guildhall, Market Square, Cambridge, CB2 3QJ

Contact: democratic.services@cambridge.gov.uk, tel:01223 457000

Agenda

- 1 Apologies
- 2 Declarations of Interest
- 3 Minutes (Pages 3 - 6)
- 4 Public Questions
- 5 External Audit Plan for 2020/21 (Pages 7 - 58)
- 6 Nominations for Committees for the Municipal Year 2021/22 (Pages 59 - 64)
- 7 Nominations of Honorary Councillors (Pages 65 - 68)
- 8 To note Record of Officer Urgent Decision
- 8a Officer Urgent Decision: Powers of the Proper Officer for s83 of the Local Government Act 1972-declarations of Acceptance of Office by Councillors (Pages 69 - 70)

Civic Affairs Members: Sargeant (Chair), Davey (Vice-Chair), Chadwick, Dalzell, O'Reilly and Thornburrow

Alternates: Martinelli and Moore

Information for the public

Members of the public who would like to attend the meeting will need to register in advance by 12 noon on Friday 14 May 2021.

For full information about committee meetings, committee reports, councillors and the democratic process:

- Website: <http://democracy.cambridge.gov.uk>
- Email: democratic.services@cambridge.gov.uk
- Phone: 01223 457000

CIVIC AFFAIRS

27 January 2021

5.30 - 6.30 pm

Present: Councillors Sargeant (Chair), Davey (Vice-Chair), Chadwick, Dalzell, O'Reilly and Thornburrow

Officers:

Chief Executive: Andrew Grant

Head of Finance: Caroline Ryba

Deputy Head of Finance: Jody Etherington

Head of Human Resources: Deborah Simpson

Democratic Services Manager: Gary Clift

Others Present:

Ernst & Young: Tony Poynton and Suresh Patel

FOR THE INFORMATION OF THE COUNCIL

21/1/Civ Apologies

Apologies were received from the Council's Independent Person.

21/2/Civ Declarations of Interest

No interests were declared.

21/3/Civ Minutes

The minutes of the meetings held on 25 November 2020 were approved as a correct record and signed by the Chair

21/4/Civ Public Questions

There were no public questions.

21/5/Civ Draft Pay Policy Statement 2021/22

The Committee received a report from the Head of Human Resources.

The report set 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 31st March each year.

The officers said the following in response to Members' questions:

- i. The level of fee that a Returning Officer receives can be reviewed by the Committee and as this had not been reviewed for over 10 years the matter will be brought back to Committee in time for May 2022 elections.
- ii. The introduction of Exit Cap Regulations as referred to in 3.7 onwards of the report, may result in other cases being put to the Employment (Senior Officer) Committee/Full Council and/or amendment to the Pay Policy and Pensions Discretions Statements.

Resolved to:

- i. Recommend Council approved the draft Pay Policy Statement 2021/2022 attached as Appendix 1 to the officer's report.
- ii. Note that a review of senior officer salaries is now scheduled for late 2021.
- iii. Note the position in relation to the £95k Exit Cap regulations and potential changes to the Local Government Pension Scheme (LGPS) which may require changes to the Pay Policy and Pensions Discretions Statements in 2021.
- iv. Recommend Council delegated authority to the Head of Human Resources to update the Pay Policy Statement 2021/22 should a chief executive and/or chief officer and/or NJC pay award be agreed.

21/6/Civ Annual External Audit Letter 2019/20

The Committee received the Annual Audit Letter from Ernst & Young, and representatives from EY summarised the key issues arising.

The Chair requested that members of the Committee should receive a briefing on the new Code of Audit Practice 2020/21 in an appropriate timescale. The Committee will need to re-consider the dates of meetings currently scheduled for July and October 2021 in the likely event of the Government agreeing to a change in timing the completion of local authority statement of accounts.

The Chair and spokes commended the teamwork of the Head and Deputy Head of Finance, the finance officers and the team at EY on the improved work undertaken on the 19/20 Audit.

Resolved to:

- i. Note the contents of the Annual Audit Letter 2019/20.

21/7/Civ Review of the Members' Allowance Scheme

The Committee received a report from the Democratic Services Manager. Jane Phillips, a member of the Independent Remuneration Panel was present to answer Committee questions.

The report detailed the review of the Allowance Scheme by the Independent Remuneration Panel. Regulations require a review after four years if an Allowance Scheme uses an index for annual increases. The index applying to the current scheme, the National Living Wage, has been in place since May 2016.

The Committee made the following comments in response to the report:

- i. Thanked the Panel members for the work they had done.
- ii. Recognised that a review had had to be done but wondered what type of next review would be undertaken in the autumn.
- iii. Reflected on the difficult job councillors were undertaking in the current pandemic.
- iv. Would encourage continued focus on the importance of a scheme that can support a Council which reflects equality and diversity of the area it represents- acknowledging that a Scheme alone cannot achieve this.

Jane Phillips responded that the planned review in the autumn 2021 would encourage contributions from the wider Membership of the Council and review the variety of partnership working, so a more fundamental piece of work similar to that undertaken in the last full review.

Resolved to:

- i. Agree the 2020/21 allowance scheme and that it is not index linked for 2021/22 (ie. kept at the rate for 2020/21).

21/8/Civ Appointment of Temporary Returning Officer and Electoral Registration Officer

The Committee received a report from the Democratic Services Manager.

Council agreed on 17 December 2020 to appoint Robert Pollock as Chief Executive. Members are recommended to have in place temporary arrangements for the statutory positions of Returning Officer and Electoral Registration Officer whilst the necessary transition between the interim Chief Executive and new Chief Executive takes place.

Resolved to:

- i. Appoint Andrew Grant as Returning Officer and Electoral Registration Officer for the period 19 April 2021 to 14 May 2021, after which Robert Pollock will assume both roles as set out in Article 11 of the Council's Constitution.

The meeting ended at 6.30 pm

CHAIR



Item

EXTERNAL OUTLINE AUDIT PLANNING REPORT 2020/21

To:

Civic Affairs Committee 17/05/2021

Report by:

Jody Etherington, Deputy Head of Finance

Tel: 01223 - 458130 Email: jody.etherington@cambridge.gov.uk

Wards affected:

All

1. Introduction

- 1.1 The attached Outline Audit Planning Report 2020/21 from EY (Appendix 1) summarises the proposed approach to the 2020/21 external audit, including a consideration of the most significant audit risks.
- 1.2 EY staff will be available to discuss their report and answer any questions arising.

2. Recommendations

- 2.1 That the contents of the EY Outline Audit Planning Report 2020/21 are noted.

3. Background

- 3.1 In line with the National Audit Office Code of Audit Practice, EY are required to review and report on the Council's Statement of Accounts. They are also required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency

and effectiveness in its use of resources, and report a commentary on those arrangements (also known as the 'value for money' or 'VFM' commentary).

- 3.2 The attached Outline Audit Planning Report details the approach that EY will use in relation to the 2020/21 audit. It specifies the work they will undertake, when they anticipate completing this work and how they will report their findings. It also details EY's assessment of the key risks with regards to the Statement of Accounts.
- 3.3 The deadline for the publication of the approved and final Statement of Accounts 2020/21 is 30 September 2021. Section 7 of the attached report sets out an indicative audit timeline which allows this deadline to be met.

4. Statement of Accounts audit

- 4.1 EY have identified four new audit risks in relation to 2020/21, all of which are related to the impact of the Covid-19 pandemic on the Council's finances and Statement of Accounts. These can be summarised as follows:-

- Inappropriate claims under the Local Government income compensation scheme
- Accounting for Covid-19 related government grants
- National Non-Domestic Rates (NNDR) Appeals Provision
- Bad debt provision and recoverability of debtors

Further detail on each of these risks, and EY's planned audit response, can be found in sections 1 and 2 of the attached report.

- 4.2 EY have set a planning materiality level of £2.826 million, which represents 2% of the previous year's gross revenue expenditure. Performance materiality has been increased from 50% in 2019/20 to 75% in 2020/21, reflecting the lower level of errors detected in the 2019/20 financial statements. Further detail can be found in section 1 of the attached report.

5. VFM commentary

- 5.1 The National Audit Office has issued a new Code of Audit Practice effective for the 2020/21 financial year, which includes a number of changes in relation to auditors' value for money (VFM) conclusion. Auditors are now required to publish a commentary on the Council's arrangements against three reporting criteria as follows:-

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness

Further details can be found in section 3 of the attached report.

- 5.2 EY have yet to commence their detailed VFM planning, and they will update the Committee on the outcome of their VFM risk assessment and their planning response to any identified risks at the next meeting in July 2021.

6. Implications

a) Financial Implications

The proposed audit fee is set out at Appendix A to the attached report.

b) Staffing Implications

None

c) Equality and Poverty Implications

None

d) Environmental Implications

None

e) Procurement Implications

None

f) Community Safety Implications

None

7. Consultation and communication considerations

None

8. Background papers

No background papers were used in the preparation of this report.

9. Appendices

Appendix 1 – EY Outline Audit Planning Report for the year ended 31 March 2021

10. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Jody Etherington, Deputy Head of Finance, tel: 01223 - 458130, email: jody.etherington@cambridge.gov.uk.

Cambridge City Council

Outline Audit Planning report

Year ending 31 March 2021

03 May 2021



03 May 2021

Dear Civic Affairs Committee Members

Cambridge City Council, 2020/21 Outline Audit Planning report

We are pleased to attach our outline audit planning report for the forthcoming meeting of the Civic Affairs Committee. The purpose of this report is to provide the Committee with a basis to review our proposed audit approach and scope for the 2020/21 audit, in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's new 2020 Code of Audit Practice, auditing standards and other professional requirements. It also aims to ensure that our audit is aligned with the Committee's service expectations.

This report summarises our initial assessment of the key issues which drive the development of an effective audit for Cambridge City Council. We have aligned our audit approach and scope with these. We have yet to complete our detailed audit planning and will report any changes to risks and areas of focus to the next Committee meeting.

This report is intended solely for the information and use of the Civic Affairs Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 17 May 2021 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Suresh Patel

Associate Partner

For and on behalf of Ernst & Young

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). 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 and further guidance (updated April 2018)" issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Civic Affairs Committee and management of the Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Civic Affairs Committee, and management of the Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Civic Affairs Committee, and management of the Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2020/21 audit strategy



Overview of our 2020/21 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Civic Affairs Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 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 would otherwise appear to be operating effectively.
Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	Fraud risk	No change in risk or focus	Linking to the management override risk above we have considered the capitalisation of revenue expenditure on Property, Plant and Equipment as a separate risk, given the extent of the Council's capital programme and Revenue Expenditure Funded from Capital Under Statute.
Inappropriate claims under the Local Government income compensation scheme	Fraud risk	New fraud risk	Linking to our management override risk identified above, we have determined that a way in which management could override controls is through a claim through the Local Government Income compensation scheme in excess of the income lost by the Council
Going Concern	Area of focus	No change in risk or focus.	Covid-19 has increased pressure on the Council's finances due to a reduction in non-government sources of revenue and increased expenditure. There is a risk to the Council's financial resilience and a need for appropriate disclosure of material uncertainties in finances over the next 18 months.

Overview of our 2020/21 audit strategy

Risk / area of focus	Risk identified	Change from PY	Details
Accounting for Covid-19 related government grants	Significant risk	New significant risk	The Council has received a significant level of government funding in relation to Covid-19, including approximately £47 million in business support grants. There is a need for the Council to ensure that it accounts for these grants appropriately, taking into account any associated restrictions and conditions.
Investment Property Valuations & other assets valued using market information	Significant Risk	No change in risk or focus.	<p>The Council's investment property portfolio is a material balance (£163m at 31 March 2020) disclosed on the Council's balance sheet. In addition, the Council holds other assets valued using market information.</p> <p>In light of the ongoing Covid-19 pandemic, individual asset markets may react differently to the Covid-19 outbreak and considerations must be given to ensure sufficient and appropriate market data is used for valuations during the 2020-21 period.</p> <p>Given the judgemental nature of these assets and the ongoing Covid impact on the property market, we will be engaging our own experts, EY Real Estates, to ensure we obtain sufficient assurance over this risk.</p>
National Non-Domestic Rates (NNDR) Appeals Provision	Inherent Risk	New inherent risk	<p>Statistics compiled by the Ministry for Housing, Communities and Local Government, reveal that councils are forecasting net additions to appeal provisions totalling £927m this financial year, and £1.2bn next year. The reason behind the forecast increase is that, due to the impact of Covid-19, businesses are likely to seek reductions based on a decrease in rental prices on which rateable values are based.</p> <p>In light of this we consider there to be a higher inherent risk of misstatement of the Council's NNDR appeals provision.</p>
Bad debt provision and recoverability of debtors	Inherent Risk	New inherent risk	As a result of the impact of Covid-19, there may be increased uncertainty around the recoverability of receivables. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of Covid-19 and assess the appropriateness of this estimation technique.

Overview of our 2020/21 audit strategy

Risk / area of focus	Risk identified	Change from PY	Details
Pension Valuation and Other Disclosures	Inherent Risk	No change in risk or focus.	<p>The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.</p> <p>The Authority's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Authority's balance sheet.</p> <p>The information disclosed is based on the IAS 19 report issued to the Authority by the Actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.</p>
Valuation of Other Land and Buildings	Inherent Risk	No change in risk or focus.	<p>Other Land and Buildings (OLB) represents a significant balance in the Council's accounts (£145m at 31 March 2020) and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end balances held in the balance sheet.</p> <p>As the Council's OLB are significant, and the outputs from the valuer are subject to estimation, there is a higher inherent risk balances may be under/overstated or the associated accounting entries incorrectly posted.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.</p>
Council dwellings valuation	Inherent Risk	No change in risk or focus.	<p>Council dwellings represent a significant balance in the Council's accounts (£608m at 31 March 2020) and are subject to valuation changes, impairment reviews and depreciation charges. As the value of council houses are significant, and the outputs from the its valuer are subject to estimation, there is a higher inherent risk balances may be under/overstated or the associated accounting entries incorrectly posted.</p>
Group Accounting	Inherent Risk	No change in risk or focus	<p>The Council has been preparing group accounts for several years. The Council will need to undertake its annual assessment of the group boundary to determine the procedures it needs to undertake to consolidate the relevant component entities. We have yet to engage with the auditors of the significant components to understand and evaluate any risks they have recognised on the 2020/21 audits and what impact that has on our consideration of the group accounts.</p>

Overview of our 2020/21 audit strategy

Accounting estimates

In addition to the above risks and areas of focus, a revised auditing standard has been issued in respect of the audit of accounting estimates. The revised standard requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required. See page 18 for further details of the revised auditing standard.

Materiality

Planning materiality

£2.826m

We have set materiality at £2.826 million for the financial statements which represents 2% of the lower of the Group or Council's prior years gross revenue expenditure. Materiality for the group financial statements is the same. The use of 2% of gross revenue expenditure is in line with the prior year and is our maximum threshold for local authorities reflecting the higher profile of local government financial resilience and financial reporting.

Performance materiality

£2.120m

We have set performance materiality at £2.120 million for both the group financial statements and the single entity Council financial statements. This represents 75% of materiality reflecting the lower level of errors we detected in the 2019/20 financial statements. We determine component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group.

Audit differences

£141k

We will report all uncorrected misstatements relating to the group financial statements over £141k. We will communicate other misstatements identified to the extent that they merit the attention of the Civic Affairs Committee

Audit scope

This Outline Audit Plan covers the work that we plan to perform to provide you with our audit opinion on the Council and Group financial statements for 2020/21. We are also required to report a commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03, highlighting the changes included in the NAO's Code of Audit Practice 2020.

We will also review and report to the NAO, to the extent and in the form required by them, on the Whole of Government Accounts submission. We intend to take a substantive audit approach. When planning the audit we take into account 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. Taking the above into account, and as articulated in this Outline Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response. The fees we have included in Section 08 reflect the work we need to undertake to address the risks we have currently identified. We will continuously review and update as necessary our understanding of your risks and discuss with management and the Civic Affairs Committee any significant changes.

Overview of our 20/21 audit strategy

Value for money conclusion

One of the main changes in the NAO's 2020 Code is in relation to the value for money conclusion. We include details in Section 03 but in summary:

- ▶ We are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- ▶ Planning on VFM and the associated risk assessment is now focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- ▶ We will be required to provide a commentary on the Council's arrangements against three reporting criteria:
 - Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
 - Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
 - Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Within the audit opinion we will only report by exception where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The commentary on arrangements will be included in a new Auditor's Annual Report which we will be required to issue within 3 months of issuing the audit opinion on the financial statements.

Timeline

MHCLG have provided a revised date for the Council to publish its draft accounts to 1 August 2021 and as part of their response to the Redmond Review, MHCLG have confirmed that for 2020/21 that target date for audited accounts would be 30 September 2021. We have communicated with the Chief Finance Officers for all local authorities in the East of England to share our proposal to phase the delivery of the 2020/21 audits by the end of the year. In Section 07 we therefore include a provisional timeline for the audit of Cambridge City.

Fees

We remain in discussion with PSAA about our proposed increase to the scale fee which we consider to be appropriate to deliver a Code compliant audit. We include in Section 08, our current view of the fees required to carry out the 2020/21 audit. We will update the Committee on any determinations by PSAA on fees.



02

Audit risks



Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error *

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What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

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.

What will we do?

- ▶ Inquire of management about risks of fraud and the controls put in place to address those risks.
 - ▶ Understand the oversight given by those charged with governance of management's processes over fraud.
 - ▶ Consider of the effectiveness of management's controls designed to address the risk of fraud.
- Perform mandatory procedures regardless of specifically identified fraud risks, including:
- ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
 - ▶ Assessing accounting estimates for evidence of management bias, and
 - ▶ Evaluating the business rationale for significant unusual transactions.

We will utilise our data analytics capabilities to assist with our work.

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that only those procedures included under 'Inappropriate capitalisation of revenue expenditure' and 'inappropriate claim under the Local Government income compensation scheme' are required.



Audit risks

Our response to significant risks

Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)*

Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger.

Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.

If this were to happen it would have the impact of understating revenue expenditure and overstating property, plant and equipment additions and/or Revenue Expenditure Financed as Capital Under Statute (REFCUS) in the financial statements.

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. 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.

We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund. In arriving at this conclusion we have considered the continuing pressure on the revenue budget and the financial value of its annual capital programme which is many times out materiality level.

This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

What will we do?

We will:

- ▶ Test property, plant and equipment additions, and REFCUS if material, to ensure that the expenditure incurred and capitalised is clearly capital in nature or appropriate to be treated as REFCUS.
- ▶ Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

We will utilise our data analytics capabilities to assist with our work, including journal entry testing. We will assess journal entries more generally for evidence of management bias and evaluate for business rationale.



Audit risks

Our response to significant risks

Inappropriate claim under the Local Government income compensation scheme *

Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements could also be achieved through a claim through the Local Government Income compensation scheme in excess of the income lost by the Council.

If this were to happen it would have the impact of overstating revenue for the Council and understating any liabilities for repayment to Central Government.

What is the risk?

In response to the Covid-19 pandemic, MHCLG introduced the local government income compensation scheme for lost sales, fees and charges as a result of COVID-19.

We have identified an opportunity and incentive to overstate claims through this grant, to increase income received against any ongoing losses. In arriving at this conclusion we have considered the continuing pressure on the revenue budget and the material nature of these claims.

This could then result in overstating income for funds inappropriately received, which may ultimately need to be repaid.

What will we do?

We will:

- Review a sample of claims made under the local government income compensation scheme for their overall accuracy and compliance with the requirements of the scheme; and
- Seek to understand the assurance MHCLG have over claims under the scheme. If no assurance, we will consider extending our own procedures.



Audit risks

Our response to significant risks

Accounting for Covid-19 related grant funding

Financial statement impact

The Council has received a significant level of government funding in relation to Covid-19, including approximately £47 million in business support grants. Whilst there is no change in the CIPFA Code or accounting standard (IFRS 15) in respect of accounting for grant funding, the emergency nature of some of the grants received and in some cases the lack of clarity on any associated restrictions and conditions, means that the Council will need to apply a greater degree of assessment and judgement to determine the appropriate accounting treatment in the 2020/21 statements.

What is the risk?

In response to the Covid-19 pandemic, the Council have received significant levels of grant funding, both to support the Council and to pass on to local businesses. Each of these grants will have distinct restrictions and conditions that will impact the accounting treatment of these.

Given the volume of these grants, and the new conditions for the Council to understand the accounting impact of, there is a significant risk that these may be misclassified in the financial statements or inappropriately treated from an accounting perspective.

What will we do?

We will consider the Council's judgement on material grants received in relation to whether it is acting as:

- An Agent, where it has determined that it is acting as an intermediary; or
- A Principal, where the Council has determined that it is acting on its own behalf.

We will encourage the finance team to provide its assessment of grant accounting well before it prepares the statements so that we can provide an early view on its proposed accounting treatment.



Audit risks

Our response to significant risks

Investment Property Valuations & other assets valued using market information

Financial statement impact

The value of investment property represents a significant balance in the Authority's accounts and is subject to valuation based on market information. Given the impact of Covid-19, this may limit the valuer's scope in determining reasonable estimates within the valuation model of investment properties and other assets valued using market information at 31 March 2021. This leads to a risk of material uncertainty in the valuations of Investment Property and some other assets within the Council's financial statements.

What is the risk?

The Council's investment property portfolio is a material balance (£163m at 31 March 2020) disclosed on the Council's balance sheet. In addition, the Council holds other assets valued using market information.

In light of the ongoing Covid-19 pandemic, individual asset markets may react differently to the Covid-19 outbreak and considerations must be given to ensure sufficient and appropriate market data is used for valuations during the 2020-21 period. Whilst RICS guidance on material uncertainty has been lifted, there is still a significant level of judgement around assumptions within valuations, especially where these assumptions rely on market data or income based measures, given difficulties in estimating future income.

What will we do?

We will:

- Consider the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample test key asset information used by the valuers in performing their valuation (for example market rents and other market information).
- Engage EY Real Estate as our internal specialists to review the valuations, assumptions and conclusions reached by the external valuers in regard to investment properties and other assets valued using market information.
- Test accounting entries have been correctly processed in the financial statements.



Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the area of focus?	What will we do?
<p>Valuation of Other Land and Buildings</p> <p>Other land and buildings (OLB) represents a significant balance in the Council's accounts (£145m at 31 March 2020) and is subject to valuation changes, impairment reviews and depreciation charges.</p> <p>Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p>	<ul style="list-style-type: none"> ▶ Consider the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▶ Sample test key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre); ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for property, plant and equipment. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; ▶ Review assets not subject to valuation in 2020/21 to confirm that the remaining asset base is not materially misstated; ▶ Consider changes to useful economic lives as a result of the most recent valuation; and ▶ Test accounting entries have been correctly processed in the financial statements.
<p>Council house valuations</p> <p>Council dwellings represent a significant balance in the Council's accounts (£608m at 31 March 2020) and are subject to valuation changes, impairment reviews and depreciation charges. As the value of council houses are significant, and the outputs from the its valuer are subject to estimation, there is a higher inherent risk balances may be under/overstated or the associated accounting entries incorrectly posted.</p>	<ul style="list-style-type: none"> ▶ Consider the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; and ▶ Test a sample of beacon valuations to comparable sales to ensure that the approach is reasonable; and ▶ Consider specifically the use of indices to derive the 31 March valuation.

Other areas of audit focus (continued)

What is the risk/area of focus?	What will we do?
<p>Pension Liability Valuation & other pension disclosures</p> <p>The Authority makes extensive disclosures within its financial statements regarding its membership of Pension Scheme administered by Cambridgeshire County Council. At 31 March 2020 the liability totalled £103 million.</p> <p>The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the County Council.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf.</p> <p>We undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> <p>For 2020/21, there may be an impact of Covid-19 on pension asset values as at 31 March 2021.</p>	<ul style="list-style-type: none"> ▶ Liaise with the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Cambridge City Council; ▶ Assess the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used, by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and by considering any relevant reviews by the EY actuarial team; and ▶ Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19 considering fund assets and the Authority's liability.
<p>Group Accounting</p> <p>The Council has been preparing group accounts for several years. The Council will need to undertake its annual assessment of the group boundary to determine the procedures it needs to undertake to consolidate the relevant component entities.</p> <p>We have yet to engage with the auditors of the significant components to understand and evaluate any risks they have recognised on the 2020/21 audits and what impact that has on our consideration of the group accounts.</p>	<p>We will:</p> <ul style="list-style-type: none"> ▶ Review the Council's assessment of its group boundary; ▶ Liaise with the component auditors to understand any risks that they are recognising; ▶ Evaluate any risks at component level on the group accounts; ▶ Issue instructions to the component auditors we intend to place reliance on; and ▶ Audit the consolidation process and group accounts.

Other areas of audit focus (continued)

What is the risk/area of focus?	What will we do?
<p>Bad debt provision and recoverability of debtors</p> <p>As a result of the impact of Covid-19, there may be increased uncertainty around the recoverability of receivables. This includes large value debtors with subsidiary companies and outstanding management fees in respect of the leisure centre. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of Covid-19 and assess the appropriateness of this estimation technique. Given that there might be some subjectivity to the recoverability of debtors the Council will need to consider the level of any provision for bad debts. We have therefore raised as an inherent risk in our audit strategy.</p>	<p>In order to address this risk we will:</p> <ul style="list-style-type: none"> ▶ Review the calculation of the bad debt provision for reasonableness and accuracy; and ▶ Consider the recoverability of debts in testing a sample of trade receivables.
<p>National Non-Domestic Rates (NNDR) Appeals Provision</p> <p>The calculation of the NNDR Appeals Provision is estimate based. Given the impact of Covid-19 on businesses seeking reductions in rateable values, there is a risk of material misstatement of the appeals provision due to the nature of the provision and the uncertainty around the full impact of Covid-19.</p> <p>Statistics compiled by the Ministry for Housing, Communities and Local Government, reveal that councils are forecasting net additions to appeal provisions totalling £927m this financial year, and £1.2bn next year. The reason behind the forecast increase is that, due to the impact of Covid-19, businesses are likely to seek reductions based on a decrease in rental prices on which rateable values are based. Whilst the government have announced they will be legislating to rule out Covid-19 related material change in Circumstance appeals, there is a risk that the pressure on businesses will lead to higher rates of other appeals.</p> <p>In light of this we consider there to be an inherent risk of misstatement of the Council's NNDR appeals provision.</p>	<p>We will consider the Council's estimation of the NNDR appeals provision by performing the following:</p> <ul style="list-style-type: none"> • Review the assumptions made by the Council's NNDR appeals provision specialist; and • Assess the reasonableness of any local adjustments made by the Council on the NNDR appeals provision;



Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

Going concern disclosure

There is a presumption that the Council will continue as a going concern for the foreseeable future. However, the Council is required to carry out a going concern assessment that is proportionate to the risks it faces. In light of the continued impact of Covid-19 on the Council's day to day finances, its annual budget, its cashflow and its medium term financial strategy, there is a need for the Council to ensure its going concern assessment is thorough and appropriately comprehensive.

The Council is then required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.

In addition, the auditing standard in relation to going concern (ISA570) has been revised with effect for the 2020/21 accounts audit.

What will we do?

We will meet the requirements of the revised auditing standard on going concern (ISA 570) and consider the adequacy of the Council's going concern assessment and its disclosure in the accounts by:

- Challenging management's identification of events or conditions impacting going concern.
- Testing management's resulting assessment of going concern by evaluating supporting evidence (including consideration of the risk of management bias).
- Reviewing the Council's cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern.
- Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern.
- Challenging the disclosure made in the accounts in respect of going concern and any material uncertainties.



Audit risks

Other areas of audit focus (Continued)

What is the risk/area of focus?

Auditing accounting estimates

ISA 540 (Revised) - Auditing Accounting Estimates and Related Disclosures applies to audits of all accounting estimates in financial statements for periods beginning on or after December 15, 2019.

This revised ISA responds to changes in financial reporting standards and a more complex business environment which together have increased the importance of accounting estimates to the users of financial statements and introduced new challenges for preparers and auditors.

The revised ISA requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we expect the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area.

One change to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required, particularly in cases where an accounting estimate and related disclosures are higher on the spectrum of inherent risk. For example:

- We may place more emphasis on obtaining an understanding of the nature and extent of your estimation processes and key aspects of related policies and procedures. We will need to review whether controls over these processes have been adequately designed and implemented in a greater number of cases.
- We may provide increased challenge of aspects of how you derive your accounting estimates. For example, as well as undertaking procedures to determine whether there is evidence which supports the judgments made by management, we may also consider whether there is evidence which could contradict them.
- We may make more focussed requests for evidence or carry out more targeted procedures relating to components of accounting estimates. This might include the methods or models used, assumptions and data chosen or how disclosures (for instance on the level of uncertainty in an estimate) have been made, depending on our assessment of where the inherent risk lies.
- You may wish to consider retaining experts to assist with related work. You may also consider documenting key judgements and decisions in anticipation of auditor requests, to facilitate more efficient and effective discussions with the audit team.
- We may ask for new or changed management representations compared to prior years.



03

Value for Money Risks





Value for money

The Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

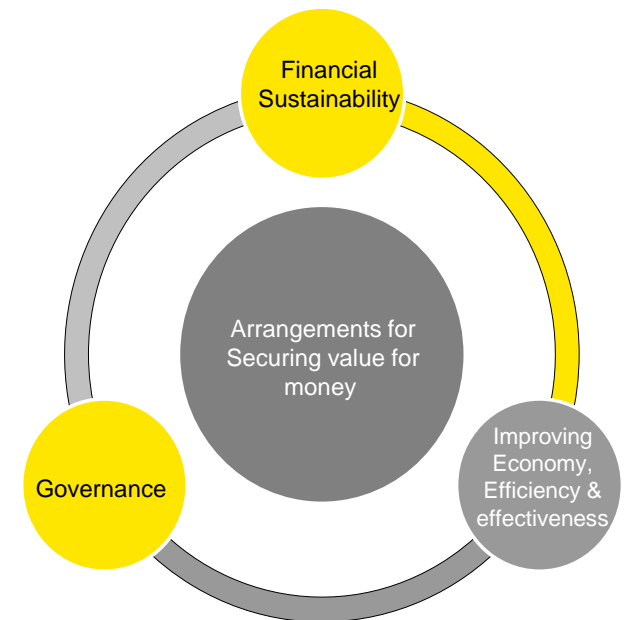
As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailor's the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability
How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance
How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness:
How the Council uses information about its costs and performance to improve the way it manages and delivers its services.





Value for money

Planning and identifying VFM risks

The NAO's guidance notes require us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations. This is a change to 2015 Code guidance notes where the NAO required auditors as part of planning, to consider the risk of reaching an incorrect conclusion in relation to the overall criterion.

In considering the Council's arrangements, we are required to consider:

- The Council's governance statement
- Evidence that the Council's arrangements were in place during the reporting period;
- Evidence obtained from our work on the accounts;
- The work of inspectorates (such as OfSTED) and other bodies and
- Any other evidence source that we regard as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- Exposes - or could reasonably be expected to expose - the Council to significant financial loss or risk;
- Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Council's reputation;
- Leads to - or could reasonably be expected to lead to - unlawful actions; or
- Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- The magnitude of the issue in relation to the size of the Council;
- Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves, or impact on budgets or cashflow forecasts;
- The impact of the weakness on the Council's reported performance;
- Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- Whether any legal judgements have been made including judicial review;
- Whether there has been any intervention by a regulator or Secretary of State;
- Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- The impact on delivery of services to local taxpayers; and
- The length of time the Council has had to respond to the issue.



Value for money

Responding to identified risks

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Civic Affairs Committee.

Reporting on VFM

In addition to the commentary on arrangements, where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the 2020 Code has the same requirement as the 2015 Code in that we should refer to this by exception in the audit report on the financial statements.

However, a new requirement under the 2020 Code is for us to include the commentary on arrangements in a new Auditor's Annual Report. The 2020 Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

The NAO has recently determined that for 2020/21, auditors will need to report the VFM commentary within 3 months of issuing the audit opinion on the financial statements.

Status of our 2020/21 VFM planning

We have yet to commence our detailed VFM planning. We will update the next Committee meeting on the outcome of our VFM risk assessment and our planned response to any identified risks of significant weaknesses in arrangements.



04

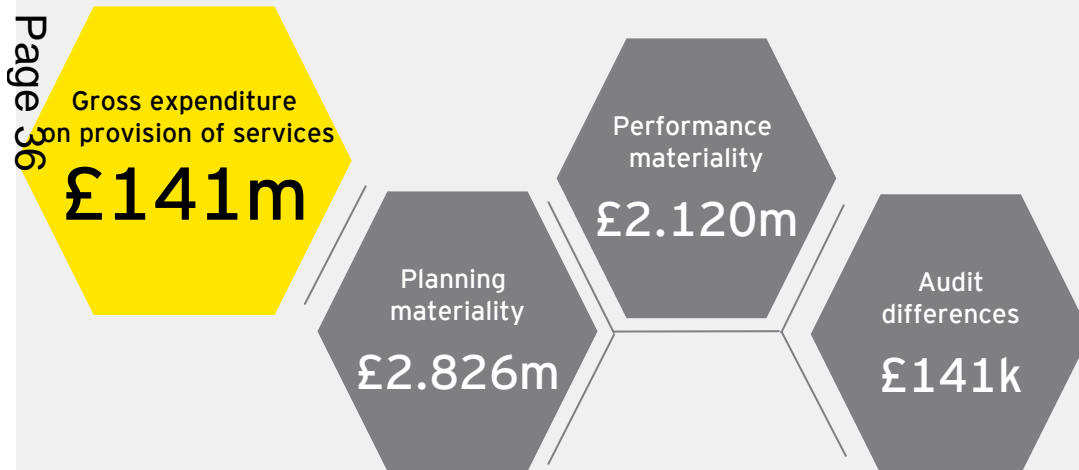
Audit materiality



Materiality

Materiality

For planning purposes, planning materiality for 2020/21 has been set at £2.852 million for the Council's financial statements. This represents 2% of the Group's prior year gross revenue expenditure (GRE) on provision of services, as this is lower than that of the Council as a single entity. It will be reassessed throughout the audit process. We consider that gross expenditure on the provision of services is the area of biggest interest to the users of the Council's accounts.



We request that the Civic Affairs Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £2.120 million for the financial statements which represents 75% of planning materiality. This reflects the relatively lower level of error detected in our 2019/20 financial statements audit.

Audit difference threshold - we propose that misstatements identified below this threshold of £141,000 are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet and collection fund that have an effect on income or that relate to other comprehensive income.

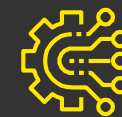
Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Civic Affairs Committee, or are important from a qualitative perspective.

Specific materiality - We have set a materiality threshold of £5,000 for related party transactions and members' allowances. For officers remuneration including exit packages we will apply materiality of £5,000 in line with bandings. This reflects our understanding that an amount less than our materiality would not influence the economic decisions of users of the financial statements in relation to these disclosures.



05

Scope of our audit



Scope of our audit

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, by exception, where we are not satisfied that the Council had established 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). We also 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; and
- 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 Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

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

As outlined in Section 03, 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 and report a commentary on those arrangements.

Scope of our audit

Audit Process overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2020/21 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics

We will use our 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; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Civic Affairs Committee.

Internal audit

We will review internal audit plans and the results of their work. We will reflect on these when designing our overall audit approach and when developing our detailed testing strategy. We may also reflect relevant findings from their work in our reporting, where it raises issues that could have a material impact on the financial statements.

Scope of our audit

Group scoping

Our audit strategy for performing an audit of an entity components is risk based. We identify components as:

- 1. Significant components:** A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
- 2. Not significant components:** The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those locations. These procedures are detailed below.

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Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below. We provide scope details for the component within Appendix D.

1	A	Full scope audits
1	B	Specific scope audits
0	C	Review scope audits
0	D	Specified procedures
4	E	Other procedures

Scope definitions

Full scope: where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit.

Specific scope: where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts.

Review scope: where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally.

Specified Procedures: where the component team performs procedures specified by the Group audit team in order to respond to a risk identified.

Other procedures: Where we do not consider it material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations.

Scope of our audit

Group scoping coverage

At the time of writing this report we are awaiting further information to be able to conclude on our group scoping. However, based on our discussions with management to date and knowledge from the 2019/20 audit we anticipate:

- Performing our own procedures in respect of specific balances at Cambridge City Housing Company. The impact of this subsidiary on group income and expenditure will be immaterial, however, it does hold significant property assets that require valuation and alignment of accounting policies. Our focus is on those balances that could contain a risk of material misstatement, namely investment properties.
- Undertaking other procedures in relation to the Cambridge Investment Partnership (CIP) entities. The CIP entities are joint ventures in which the Council holds a 50% stake. To date these entities have been operating at a loss and have not therefore been incorporated in the group accounts as the Council has taken the option not to include a share of net liabilities in the investment. Our focus will be on ensuring that this remains materially correct in 2020/21.
- For other entities in which the Council has an interest but excludes from the group accounts (Visit Cambridge and Beyond and Storey's Field Community Trust) we will ensure that the combination of excluded entities is not qualitatively nor quantitatively material to the group.

We will update the Committee if there are any changes to our scoping coverage throughout the audit.

Details of specified procedures

In order to respond to the risk identified in relation to the valuation of land and buildings we will perform our own procedures on the balances at Cambridge City Housing Company. We will consider whether the scoping decisions remain appropriate based on the 2020/21 accounts of the CIP entities and those entities that are excluded from the consolidation.

Group audit team involvement in component audits

Auditing standards require us to be involved in the work of our component teams. We have listed our planned involvement below where we should need to rely on the work of a component auditor.

- We provide specific instruction to component team and our expectations regarding the detailed procedures;
- We set up initial meeting with component team to discuss the content of the group instructions;
- We will consider the need to perform a file review of component team's work where appropriate; and
- We will attend a closing meeting with component team to discuss their audit procedures and findings.

At present, we are not intending to solely rely on the work of the component auditor for any of the components of the group.



06

Audit team



Audit team

Audit team structure:

Suresh Patel
Associate Partner

Jacob McHugh
Audit Manager

Claire Sulam
Senior

Working together with the Council

We are working together with officers to identify continuing improvements in communication and processes for the 2020/21 audit.

We will continue to keep our audit approach under review to streamline it where possible.

EY Real
Estates (EYRE)

PwC (consulting
actuary) and EY
Actuaries

Use of specialists

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where specialists are expected to provide input for the current year audit are:

Area	Specialists
Pensions disclosure	EY Actuaries Hymans Robertson- Actuary to Cambridgeshire Pension Fund
Valuation of Land and Buildings & Investment Properties	Wilks Head & Eve and Bidwells (Council's valuers) EY Real Estates (in relation to investment property and otherwise required)
RDR Appeals Provision	Analyse Local (management specialist)
Financial Instruments	Link Asset Services (management specialist)

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 business 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 specialist 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.



07

Audit timeline





Indicative Audit timeline

Indicative timetable of communication and planned deliverables

Indicative timeline

Below is an indicative timetable showing the key stages of the audit and the planned deliverables we have agreed to provide to you through the audit cycle in 2020/21. Please note that we will communicate any changes to this plan to officers and members as soon as we can. From time to time matters may arise that require immediate communication with the Civic Affairs Committee and we will discuss them with the Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Civic Affairs Committee Meeting timetable	Deliverables
Initial Planning: Risk assessment and setting of scopes and walkthrough of key systems and processes	April 2021		
Completion of initial planning	May	Civic Affairs Committee Meeting	Outline audit plan
Completion of walkthroughs	June		
Year end audit Audit Completion procedures	June - July	Civic Affairs Committee Meeting	Updates to Audit Plan (if required) & Verbal Update
Year end audit Audit Conclusion procedures	August		
	September 2021	Civic Affairs Committee	Audit Results Report and audit opinion
	October		
	November		Annual Auditor's Report including commentary on VFM



08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 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 upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of 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
<div> <div>Page 48</div> <ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. </div>	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose 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; ▶ Details of non-audit/additional services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement 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, analysed in appropriate categories, are disclosed.

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 the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

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

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include 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 you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

When the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

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 you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 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 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 the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

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

Relationships, services and related threats and safeguards

Other threats

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

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

Other communications

EY Transparency Report 2020

Ernst & Young (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 in place 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 1 July 2020 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2020>



09

Appendices



Appendix A

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 requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

All fees exclude VAT	Planned fee 2020/21	Final fee 2019/20
	£	£
Code work - scale fee (Note 1)	40,024	40,024
Additional code work: (Note 2)		
Impact of 50% performance materiality	-	12,961
Group accounts	7,500- 10,500	8,607
• Going concern disclosure	2,500-3,500	3,409
• Asset valuations impacted by Covid-19	TBC	9,738
• EY consultations on auditor report (Note 3)	TBC	2,061
• Additional audit overruns	TBC	6,400
• Work on additional inherent & significant risks identified in the audit plan	TBC	-
• Revised estimates auditing standard	TBC	-
Total audit	TBC	83,200
Non-audit services (Housing Benefits)	TBC	13,800
Total fees	TBC	97,000

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion being unqualified;
- Appropriate quality of documentation is provided by the Council;
- The Council has an effective control environment;
- EY internal consultation on the audit report in line with 2020/21.

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




Notes:

1. We remain in discussion with PSAA about an increase to scale fees. For Cambridge City we proposed an increase of £40,020. This is yet to be determined by PSAA.
2. 2019/20 additional fees agreed with management. This remains subject to approval by PSAA. Ranges for 2020/21 additional fees based on prior year experience where appropriate.

Appendix B

Required communications with the Civic Affairs Committee

We have detailed the communications that we must provide to the Civic Affairs Committee.




		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Civic Affairs Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Outline Audit Plan, May 2021 meeting of the Civic Affairs Committee.
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report, September 2021 meeting of the Civic Affairs Committee

Appendix B

Required communications with the Civic Affairs Committee (continued)




		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<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"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit Results Report, September 2021 meeting of the Civic Affairs Committee.
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit Results Report, September 2021 meeting of the Civic Affairs Committee.
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Civic Affairs Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit Results Report, September 2021 meeting of the Civic Affairs Committee.
Related parties	<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"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report, September 2021 meeting of the Civic Affairs Committee.

Required communications with the General Purposes and Standards Committee (continued)

Required communications	 What is reported?	 Our Reporting to you
		 When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2016:</p> <ul style="list-style-type: none"> ▶ Relationships between EY, the Council and senior management, its affiliates and its connected parties ▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence and related safeguards ▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Details of any contingent fee arrangements for non-audit services ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The Civic Affairs Committee should also be provided an opportunity to discuss matters affecting auditor independence 	<p>Outline Audit Plan, May 2021</p> <p>Audit results report, September 2021</p>

Appendix B

Required communications with the Civic Affairs Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report, September 2021 meeting of the Civic Affairs Committee.
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ 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 ▶ 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 Committee may be aware of 	Audit Results Report, September 2021 meeting of the Civic Affairs Committee.
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report, September 2021 meeting of the Civic Affairs Committee.
Representations	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Assurance Letter to be received shortly after year-end.
Material inconsistencies and misstatements	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report, September 2021 meeting of the Civic Affairs Committee.
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report, September 2021 meeting of the Civic Affairs Committee.

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

<p>Our responsibilities required by auditing standards</p> <p>Page 57</p>	<ul style="list-style-type: none"> ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting. ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Civic Affairs Committee reporting appropriately addresses matters communicated by us to the Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and Maintaining auditor independence.
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Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the locations at which we conduct audit procedures to support the opinion given on the financial statements; and the level of work performed on individual account balances and financial statement disclosures.

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 of the circumstances that may ultimately influence our judgement about materiality. 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 accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

EY | Assurance | Tax | Transactions | Advisory

About EY

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ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.



Item

COMMITTEE APPOINTMENTS AND CONSTITUTIONAL CHANGES FOR ANNUAL COUNCIL

To:

Civic Affairs Committee 17/05/2021

Report by:

Gary Clift, Democratic Services Manager

Tel: 01223 - 457011 Email: gary.clift@cambridge.gov.uk

Wards affected:

All

1. Introduction

- 1.1 The report details the issues to consider and decide for recommendation to Council on 27 May 2021.
- 1.2 This report is being published before the results of the city council elections are known. Updated information relating to this report will be published on or before 17 May.

2. Recommendations

To recommend to Council:

- (i) The city council committees and the nominations to the joint and partner bodies in paragraph 3.3 (as current) and updated in a paper to be circulated on 17 May.
- (ii) The nominations for Chairs and Vice Chairs in paragraph 3.4 (as current) and updated in a paper to be circulated on 17 May.

- (iii) Any Constitutional updates required as part of the Annual Meeting process as set out in reports to be circulated before committee or on 17 May.

3. Background

Appointing Committees

- 3.1 The rules on political balance set out in the Local Government and Housing Act 1989 still apply to both scrutiny and regulatory committee composition so that, once the size of committees has been determined, the division of seats among the political groups on the Council will be automatic and the Council must appoint those members which each political group puts forward for its seats.

In considering the allocation of committee places to political groups, the Council is legally required to take into account the following principles:

- i) That the controlling group should have a majority of seats on each committee.
- ii) That the total number of committee places allocated to each political group must be in proportion to the number of members of that group on the Council.
- iii) That on each committee the number of places allocated to each political group must be in proportion to the number of members of that group on the Council.

The order of precedence of these principles is the order in which they are given - i.e. (i) takes highest priority, then (ii) then (iii). If you choose to depart from proportionality, Full Council must not only agree, but no single Member must dissent.

Alternate Members of Committees

- 3.2 The Council (or committees in respect of sub-committees) will appoint an alternate member in respect of each political group represented on that committee or sub-committee and two in the case of the major Scrutiny Committees for groups with more than one committee member (although a Group may choose to appoint just one). Unlike a substitute system, the city council use an Alternate Member where the councillor is a named member from a political group and

preferably unchanged for the whole municipal year. The Alternate Member will sit in for any member of the same political group who is unable to attend a meeting.

- 3.3 The proportionality for both the Cambridgeshire and Peterborough Combined Authority Overview and Scrutiny Committee and Audit and Governance Committee is set by the Combined Authority and the Council will be notified if it changes following elections on 6 May.

Environment and Community Scrutiny Committee

Current Numbers - 8 (5 Labour + 3 Lib Dem)
--

Planning and Transport Scrutiny Committee
--

Current Numbers - 9 (5 Labour + 3 Lib Dem + 1 Ind)
--

Housing Scrutiny Committee

Current Numbers - 8 (5 Labour + 3 Lib Dem)
--

Strategy and Resources Scrutiny Committee
--

Current Numbers - 6 (4 Labour+ 2 Lib Dem)

Civic Affairs Committee

Current Numbers - 6 (4 Labour + 2 Lib Dem)
--

Licensing Committee

Current Numbers - 10 (6 Labour + 4 Lib Dem)

Planning Committee

Current Numbers - 8 (5 Labour + 3 Lib Dem)
--

Employment (Senior Officer) Committee
--

Current Numbers - 6 (4 Labour + 2 Lib Dem)
--

Employment Appeals Sub-Committee

Current Numbers - 6 (4 Labour + 2 Lib Dem)
--

Cambridgeshire and Peterborough Combined Authority

Current Numbers - 1 (Leader of the Council) + 1 substitute (Deputy Leader)
--

Cambridgeshire and Peterborough Combined Authority Overview and Scrutiny Committee
Current Numbers - 1 Labour + 1 Lib Dem

Cambridgeshire and Peterborough Audit and Governance Committee
Current Numbers 1 Labour + 1 alternate member

Greater Cambridge City Deal Joint Assembly
Current Numbers- 3 (2 Labour + 1 Lib Dem)

Joint Development Control Committee
Current Numbers- 6 (4 Labour + 2 Lib Dem)

Chairs and Vice Chairs

- 3.3 The Civic Affairs Committee is requested to make nominations for Chairs and Vice Chairs to the committees listed. A paper with any nominations will be circulated on 17 May:

Strategy and Resources
Environment and Community Services
Planning and Transport
Housing (note - Chair is a Councillor, the Vice Chair is a tenant/leaseholder)

Civic Affairs
Licensing
Planning
Joint Development Control Committee (*Vice – Chair appointment for 2021/22 as alternates with South Cambridgeshire DC)

Committee working parties and appointments to outside bodies

- 3.4 Procedural meetings of the relevant scrutiny and regulatory committees are usually held at an adjourned point during the Annual Meeting of the Council to confirm working parties and to note the membership of them. Executive Councillors also agree appointments to outside bodies.

Officers will table proposals on 17 May on how this could work on 27 May.

Constitutional Changes

- 3.5 The Committee will receive an update at its meeting of any constitutional matters requiring consideration.

4. Implications

(a) Financial Implications

(b) Staffing Implications

(c) Equality and Poverty Implications

(d) Environmental Implications

(e) Procurement Implications

(f) Community Safety Implications

5. Consultation and communication considerations

None

6. Contact

If you have a query on the report please contact Gary Clift, Democratic Services Manager, tel: 01223 - 457011, email: gary.clift@cambridge.gov.uk.

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Item

NOMINATIONS OF HONORARY COUNCILLORS

To:

Civic Affairs Committee 17/05/2021

Report by:

Gary Clift, Democratic Services Manager

Tel: 01223 - 457011 Email: gary.clift@cambridge.gov.uk

Wards affected:

All

1. Introduction

- 1.1 The report details the issues to consider and decide for recommendation to Council on 27 May 2021. An update paper will be published on 17 May when information from the political groups will have been received.

2. Recommendations

- 2.1 To recommend to Council:
- (i) The nominations for Honorary Councillors (if any) as updated in a paper to be circulated on 17 May.

3. Background

Honorary Councillors

- 3.1 The Committee will consider any nominations if put. The requirements to be satisfied are set out below:
- i. No person shall be eligible normally for election as an Honorary Councillor unless s/he has served as a Councillor at least 10 years (or a person who has been Mayor, for 8 years) whether continuously or not.

- ii. Application for election as an Honorary Councillor shall be made either by the applicant him/herself or by some member of the Council on his/her behalf. Such application shall be submitted to the Chief Executive for consideration by the Civic Affairs Committee of the Council. It shall be in the discretion of the Civic Affairs Committee to make or withhold a recommendation to the Council. The names of those applicants who are not recommended by the Civic Affairs Committee shall not be recorded in the report of that Committee to the Council.
- iii. Election to the position of Honorary Councillor shall be by a resolution of the Council passed on the recommendation of the Civic Affairs Committee by not less than two-thirds of the members present and voting thereon at a meeting of the Council, the summons to which contains special notice that included in the business to be transacted is the election of an Honorary Councillor.
- iv. An Honorary Councillor shall be entitled to the following rights and privileges –
 - a) In civic processions, Honorary Councillors shall take precedence immediately after serving Councillors and shall have precedence amongst themselves according to the number of years service on the Council.
 - b) On request to receive a copy of the Council summons, together with Council and Committee minutes.
 - c) At each meeting of the Council to have a seat in a block reserved for the use of Honorary Councillors.
 - d) The use, in common with members of the Council, of the Members' Rooms in the Guildhall.
 - e) To be invited, where circumstances permit, to those civic functions to which all members of the Council are invited.
 - f) To receive a copy of the Diary and Year Book issued by the Council.
 - g) On death, to have a flag flown above the Guildhall at half-mast.

4. Implications

(a) Financial Implications

None.

(b) Staffing Implications

None

(c) Equality and Poverty Implications

None

(d) Environmental Implications

None

(e) Procurement Implications

None

(f) Community Safety Implications

None

5. Consultation and communication considerations

None

6. Background papers

No background papers were used in the preparation of this report.

7. Appendices

None

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Gary Clift, Democratic Services Manager, tel: 01223 - 457011, email: gary.clift@cambridge.gov.uk.

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CAMBRIDGE CITY COUNCIL

Officer Urgent Decision - Record

Powers of the Proper Officer for s83 of the Local Government Act 1972-declarations of Acceptance of Office by Councillors

Decision(s) taken:	To approve designation as Proper Officer under s83 Local Government Act 1972 to the two Strategic Directors and the Head of Legal Services (in addition to existing Proper Officer the Chief Executive).
Decision of:	Chief Executive
Date of decision:	14 April 2021
Matter for Decision:	Upon being elected, every councillor is required to make a declaration of acceptance of office in front of the Proper Officer. For Cambridge City Council this is the Chief Executive (Constitution Part 3, Section 9, para 3). As there will be 42 city councillors to make the declaration and that this is to be done virtually, the proposal is that the declaration is made with one of four duly authorised Proper Officers to make it manageable under the virtual (Covid) circumstances.
Any alternative options considered and rejected:	-
Reason(s) for the decision including any background papers considered:	An Urgent Decision under part 3 , section 9, para 2 was necessary as there are no meetings of the Council before the declarations will be made (likely between 10-12 May).
Conflicts of interest and dispensations granted by the Chief Executive:	None.
Other Comments:	The Leader of the Council, the Leader of the Opposition Group, the Chair and spokesperson of the Civic Affairs Committee were all consulted and supported the proposed decision.
Reference:	2021/OfficerUrgent/CAC/01
Contact for further information:	Andrew Grant Interim Chief Executive, 01223 457001

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