



Public Document Pack

Cambridge City Council

CIVIC AFFAIRS

To: Committee Members: Councillors Boyce (Chair), Rosenstiel (Vice-Chair), Marchant-Daisley, Herbert, Benstead and Pitt

Alternates: Councillors Brierley and Pogonowski

Despatched: Tuesday, 19 June 2012

Date: Wednesday, 27 June 2012

Time: 7.00 pm

Venue: Committee Room 1 & 2 - Guildhall

Contact: Glenn Burgess

Direct Dial: 01223 457169

AGENDA

1 APOLOGIES FOR ABSENCE

2 DECLARATIONS OF INTEREST

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

3 MINUTES OF PREVIOUS MEETING (*Pages 1 - 10*)

4 PUBLIC QUESTIONS

5 REVIEW OF THE EFFECTIVENESS OF THE SYSTEMS OF INTERNAL AUDIT (*Pages 11 - 38*)

6 HEAD OF INTERNAL AUDIT OPINION (*Pages 39 - 60*)

7 ASSURANCE FRAMEWORK AND DRAFT ANNUAL GOVERNANCE STATEMENT 2011/12 (*Pages 61 - 72*)

- 8 **CODE OF CORPORATE GOVERNANCE** *(Pages 73 - 94)*
- 9 **STATEMENT OF ACCOUNTS 2011-12** *(Pages 95 - 230)*
- 10 **CAMBRIDGESHIRE INFORMATION SHARING FRAMEWORK** *(Pages 231 - 250)*
- 11 **ANNUAL COMPLAINTS REPORT 2012** *(Pages 251 - 276)*
- 12 **REVIEW OF LOCAL ELECTIONS HELD ON 3RD MAY 2012** *(Pages 277 - 284)*
- 13 **THE MATTER OF PRAYERS AT THE COMMENCEMENT OF THE COUNCIL MEETINGS**

The unconfirmed minute of Civic Affairs Committee (12/23/CIV 14 May) refers to a request from Cllr Herbert that an agenda item be brought back to Civic Affairs Committee on 27 June on prayers at Council meetings first discussed by the Committee on 21 March (12/18/CIV). After the Committee met on 14 May, the Council appointed a new Mayor for 2012/13 on 24 May, who on that day appointed a Chaplain for her Mayoral Year.

Taking into account the above events, Civic Affairs Committee **is recommended** to:

-Note the content of the Member discussion chaired by the Mayor on 10 April, which incorporated comments from other Members unable to attend that meeting (attached).

-Consider the three suggested ways forward on page 3 and decide which should be progressed further by the officers.

-Advise the Mayor of the outcome of the Committee's deliberations.

14 **COMMITTEE DATES 2012/13**

At the request of the leader of the Labour Group, the committee is asked to consider the following issues with regards to scheduling of meetings.

- Scheduling of meetings, which clash with the Local Government Association Conference.

- The practice of scheduling meetings between local elections and annual council.

The local media has also commented on the appropriateness of having more than one area committee on the same evening.

Local Government Association Conference

The LGA conference is scheduled for 2nd-4th July 2013, rather than the last week of June and only clashes with a Development Control Forum. It is therefore proposed to make no changes in 2013.

To avoid significant clashes in future years, the Local Government Association conference will be included on the meeting calendar.

Scheduling of meetings between local elections and annual council

There are currently eight meetings between the county council elections and annual council.

8th May – Development Control Forum

9th May – South Area

13th May – Licensing Sub Committee

13th May – Civic Affairs

15th May – Joint Development Control Committee

16th May – North Area Committee

20th May – Licensing Sub Committee

22nd May – Joint Development Control Committee – Development Control Forum

If the committee is minded to reduce the number of meetings between local elections and annual council, it is proposed to

- Joint Development Control Committee, South Area and North Area Committee are requested to consider alternative dates outside of this window.
- Leave the Licensing Sub Committees unaffected due to the legislative requirement to determine applications within a set time period.
- Leave Civic Affairs unaffected as it makes appointments to Annual Council.

- Remove the Development Control Forum, Development Plan Scrutiny Sub Committee and Joint Development Control Committee – Development Control Forum scheduled for May 2013 from the calendar

Area Committee Dates

There are currently three clashes in the current municipal year

- 26th July – North Area Committee and South Area Committee (additional planning meeting)
- 10th January 2013 – West/Central Area Committee and East Area Committee
- 21st March 2013 – North Area Committee and East Area Committee

The clashes are due to lack of alternative suitable dates.

The setting of Area Committee dates are devolved to the individual area committees, the options available to Civic Affairs

- a) Request that Area Committees re-consider any clashes for the remainder of the municipal or,
- b) Area Committee dates are left unchanged, but that the practice of more than one area committee per evening is strongly discouraged from May 2013 onwards.

Information for the Public

QR Codes
(for use with Smart
Phones)

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

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

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

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



Public Participation

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

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

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

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

Speaking on Planning Applications or

Licensing Hearings is subject to other rules. Guidance for speaking on these issues can be obtained from Democratic Services on 01223 457013 or democratic.services@cambridge.gov.uk or on-line:

<http://www.cambridge.gov.uk/public/docs/Having%20your%20say%20at%20meetings.pdf>

The Chair will adopt the principles of the public speaking scheme regarding planning applications for general items, enforcement items and tree items.

Cambridge City Council would value your assistance in improving the public speaking process of committee meetings.

You are invited to complete a feedback form available in the committee room or on-line using the following hyperlink:

<http://www.surveymonkey.com/s/Y9Y6MV8>

Fire Alarm

In the event of the fire alarm sounding please follow the instructions of Cambridge City Council staff.

Facilities for disabled people

Access for people with mobility difficulties is via the Peas Hill entrance.

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

Adapted toilets are available on the ground and first floor.

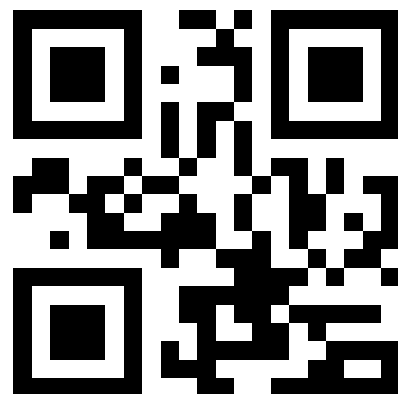
Meeting papers are available in large print and other formats on request.

For further assistance please contact

Democratic Services on 01223 457013 or democratic.services@cambridge.gov.uk.

Queries on reports

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



General Information

Information regarding committees, councilors and the democratic process is available at www.cambridge.gov.uk/democracy.



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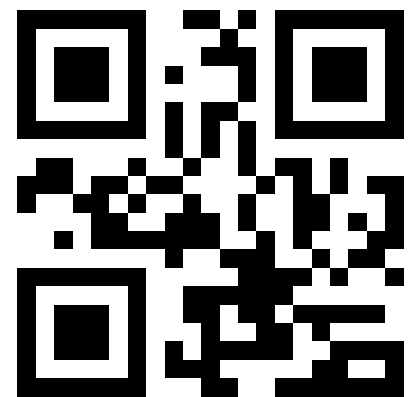
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CIVIC AFFAIRS14 May 2012
6.00 - 6.40 pm

Present: Councillors Boyce (Chair), Rosenstiel (Vice-Chair), Brierley, Marchant-Daisley, Herbert and Stuart

Officers:

Chief Executive – Antoinette Jackson
Head of Legal Services – Simon Pugh
Committee Manager – Glenn Burgess

Also Present:

Councillor Tim Bick
Councillor Sian Reid
Councillor Mike Pitt
Councillor Tim Ward
Councillor John Hipkin

FOR ADOPTION BY THE COUNCIL**12/22/civ Apologies for absence**

None

12/23/civ Minutes of previous meeting

The minutes of the 21 March 2011 meeting were approved and signed as a correct record subject to the following amendment:

12/18/civ Prayers at Council Meetings – bullet point 4:

Clarification was requested on whether any Mayors had previously not appointed a Chaplain. Following discussion it was suggested that at least one previous Mayor had chosen to not appoint a ~~Mayor~~ Chaplain but also on occasions the Mayor's Chaplain may be unavailable for meetings.

At the request of Councillor Herbert it was agreed that a follow up agenda item on Prayers at Council Meetings be brought to the meeting on 27 June 2012.

12/24/civ Declarations of Interest

None

12/25/civ Public Questions

None

12/26/civ Procedural Decisions for the Annual Meeting of the Council

The Committee received a verbal update from the Head of Legal Services on the procedural elements of the Annual Meeting of the Council.

12/27/civ Nominations for Leader of the Council

The Committee received two nominations for the Leader of the Council, Councillor Tim Bick and Councillor Lewis Herbert.

Councillor Bick was invited to state, in the event of being elected Leader, any changes he would make to executive responsibilities. Councillor Bick said that responsibility for community safety and CCTV would be moved to the Leader's portfolio and responsibility for climate change would be moved to the portfolio of the Executive Councillor for Planning and Sustainable Transport. Councillor Herbert was invited to comment in a similar manner and said that he supported the proposed change to executive responsibilities.

Recommended that:

- i. In the event of changes to executive responsibilities, corresponding changes be made to Scrutiny Committee responsibilities

12/28/civ Nominations for Committees for the Municipal Year 2012/13

The Committee considered a paper setting out the proposed size of committees, the allocations by party and the nominations received.

The Committee considered the rules on political balance set out in the Local Government & Housing Act 1989 in developing the recommendations set out below.

Councillor Boyce proposed and Councillor Rosenstiel seconded a proposal to change the size of committees.

Recommended (by 4 votes to 0):

- i. That Strategy and Resources Scrutiny Committee, Environment Scrutiny Committee, Community Services Scrutiny Committee, Housing Management Board and the Planning Committee to be reduced in size from 9 members to 8.
- ii. That the Employment Appeals Panel to be increased in size from 9 members to 10.
- iii. That the Labour Group's proposal that the one seat allocated to it on the Joint Development Control Committee and on the Employment Appeals Sub-Committee be allocated instead to the Independent/Conservative Group (as a departure from the rules on political proportionality would require Council's approval, nem. con.)
- iv. To recommend to Council to agree the size and membership of the committees as follows:

Scrutiny Committees:

SCRUTINY COMMITTEE	NOMINATION(S)	CURRENT NUMBERS (1) =Alternate	NOMINATIONS
Community Services [with up to 3 co-optees nominated by HMB and a nomination from the PCT]	Liberal Democrats	4 (1)	Brown, Blackhurst, Kerr, Kightley. Alt: Pippas
	Labour	4 (1)	Birtles, Blencowe (Housing Spokes), Moghadas (Arts, Sport, Public Places Spokes), O'Reilly (Community Development and Health Spokes). Alt: Todd-Jones
		8 Total	

SCRUTINY COMMITTEE	NOMINATION(S)	CURRENT NUMBERS (1) =Alternate	NOMINATIONS
Environment	Liberal Democrats	4 (1)	Kightley, Reid, Saunders, Reiner Alt: Brierley
	Labour	4 (1)	Marchant-Daisley (Planning and Sustainable Transport Spokes), Owers (Environmental and Waste Services Spokes), Pogonowski, Johnson. Alt: Herbert
		8 Total	

SCRUTINY COMMITTEE	NOMINATION(S)	CURRENT NUMBERS (1) =Alternate	NOMINATIONS
Strategy & Resources	Liberal Democrats	4 (1)	Boyce, Brown, Rosenstiel, Tucker. Alt: Blackhurst
	Labour	4 (1)	Ashton, Birtles, Herbert (Climate Change and Strategy Spokes), Benstead (Customer Services and Resources Spokes). Alt: Pogonowski
		8 Total	

SCRUTINY COMMITTEE	NOMINATION(S)	CURRENT NUMBERS (1) =Alternate	NOMINATIONS
Housing Management Board	Liberal Democrats	4 (1)	Blackhurst, Brierley, Rosenstiel, Pippas Alt: Tucker
	Labour	4 (1)	Price (Spokes), Johnson, Bird, Pogonowski. Alt: Blencowe
[plus 6 elected tenants/leaseholders]		8 Total	

Regulatory Committees:

COMMITTEE/SUB COMMITTEE	NOMINATIONS	CURRENT NUMBERS (1)= Alternate	NOMINATIONS
Planning	Liberal Democrat	4 (1)	Brown, Saunders, Stuart, Tunnacliffe. Alt: Tucker
	Labour	3 (1)	Blencowe, Dryden, Marchant-Daisley, Alt: Herbert
	Indep/Cons	1	Hipkin
		8 Total	

COMMITTEE/SUB COMMITTEE	NOMINATIONS	CURRENT NUMBERS (1)= Alternate	NOMINATIONS
Licensing (Currently meets: Mondays at 10am) [Sub-Cttees appt. during Annual Meeting]	Liberal Democrat	6 (1)	Brierley, Pippas, Reiner, Rosenstiel, Saunders, Smith. Alt: Stuart
	Labour	5 (1)	Benstead, Owers, Gawthrope, Hart, McPherson. Alt: Marchant-Daisley
	Indep/Cons	1 (1)	Meftah. Alt: Hipkin
		12 Total	

Licensing Committee will meet to appoint the four sub-committees (of 3 members each)

Other Committees:

COMMITTEE/SUB COMMITTEE	NOMINATIONS	CURRENT NUMBERS (1)= Alternate	NOMINATIONS
Civic Affairs	Liberal Democrat	3 (1)	Boyce, Pitt, Rosenstiel. Alt: Brierley
	Labour	3 (1)	Herbert, Benstead, Marchant-Daisley. Alt: Pogonowski
		6 Total	

COMMITTEE/SUB COMMITTEE	NOMINATIONS	CURRENT NUMBERS (1)= Alternate	NOMINATIONS
Cambridge Traffic Management Area Joint Committee	Liberal Democrat	3 (1)	Brown, Rosenstiel, Tunnacliffe. Alt: Tucker,
	Labour	3 (1)	Price, Bird, Owers Alt: TBC
		6 Total	

COMMITTEE/SUB COMMITTEE	NOMINATIONS	CURRENT NUMBERS (1)= Alternate	NOMINATIONS
Standards Committee The External Members (3) will be recommended for re-appointment	Liberal Democrat	3 (1)	Smart, Swanson, Tucker. Alt: Pitt
	Labour	3 (1)	McPherson, Dryden, Ashton. Alt: TBC
	External Members	3	
		9 Total	

COMMITTEE/SUB COMMITTEE	NOMINATIONS	CURRENT NUMBERS (1)= Alternate	NOMINATIONS
Joint Development Control Committee	Liberal Democrat	3 (1)	Reid, Smart, Tucker. Alt: Tunnacliffe
	Labour	2 (1)	Blencowe, Dryden, Alt: Marchant-Daisley
	Indep/Cons	1	Hipkin
	6 Total		

COMMITTEE/SUB COMMITTEE	NOMINATIONS	CURRENT NUMBERS (1)= Alternate	NOMINATIONS
Employment Appeals Sub Committee	Liberal Democrat	5	Pippas, Reid, Saunders, Smart, Tucker.
	Labour	4	Price, Bird, Johnson, Gawthrope
	Indep/Cons	1	Hipkin
		10 Total	

12/29/civ Nominations for Chairs and Vice Chairs of Scrutiny and Regulatory Committees

The committee received nominations for Chairs and Vice Chairs of Scrutiny and Regulatory Committees.

Resolved to note the nominations for Chairs and Vice Chairs of Scrutiny and Regulatory Committees as follows:

Committee	Lib Dem Nomination		Labour Nomination	
	Chair	Vice Chair	Chair	Vice Chair
Community Services	Kerr	Kightley	O'Reilly	-
Environment	Kightley	Saunders	Marchant-Daisley	-
Strategy and Resources	Brown	Rosenstiel	Benstead	-

HMB	Blackhurst	Tenant Rep	Price	-
Planning	Stuart	Tunnacliffe	-	Blencowe
JDCC	Reid (City Lead)	-	Blencowe (City Lead)	-
Licensing	Rosenstiel	Reiner	-	Benstead
Civic Affairs	Boyce	Rosenstiel	Marchant- Daisley	
Employment Appeals Sub Committee	Smart	N/A	-	-

12/30/civ Nominations for Honorary Councillors

Recommended: that the Council appoints Councillor Nimmo-Smith and former Councillor Roman Znajek as Honorary Councillors.

The meeting ended at 6.40 pm

CHAIR

CAMBRIDGE CITY COUNCIL

REPORT OF: Director of Resources

TO: Civic Affairs Committee

27 June 2012

WARDS: All

ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2011 / 2012

1 INTRODUCTION

- 1.1 In accordance with the requirements of the Accounts and Audit Regulations 2011 the Council conducts an annual review of the effectiveness of internal audit to be considered as part of its governance assurance processes, including the production of the Annual Governance Statement.

2 RECOMMENDATION

- 2.1 Members are requested to consider and comment on the Review of the Effectiveness of Internal Audit 2011 / 2012.

3 OVERALL OPINION

- 3.1 **The report demonstrates that the Council has an effective system of internal audit including a policy framework, internal audit function, audit committee and effective management engagement.**

4 INTERNAL AUDIT EFFECTIVENESS

- 4.1 The Accounts and Audit Regulations require all Councils to annually review their systems of internal control and to provide an adequate and effective Internal Audit function.
- 4.2 These regulations were amended in 2011. This revision required that the council undertake an annual review of the effectiveness of its internal audit and to present the results of that review to the appropriate committee. Internal Audit is defined as the means by which the Council addresses its governance and assurance requirements, ensuring that an effective internal control system is in place. Outcomes from the current governance processes are evaluated and reported in the Annual Governance Statement.
- 4.3 To address the Accounts and Audit Regulations 2011 requirement, an assessment of Internal Audit has been carried out which is presented for consideration by the Audit

Committee. It contains an opinion on the effectiveness of the Internal Audit Service including a self-assessment against a number of publications produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). These include “*Code of Practice for Internal Audit in Local Government in the UK*” and the “*Statement on the Role of Head of Internal Audit*”.

4.4 The review was undertaken by the Chief Internal Auditor and the report (**Appendix 1**) is presented for Members’ consideration and comment.

5 CONCLUSION

5.1 Consideration of a range of views on the system of Internal Audit operating within the Council during 2011 / 2012 indicates that this has been both appropriate and effective.

6 IMPLICATIONS

- (a) **Financial Implications:** None
- (b) **Staffing Implications:** None
- (c) **Equal Opportunities Implications:** None
- (d) **Environmental Implications:** None
- (e) **Community Safety Implications:** None

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

- Internal Audit Plans
- Internal Audit reports issued
- Internal Audit Terms of Reference
- Accounts and Audit (Amendment) (England) Regulations 2011
- Code of Practice for Internal Audit in Local Government in the UK, CIPFA
- Statement on the Role of the Head of Internal Audit, CIPFA

To inspect these documents contact Steve Crabtree on extension 8181.

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



HEAD OF INTERNAL AUDIT

ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

2011 / 2012

ANNUAL REVIEW

1. Background
2. Current Arrangements For Internal Audit
3. Basis for Opinion
 - Staff Resources
 - Training and Experience
 - Compliance with Code of Practice for Internal Audit
 - External Audit Opinion
 - Comparison with Statement of Role of Head of Audit
 - Integrated Audit Work With Risk Management and Governance Arrangements
 - Performance Indicators
 - Audit Committee
4. Conclusion
5. Background Documents

APPENDICES

- A Compliance with Code of Practice for Internal Audit
- B Cipfa Code of Practice: Characteristics of Effectiveness That An Effective Internal Audit Should Aspire To
- C Cipfa: Statement on the Role of the Head of Internal Audit: Compliance Checklist

1 BACKGROUND

- 1.1 The Accounts and Audit Regulations require all Councils to annually review their systems of internal control and to provide an adequate and effective Internal Audit function.
- 1.2 These regulations were amended in 2011. This revision required that the council undertake an annual review of the effectiveness of its internal audit and to present the results of that review to the appropriate committee. Internal Audit is defined as the means by which the Council addresses its governance and assurance requirements, ensuring that an effective internal control system is in place. Outcomes from the current governance processes are evaluated and reported in the Annual Governance Statement.
- 1.3 To address the Accounts and Audit Regulations 2011 requirement, an assessment of Internal Audit has been carried out which is presented for consideration by the Civic Affairs Committee. It contains an opinion on the effectiveness of the Internal Audit Service including a self-assessment against a number of publications produced by the Chartered Institute of Public Finance and Accountancy (CIPFA). These include "*Code of Practice for Internal Audit in Local Government in the UK*" and the "*Statement on the Role of Head of Internal Audit*".
- 1.4 The review was undertaken by the Head of Internal Audit and the report is presented for Members' consideration and comment.

2 CURRENT ARRANGEMENTS FOR INTERNAL AUDIT

- 2.1 Internal Audit at Cambridge is provided through an in-house team which is part of the Resources Department, headed up by the Head of Internal Audit (HIA). It works closely with others in the Council tasked with assurance, governance and risk management but retains a separate identity in relation to the performance of Internal Audit and investigation functions for the Council.
- 2.2 The HIA reports directly to the Director of Resources but also has direct access, if required to the Chief Executive, Council Leader, Executive Members and the Chair of the Civic Affairs Committee.
- 2.3 At the start of 2011 / 2012 the in-house team comprised 6.07fte approved posts including the HIA. This diminished during the year due to the unfortunate death in service of a team member and a small reduction in hours of another employee.
- 2.4 Due to the size of the section, it is not structured around client / service based teams nor the Council's directorates. This approach has allowed the opportunity for auditors to develop a depth of knowledge and relationships with customers in relation to the work of a number of services rather than specific areas. However, a number of officers do have specific technical attributes that provide the organisation with a "first point of contact". As a result, this provides some continuity to the customer who can regularly deal with the same auditor over a period of time.
- 2.5 The Section's strategy for the delivery of Internal Audit is set out in the Annual Audit Plan. The Internal Audit Service Terms of Reference (TOR) outline the status of the Section and define the principles of how it operates within the Council. It provides appropriate arrangements to ensure that the Internal Audit Section is sufficiently independent and objective and that there is access to all information and people

required to discharge its responsibilities. This has been agreed with the Civic Affairs Committee. Arrangements for investigation work are defined in the Council's policies and procedures for Anti-Fraud and Whistleblowing and these are reported on in the Annual Report on the Prevention of Fraud and Corruption.

2.6 Internal Audit undertakes its work in accordance with the CIPFA Code of Practice for Internal Audit in Local Government (2006). This is best practice guidance for the discharge of an internal audit function covering expectations and the standards required. External Audit carries out its review of the internal audit function against these standards.

2.7 To examine the system of internal audit, this review considered several key elements and assessed their contribution to enabling the section to fulfil its responsibilities. These were:

- The structure and resourcing level, including qualifications and experience of the audit team;
- The extent of compliance with the CIPFA Code of Practice in producing quality work;
- Comparison with the Statement on the Role of the Head of Internal Audit;
- Ensuring that the Section successfully audits the most appropriate areas on a prioritised (risk) basis; and
- The performance of the audit team (details of which are reported in the Head of Internal Audit Opinion report).

3 BASIS FOR OPINION

3.1 Staff Resources

During 2011 / 2012 there were minor reductions in staffing and these are documented in the table below. The reduced staffing position during the year did not severely impact on the ability to deliver some aspects of planned work within proposed timescales, despite a number of investigation referrals received and in-year requests for support from directorates. There were some audits carried forward from 2011 / 2012 to be completed in Quarter 1.

Post	FTE	Changes	Reason For Change	At Year End
Head of Internal Audit	0.50	-	Continuation of shared service with Peterborough City Council	0.50
Principal Auditor	0.76	-		0.76
Senior Auditor (x4)	2.96	-0.60	Death in service	2.36
Audit Assistant (x2)	1.85	-0.04	Slight reduction in hours	1.81
	6.07	-0.64		5.43

3.2 Training and Experience

3.2.1 Training and development plans are in place to encourage development through both the career progression and continuing professional development. The following information about qualifications and experience of staff available for audit work demonstrates the significant experience and rich qualification mix in the Section.

Audit experience:

- Cambridge City Council service ranges from a minimum of 5 years service within Internal Audit to over 25 years; and
- Previous work experience is with external auditors, banks and other local authorities.

Qualifications:

- Qualified Accountants – CIPFA (x2); ACCA (x1); ICAEW (x1);
- Institute of Internal Auditors – Diploma (x1); Certificate (x1).

3.2.2 The level of experience of audit staff remained static during the year. There was some rotation of staff to enable a breadth of experience and for continuing professional development and this will continue based on operational need and the priority and timing of work. This approach provides increased flexibility to meet audit and investigation needs, particularly in time specific and statutory audits.

3.3 Compliance with the Code of Practice for Internal Audit in Local Government

3.3.1 The code defines Internal Audit as:

“Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisations objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources”.

The control environment is defined as comprising the systems of governance, risk management and internal control.

3.3.2 The code sets out 11 standards for Internal Audit. Of the 11 standards one relates to Performance and Effectiveness. The rest cover audit management, audit process and audit relationships within the organisation.

Audit Management	Audit Process	Audit Relationships
Independence Ethics Staffing, Training and Continuing Professional Development	Scope Audit Strategy and Planning Undertaking Audit Work Due Professional Care Reporting	Audit Committees Relationships

3.3.3 There are 192 questions against the standards. There was a full review in 2011 against these and this demonstrated that that the Section was meeting 188 out of 192 applicable Code requirements. 4 areas identified formed an Action Plan and progress against this is detailed in **Appendix A**. A separate survey is being developed to establish future requirements.

3.3.4 The code also tries to define an effective internal audit, as being one which should “aspire to” the following:

- Understand the whole organisation, its needs and objectives;
- Understand its position in respect to the organisations other sources of assurance and plan its work accordingly;
- Be seen as a catalyst for change at the heart of the organisation;
- Add value and assist the organisation in achieving its objectives;
- Be forward looking – knowing where the organisation wishes to be and aware of the national agenda and its impact;
- Be innovative and challenging;
- Help to shape the ethics and standards of the organisation;
- Ensure the right resources are available – recognising that the skills mix, capacity, specialism and qualifications / experience requirements all change constantly;
- Share best practice with other auditors; and
- Seek opportunities for joint working with other organisations auditors

3.3.5 An assessment of the position of Internal Audit in respect of these aspirations is set out in **Appendix B**. A number of areas have been identified and these are:

- Develop and extend the shared service arrangements;
- Continue to maintain an understanding of the business; and
- Look to market the services (internally)

3.4 External Audit Opinion

3.4.1 External Audit, the Audit Commission, comment in the Annual Audit Letter on the adequacy, or otherwise of Internal Audit as well as other governance arrangements. The latest report, taken to Civic Affairs Committee on 1 February 2012 concluded that they could place reliance on the work of Internal Audit. As a result the auditors have confirmed that they will be able to take assurance over the quality and extent of audit work done in 2011 / 2012 including assurance over the core financial systems activity.

3.4.2 Liaison with the external auditor continues to be productive and offers the opportunity to co-ordinate audit plans and to share information and to inform risk assessments. The Section agreed the scope and approach to auditing the core financial systems enabling Internal Audit to deliver work of increased value to the Council whilst ensuring that the needs of the external auditor are addressed.

3.5 Comparison with Statement on Role of Head of Internal Audit

3.5.1 CIPFA published its Statement on the role of the Head of Internal Audit (HIA) in public service organisations in December 2010 following widespread consultation. The statement sets out best practice for HIAs to aspire to and for Audit Committees and others to measure internal audit against.

3.5.2 The statement sets out an overarching principles-based framework which is intended to apply to all HIAs in the UK. The Statement draws on the best practice and regulatory requirements in public services, as well as the requirements of CIPFA, other professional accountancy bodies' and the Institute of Internal Auditors' codes of ethics and professional standards. As well as articulating the core responsibilities of the HIA, the statement also identifies the personal and professional skills needed.

3.5.3 The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the HIA and the organisational arrangements needed to support them. For each principle the Statement sets out the governance arrangements required to ensure that HIAs are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the HIA.

- 3.5.4 The Statement supports CIPFA's work to strengthen governance, risk management and internal audit across public services. It is intended to allow the "Leadership Team" of a public service organisation to benchmark its existing arrangements against a defined framework. CIPFA recommends that organisations should report publicly on compliance to demonstrate their commitment to good practice.

The statement recognises that the Head of Internal Audit will play a critical role in delivering the organisation's strategic objectives by:

- *Championing best practice in governance and management, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and*
- *Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.*

To perform this role the Head of Internal Audit:

- *Must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee;*
- *Must lead and direct an internal audit service that is resourced to be fit for purpose; and*
- *Must be professionally qualified and suitably experienced.*

- 3.5.5 There are a series of attributes and personal qualities which sit below these principles, some subjective. However, an initial assessment would indicate that the role of the Head of Internal Audit at Cambridge City Council already meets the underlying aims of the five principles set out above (**Appendix C**). The self-assessment has highlighted two specific areas where there could be improvement. This related to evaluating the effectiveness of the Committee (3.2.2).

3.6 Integrated Audit Work With Risk Management and Governance Arrangements

- 3.6.1 Prioritisation of the work of the Audit Section is achieved by the development and delivery of an annual risk based Audit Plan. This describes the assurance plans for the Section and includes some capacity for flexibility to adjust to changing circumstances and for demand led and urgent work if appropriate. The plan is based on a mix of different types of audit and risk based work to ensure that assurance over the Council's systems of governance, risk management and internal control is obtained from a number of different directions and sources as illustrated below.
- 3.6.2 The Section's methodology for establishing audit priorities is aligned with the Council's governance and risk management systems. Audit plans are developed through an assessment of risk and assurance needs to support the Council's overall objectives. The Section reviews corporate and departmental risk registers, business plans and discusses Council objectives and priorities with Directors and Heads of Service to assess assurance needs. The Audit Plan is discussed and approved by Civic Affairs Committee in March each year.
- 3.6.3 It is considered that the 2011 / 2012 Audit Plan represented a reasonable view of critical areas for audit review and assurance needs when it was constructed and agreed with senior management and Audit Committee. Some changes were reported in mid-year following additional requests from senior managers; nevertheless, the plan was largely delivered as planned.

3.6.4 During the year some audit work was deferred or cancelled due to the timing of the audits. The impact of budget cuts and organisational change was reflected in the reassessment of the work and alternative means of gaining assurance where appropriate.

3.6.5 For 2012 / 2013, the agreed Audit Plan again show links to the corporate aims / objectives in order to clearly demonstrate how audit work relates to the achievement of Council objectives.

3.7 Performance Measures

3.7.1 Internal Audit has a number of performance indicators that it monitors throughout the year. To avoid duplication, these are reported separately within the Head of Internal Audit Opinion. However the key issues are:

Better Than Target	Area for Improvement
Positive feedback on Post Audit Questionnaires (PAQ)	Delivery of original audit plan (dependent on changes made in year)
Good levels of ongoing training / development provided	
Continued reduced sickness levels.	

3.8 The Audit Committee (Civic Affairs Committee)

3.8.1 The system of Internal Audit includes the role of the "Audit Committee" and in particular its role in the receipt and evaluation of audit reports, both in terms of assurance opinions and in ensuring that appropriate arrangements are in place for the delivery of an effective service. The arrangements for the Committee remained the same during 2011 / 2012 with continuity of membership assisting in maintaining an effective committee. Membership has altered slightly for 2012 / 2013 with 1 new Member. All members are also provided with access to audit reports through the secure portal set up on the intranet. This provides for increased transparency of the audit service delivered as well as providing assurance that governance arrangements are operating appropriately within the organisation.

3.8.2 As part of the audit protocol, all finalised audit reports are issued to the appropriate officers within the Council as well as the Executive Member. It is proposed that ongoing development for the Committee will continue in 2012 / 2013 with a separate handbook being produced on the roles and responsibilities for an effective audit committee.

4 **CONCLUSION**

Consideration of a range of views on the effectiveness of Internal Audit operating within the Council during 2011 / 2012 indicates that this has been both appropriate and effective. The report demonstrates that the Council has an effective system of internal audit including a policy framework, internal audit function, audit committee and effective management engagement.

5 **BACKGROUND DOCUMENTS**

Internal Audit Plans

Internal Audit reports issued

Internal Audit Terms of Reference

Accounts and Audit Regulations 2011

Code of Practice for Internal Audit in Local Government in the UK, CIPFA

Statement on the Role of the Head of Internal Audit, CIPFA

COMPLIANCE WITH CODE OF PRACTICE FOR INTERNAL AUDIT

Ref	Standard	Recommendations	Progress
1 - 3	SCOPE OF INTERNAL AUDIT; INDEPENDENCE; ETHICS FOR INTERNAL AUDITORS		
	<ul style="list-style-type: none"> No recommendations 		
4	AUDIT COMMITTEES		
4.2.4 b	Does the HIA participate in the audit committee's review of its own remit and effectiveness?	Review the effectiveness of the audit committee remit of the Civic Affairs Committee, together with those functions which come under Standards Committee. Initial self-assessment will be completed against the CIPFA best practice audit committee toolkit. Consideration should also be given to the coalition government consultation document on public audit.	Limited work has been undertaken on this. Identified as an area for improvement. This will need to be linked with potential future committee changes to accommodate the Localism Act e.g. merge with Standards Committee.
5	RELATIONSHIPS		
5.1.1 d	Is there a protocol that defines the working relationship for IA with other regulators and inspectors?	Establish a protocol for effective liaison with external inspectors	Regular liaison in place between internal and external audit. Protocols have been established to cover specific testing requirements etc.
5.5.1	Has the HoIA sought to establish a dialogue with the regulatory and inspection agencies that interact with the organisation?	As above	Meetings have been held as and when appropriate, although the number of inspections has diminished following the change of government.
6	STAFFING TRAINING AND CONTINUAL PROFESSIONAL DEVELOPMENT		
6.1.2	Does the HoIA have access to appropriate resources where the necessary skills and expertise are not available within IA?	Develop an overall strategy to take forward specialist auditing areas in conjunction with Cambridge City Council (and others as appropriate).	These are progressed as the shared arrangements are further formalised.
7 - 11	AUDIT STRATEGY AND PLANNING; UNDERTAKING AUDIT WORK; DUE PROFESSIONAL CARE; REPORTING; PERFORMANCE		
	<ul style="list-style-type: none"> No recommendations 		

Based on the assessment against 192 questions, the evidence collected demonstrates the Council operates in compliance with professional standards, and initiates change where improvements to the internal control environment is required. The review has identified a number of areas where ongoing improvements could be made (within internal audit and also corporately). In conclusion, there are no material weaknesses which impact on the overall effectiveness of the internal control environment.

CIPFA CODE OF PRACTICE: CHARACTERISTICS OF EFFECTIVENESS THAT AN EFFECTIVE INTERNAL AUDIT SHOULD ASPIRE TO

CHARACTERISTIC OF EFFECTIVENESS	EVIDENCE OF ACHIEVEMENT	AREAS FOR DEVELOPMENT
Understand the whole organisation, its needs and objectives	The Audit Plan is mapped against the strategic objectives of the Council when it is compiled.	
Understand its position in respect to the organisations other sources of assurance and plan its work accordingly	Internal Audit identifies other sources of assurance and takes this into account when preparing the Internal Audit Plan	Monitor and improve the IA governance and assurance arrangements when there are joint service delivery arrangements / outsourced activities
Be seen as a catalyst for change at the heart of the organisation	Supportive role of audit for corporate developments such as risk management and ethics. Supportive role of audit for individual projects may be catalyst for change.	Selling the message of the benefits of IA involvement to line management. Identified need to extend the role of IA in new and developing projects.
Add value and assist the organisation in achieving its objectives	Demonstrated through individual audit assignments and also corporate work	Identified need to extend the role of IA in new and developing projects.
Be forward looking – knowing where the organisation wishes to be and aware of the national agenda and its impact	When identifying risks and in formulating the plan changes on the national agenda are considered	Maintain awareness of new developments in the services it audits
Be innovative and challenging	Internal Audit has taken a positive approach to its reporting arrangements by focusing on risks The report format has been reviewed and the format and audit opinion descriptions revisited and reaffirmed.	

CHARACTERISTIC OF EFFECTIVENESS	EVIDENCE OF ACHIEVEMENT	AREAS FOR DEVELOPMENT
Help to shape the ethics and standards of the organisation	Involvement in the development of shared services	Involvement by IA in review of policies
Ensure the right resources are available – recognising that the skills mix, capacity, specialism and qualifications / experience requirements all change constantly	Regular review of skills through performance reviews to ensure can match organisation.	Awareness of ideal resource needs and cost driven resources.
Share best practice with other auditors	<p>Team briefings</p> <p>Joint training seminars</p> <p>Intranet site within Cambridgeshire authorities (hosted by Huntingdonshire)</p> <p>Personal links with other auditors elsewhere</p>	
Seek opportunities for joint working with other organisations auditors	<p>Always a consideration.</p> <p>Shared service arrangement with Peterborough City Council</p>	Look to bring other districts into the shared service

CIPFA: STATEMENT ON THE ROLE OF THE HEAD OF INTERNAL AUDIT: COMPLIANCE CHECKLIST MAY 2012

REF	ISSUE	YES	NO	N/A	COMMENT
PRINCIPLE 1					
The HIA in a local authority plays a critical role in delivering the authorities strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments					
1.1	GOVERNANCE REQUIREMENTS				
1.1.1	Set out the HIA's role in good governance and how this fits with the role of others, in particular the Chief Finance Officer, Monitoring Officer and the Head of Paid Service.	✓			Summarised within the Annual Governance Statement
1.1.2	Ensure that the importance of good governance is stressed to all in the authority, through policies, procedures and training.	✓			
1.1.3	Ensure that the HIA is consulted on all proposed major projects, programmes and policy initiatives.			✓	HIA, or an Internal Audit representative would only be involved if there were specific concerns relating to internal control or risk
1.1.4	Require staff to report suspected or detected fraud, corruption or impropriety to the HIA.			✓	Under the current arrangements, staff are expected to report irregularities to their manager, in addition to the reporting line into Internal Audit.
1.2	CORE HIA RESPONSIBILITIES				
1.2.1	Working with others (including the Chief Finance Officer, the Monitoring Officer and the Head of Paid Service) to promote the benefits of good governance throughout the organisation.	✓			
1.2.2	Giving advice to the Leadership Team and others on the control arrangements and risks relating to proposed policies, programmes and projects.	✓			

REF	ISSUE	YES	NO	N/A	COMMENT
1.2.3	Promoting the highest standard of ethics and standards across the authority based on the principles of integrity, objectivity, competence and confidentiality.	✓			
1.2.4	Demonstrating the benefits of good governance for effective public sector delivery and how the HIA can help	✓			The Council promotes the benefits of good governance. The HIA assists via the production of the Annual Audit Opinion.
1.2.5	Offering consultancy advice where the HIA considers that it is appropriate, drawing up clear terms of reference for such assignments.	✓			
1.3	PERSONAL SKILLS AND PROFESSIONAL STANDARDS				
1.3.1	Provide leadership by giving practical examples of good governance that will inspire others.	✓			HIA uses knowledge of peer organisations to offer practical advice to encourage good practice.
1.3.2	Deploy effective facilitating and negotiating skills	✓			
1.3.3	Build and demonstrate commitment to continuous improvement	✓			
1.3.4	Demonstrate consultancy skills as appropriate – analytical, problem solving, influencing and communicating.	✓			These are available either as an element of regular audits or specific assignments.

REF	ISSUE	YES	NO	N/A	COMMENT
PRINCIPLE 2					
The HIA in a local authority plays a critical role in delivering the authorities strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.					
2.1	GOVERNANCE REQUIREMENTS				
2.1.1	Set out the responsibilities of the HIA, which should not include the management of operational areas.	✓			The HIA has clear responsibilities. There are no operational areas.
2.1.2	Ensure that internal audit is independent of external audit.	✓			Formal protocol adopted
2.1.3	Where the HIA does have operational responsibilities the HIA's line manager and the Audit Committee should specifically approve the IA Strategy for these and associated plans and reports and ensure the work is independently managed.			✓	
2.1.4	Establish clear lines of responsibility for those with an interest in governance (e.g. Head of Paid Service, Monitoring Officer, CFO, Audit Committee, Members). This covers responsibilities for drawing up and reviewing key corporate strategies, statements and policies.	✓			This is set out within the Annual Governance Statement
2.1.5	Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns.	✓			The HIA has a direct line of access to the Civic Affairs Committee; appropriate Members; Chief Executive as well as normal reporting lines within the Resources Department.
2.1.6	Agree the terms of reference for Internal Audit with the HIA, the Audit Committee and the CFO, as well as the Leadership Team.	✓			There is an annual review of the terms of reference for Internal Audit.
2.1.7	Set out the basis on which the HIA can give assurances to other organisations and the basis on which the HIA can place reliance on assurances from others.	✓			
2.1.8	Ensure that comprehensive governance arrangements are in place, with supporting documents covering e.g. risk management, corporate planning, anti fraud and corruption and whistleblowing.	✓			Reviewed as part of the Annual Governance Statement.

REF	ISSUE	YES	NO	N/A	COMMENT
2.1.9	Ensure that the annual internal audit opinion and report are issued in the name of the HIA.	✓			Issued in June committee cycle each year.
2.1.10	Include awareness of governance in the competencies required by members of the Leadership Team.	✓			
2.1.11	Set out the framework of assurance that supports the annual governance statement and identify internal audit's role within it. The HIA should not be responsible for preparing the report.	✓			AGS has been prepared in conjunction with Head of Corporate Strategy
2.1.12	Ensure that the internal audit strategy is approved by the Audit Committee and endorsed by the Leadership Team.	✓			Presented annually. Last approved 21 March 2012.
2.2	CORE HIA RESPONSIBILITIES				
2.2.1	Giving assurance on the control environment. This includes risk and information management and internal controls across all systems.	✓			
2.2.2	Reviewing the adequacy of key corporate arrangements including e.g. risk strategy, risks register, anti fraud and corruption strategy, corporate plan.	✓			
2.2.3	Produce evidence based annual internal audit opinion on the authority's control environment.	✓			
2.2.4	Working closely with others to ensure that sufficient and relevant evidence is used. Where relying on others, clarifying the degree and basis for the reliance.	✓			This principle is adopted in practice wherever relevant
2.2.5	Reviewing significant partnership arrangements and major services provided by third parties and the controls in place to promote and protect the authority's interests. Assessing whether lines of responsibility and assurance are clear.	✓			

REF	ISSUE	YES	NO	N/A	COMMENT
2.2.6	Liaising closely with the external auditor to share knowledge and to use audit resources most effectively.	✓			Governed by a separate protocol.
2.2.7	Producing an internal audit strategy that fits with and supports the authority's objectives.	✓			See 2.1.12. All audits are mapped to the overarching corporate objectives of the Council.
2.2.8	Reviewing the authority's risk maturity (including the authority's own assessment) and reflecting this in the strategy.	✓			
2.2.9	Consulting stakeholders, including senior managers and Members on the internal audit strategy.	✓			The Strategy is agreed by the S.151 Officer and the Civic Affairs Committee. External Audit is also consulted.
2.2.10	Setting out how the HIA plans to rely on others for assurance on the authority's controls and risks and taking account of any limitations in assurance given by others.	✓			See 2.1.7
2.2.11	Liaising with external inspectors and review agencies where appropriate when drawing up the internal audit strategy.	✓			In practice, liaison tends to be focused on the annual plan rather than the strategy
2.2.12	Liaising with the external auditor on the internal audit strategy, but not been driven by external audit's own priorities.	✓			In practice, liaison tends to be focused on the annual plan rather than the strategy
2.3	PERSONAL SKILLS AND PROFESSIONAL STANDARDS				
2.3.1	Give clear, professional and objective advice.	✓			
2.3.2	Report on what is found, without fear or favour.	✓			
2.3.3	Demonstrate integrity to staff and others in the authority.	✓			
2.3.4	Exercise sound judgment in identifying weaknesses in the authority's control environment and a balanced view on how significant these are.	✓			

REF	ISSUE	YES	NO	N/A	COMMENT
2.3.5	Work well with others with specific responsibilities for internal control, risk management and governance including Head of Paid Service, the Monitoring Officer, the CFO, Audit Committee and Members.	✓			
2.3.6	Be concerned for action – influencing the Leadership Team, Audit Committee and others to ensure that the HIA's recommendations are implemented.	✓			To aid transparency, all reports are available to Members. Appropriate processes are in place to follow up poor reports to enable action is taken at the earliest opportunity.
2.3.7	Be a role model, dynamic, determined, positive, robust and with resilient leadership, able to inspire confidence and respect and exemplify high standards of conduct.	✓			

REF	ISSUE	YES	NO	N/A	COMMENT
PRINCIPLE 3					
To perform this role the Head of Internal Audit must be a senior manager with regular and open engagement across the authority, particularly with the Leadership Team and with the Audit Committee					
3.1	GOVERNANCE REQUIREMENTS				
3.1.1	Designate a named individual as HIA in line with the principles in this Statement. The individual could be someone from another organisation where internal audit is contracted out or shared. Where this is the case then the roles of the HIA and the client manager must be clearly set out in the contact or agreement.	✓			
3.1.2	Ensure that where the HIA is an employee that they are sufficiently senior and independent within the authority's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to the Management Team.	✓			
3.1.3	Ensure that where the HIA is an employee the HIA is line managed by a member of the Management Team. Where the HIA is not an employee then the reporting line must be clearly set out in the contract of agreement with the internal audit provider.	✓			Reports to Director of Resources, although has direct access to senior officers on the Management Team.
3.1.4	Establish an Audit Committee in line with guidance and good practice.	✓			
3.1.5	Set out the HIA's relationship with the Audit Committee and its Chair.	✓			
3.1.6	Ensure that the authority's governance arrangements allow the HIA: <ul style="list-style-type: none"> To bring influence to bear on material decisions reflecting governance; Direct access to the Chief Executive, other Leadership Team members, the Audit Committee and external audit To attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate 	✓			

REF	ISSUE	YES	NO	N/A	COMMENT
3.1.7	Set out unfettered rights of access for internal audit to all papers and all people in the organisation, as well as appropriate access in (significant) partner organisations.	✓			Set out in the Audit terms of reference
3.1.8	Set out the HIA's responsibilities relating to partners including joint ventures and outsourced and shared services.	✓			
3.2	CORE HIA RESPONSIBILITIES				
3.2.1	Escalating any concerns through the line manager, CFO, Monitoring Officer, Head of Paid Service, Audit Committee, Leadership Team and external auditor as appropriate.	✓			
3.2.2	Supporting the Audit Committee in reviewing its own effectiveness and advising the Chair and line manager of any suggested improvements.		✓		Identified as an area for improvement. This will need to be linked with potential future committee changes to accommodate the Localism Act e.g. merge with Standards Committee.
3.2.3	Consulting stakeholders, including senior managers and Members on the internal audit strategy.	✓			See 2.2.9
3.3	PERSONAL SKILLS AND PROFESSIONAL STANDARDS				
3.3.1	Network effectively to raise the profile and status of internal audit.	✓			
3.3.2	Adopt a flexible style, being able to collaborate and advise but able to challenge as appropriate.	✓			
3.3.3	Build productive relationships both internally and externally.	✓			
3.3.4	Work effectively with the Leadership Team and Audit Committee with political awareness and sensitivity.	✓			Majority of member contact is through the Civic Affairs Committee
3.3.5	Be seen to be objective and independent but also pragmatic where appropriate.	✓			

REF	ISSUE	YES	NO	N/A	COMMENT
PRINCIPLE 4					
To perform this role the Head of Internal Audit must lead and direct an internal audit service that is resourced to be fit for purpose					
4.1	GOVERNANCE REQUIREMENTS				
4.1.1	Provide the HIA with the resources, expertise and systems necessary to perform their role effectively.	✓			
4.1.2	Ensure that the Audit Committee sets out a performance framework for the HIA and their team and assess performance and takes action as appropriate.	✓			
4.1.3	Ensure that there is a regular review of internal audit quality.	✓			Annual review by External Audit of a number of audits undertaken in the year, in order to establish whether or not can place reliance on the work undertaken. In addition, post audit questionnaires are issued to clients to complete following each audit conducted.
4.1.4	Ensure that where the HIA is from another organisation that they do not also provide the external audit service.	✓			
4.2	CORE HIA RESPONSIBILITIES				
4.2.1	Leading and directing the internal audit service so that it makes a full contribution to and meets the needs of the authority and external stakeholders.	✓			
4.2.2	Determining the resources, expertise, qualifications and systems for the internal audit service that are required to meet internal audit objectives; using a full range of resourcing options including consultancy, working with others and buying in where appropriate.	✓			
4.2.3	Informing the CFO, the Leadership Team and Audit Committee if there are sufficient resources to carry out a satisfactory level of internal audit, and the consequence for the level of assurance that may be given.	✓			

REF	ISSUE	YES	NO	N/A	COMMENT
4.2.4	Implementing robust processes for recruitment of internal audit staff and / or the procurement of internal audit services from external suppliers.	✓			Council procedures followed, including use of agency staff if required.
4.2.5	Ensuring that the professional and personal training needs for staff are assessed and seeing that these needs are met.	✓			Annual performance reviews undertaken
4.2.6	Developing succession plans and helping staff with their career progression.	✓			
4.2.7	Establishing a quality assurance and improvement programme that includes: <ul style="list-style-type: none"> • Ensuring that professional internal audit standards are complied with • Reviewing the performance of internal audit and ensuring that the service provided is in line with the expectations and needs of its stakeholders • Providing an efficient and effective internal audit service – demonstrating this by agreeing key performance indicators and targets with the line manager and Audit Committee; annually reporting achievements against targets; • Putting in place adequate ongoing monitoring and periodic review of internal audit work and supervision and review of files, to ensure that audit plans, work and reports are evidence based and of good quality • Ensuring that internal auditors declare any interests that they have • Seeking continuous improvement in the internal audit service 	✓			
4.2.8	Keeping up to date with developments in governance, risk management, control and internal auditing, including networking with other HIAs and learning from the, implementing improvements where appropriate.	✓			Includes networking through Cambridgeshire Audit Group; CIPFA Better Governance Forum and other peer groups
4.2.9	Demonstrating how internal audit adds value to the authority.	✓			Identified within the Audit Strategy

REF	ISSUE	YES	NO	N/A	COMMENT
4.3	PERSONAL SKILLS AND PROFESSIONAL STANDARDS				
4.3.1	Demonstrate leadership and be an ambassador for internal audit	✓			
4.3.2	Create, communicate and implement a vision for the internal audit service	✓			Identified within the Strategy
4.3.3	Create a customer focused internal audit service	✓			
4.3.4	Establish an open culture, built on effective coaching and a constructive approach	✓			
4.3.5	Promote effective communication with internal audit, across the broader organisation and with external stakeholders	✓			
4.3.6	Set and monitor meaningful performance objectives for staff	✓			
4.3.7	Manage and coach staff effectively	✓			
4.3.8	Comply with professional standards and ethics	✓			
4.3.9	Require the highest standards of ethics and standards within internal audit based on the principles of integrity, objectivity, competence and confidentiality. In particular, ensuring that internal auditors identify and report any conflicts of interest and act appropriately	✓			
4.3.10	Ensure where necessary that outside expertise is called upon for specialist advice not available within the internal audit service	✓			
4.3.11	Promote discussion on current governance and professional issues and their implications	✓			

REF	ISSUE	YES	NO	N/A	COMMENT
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PRINCIPLE 5

To perform this role the Head of Internal Audit must be professionally qualified and suitably experienced.

5.1 GOVERNANCE REQUIREMENTS

5.1.1	Appoint a professionally qualified HIA whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the organisation	✓			Qualified HIA in accordance with Statement and set in the posts job description and post responsibilities.
5.1.2	Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in his or her role	✓			Skills, knowledge and experience built upon through previous / current role(s). Ongoing monitoring. Separate resources budget / staffing independent of Strategic Resources division. Regular review for appropriateness.

5.2 CORE HIA RESPONSIBILITIES

5.2.1	No specific requirements			✓	
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5.3 PERSONAL SKILLS AND PROFESSIONAL STANDARDS

5.3.1	Be a full member of an appropriate professional body and have an active programme for personal professional development.	✓			CIPFA qualified (1993). Continuing personal development undertaken since qualification in accountancy and audit environment within local government.
5.3.2	Adhere to professional internal auditing (and where appropriate accounting and auditing) standards	✓			
5.3.3	Demonstrate a range of skills including communicating, managing an influencing, as well as an understanding of IT and consultancy.	✓			
5.3.4	Have prior experience of working in internal audit	✓			Internal Audit environment since 1995.

REF	ISSUE	YES	NO	N/A	COMMENT
5.3.5	Understand and have experience of strategic objective setting and management	✓			
5.3.6	Understand the internal audit and regulatory environment applicable to local government	✓			
5.3.7	Demonstrate a comprehensive understanding of governance, risk management and internal control	✓			
5.3.8	Undertake appropriate development or obtain relevant experience as appropriate in order to demonstrate an understanding of the full range of the authority's activities and processes	✓			

CAMBRIDGE CITY COUNCIL

REPORT OF: Head of Internal Audit

TO: Civic Affairs Committee

27 June 2012

WARDS: All

HEAD OF INTERNAL AUDIT: ANNUAL AUDIT OPINION 2011 / 2012

1 INTRODUCTION

- 1.1 Under the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006, the Head of Internal Audit (HIA) should provide a written report to those charged with governance. This is timed to support the Annual Governance Statement (AGS), which is also being presented to this committee for challenge by Members, before being signed off by the Leader of the Council and Chief Executive. The Head of Internal Audit is required, under the code, to give an opinion on the overall adequacy and effectiveness of the organisation's internal control environment and the risk management framework.

2 RECOMMENDATIONS

- 2.1 Members of Civic Affairs Committee are asked to review, and provide challenge to, the opinion of the Head of Internal Audit.

3 OVERALL OPINION

- 3.1 **The overall conclusion is that Cambridge City Council has a fundamentally sound governance framework from which those charged with governance can gain assurance.**
- 3.2 However, no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

4 BACKGROUND

- 4.1 The Internal Audit service works within a framework of:
- General acceptance of control within the management culture;
 - Agreement of actions arising from Internal Audit reports; and
 - A high level of support from Senior Management and Members.
- 4.2 Audits are conducted in accordance with the principles contained in the Auditing Practices Board's auditing guideline '*Guidance for Internal Auditors*', CIPFA's '*Code of Practice for Internal Audit in Local Government in the United Kingdom 2006*' and with other relevant statutory obligations and regulations.

4.3 Given this context, and in the light of work undertaken in the year, the Head of Internal Audit is able to give full assurance on the adequacy and effectiveness of the organisation's internal controls in respect of the work undertaken. Further details are available in **Appendix 1**.

4.4 In preparing the overall opinion, the Head of Internal Audit has reviewed all audit activity carried out relating to 2011/2012. Each individual audit undertaken contains an assurance opinion on the adequacy and effectiveness of controls in place to mitigate the risks identified by managers. Where weaknesses in control are identified, an action plan is agreed with management and this is recorded in the Council's Risk Register. Progress is monitored with target dates for delivery of these agreed actions during the year.

5 SIGNIFICANT CONTROL WEAKNESSES

5.1 A number of key issues have been identified from the work of the Internal Audit team during 2011-12, and actions agreed to resolve them, however these are not considered to be weaknesses in governance arrangements and therefore have not fed through into this year's Annual Governance Statement.

6 CONSULTATIONS

6.1 Managers and Heads of Service are consulted on all Internal Audit reports at draft stage to agree the management agreed action plan. Directors, the Leader of the Council, relevant Executive Councillor and the Council's External Auditors receive copies of the final versions of all Internal Audit reports. Copies of Executive Summaries are sent to the Chief Executive and the Council's Monitoring Officer; in addition, final reports are on the secure intranet allowing access by all Councillors.

7 IMPLICATIONS

- (a) **Financial Implications:** None
- (b) **Staffing Implications:** None
- (c) **Equal Opportunities Implications:** None
- (d) **Environmental Implications:** None
- (e) **Community Safety:** None

BACKGROUND PAPERS:

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

- Audit Plan for 2011/2012;
- Audit Reports issued during 2011/2012;
- Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (CIPFA).
- Accounts and Audit Regulations 2011

To inspect these documents contact Steve Crabtree on extension 8181.

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



**HEAD OF INTERNAL AUDIT
ANNUAL AUDIT OPINION
2011 / 2012**

ANNUAL REPORT

1. Introduction
2. The Authority for Internal Audit
3. The Scope of Internal Audit
4. Review of Internal Control
 - Opinion 2011 / 2012
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 - Background
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 - Ensuring Quality
 - Continuing Professional Development
 - Performance Indicators

APPENDICES

- A Assurance Levels and Agreed Actions 2011 / 2012
- B Performance Indicators 2011 / 2012

1. INTRODUCTION

1.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Civic Affairs Committee and the Director of Resources, Internal Audit acts as an assurance function providing an independent and objective opinion to the organisation on the entire control environment by evaluating the effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Internal Audit is part of the Resources Directorate. This report is the culmination of the work during the course of the year and seeks to provide an opinion on the adequacy of the control environment and report the incidence of any significant control failings or weaknesses. The report also gives an overview of audit performance during the year.

1.2 The purpose of this report is to meet the Head of Internal Audit (HoIA) annual reporting requirements set out in the CIPFA ¹Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. The Code advises at Paragraph 10.4 that the report should:

- Include an opinion on the overall adequacy and effectiveness of the organisation's internal control environment and risk management framework;
- Disclose any qualifications to that opinion, together with the reasons for the qualification;
- Summarise the audit work undertaken to formulate that opinion, including reliance placed on work by other assurance bodies;
- Draw attention to any issues the Head of Internal Audit (or equivalent) judges particularly relevant to the preparation of the Annual Governance Statement;
- Compare the work actually undertaken with the work that was planned and summarise the performance of the Internal Audit function against its performance measures and criteria; and
- Comment on compliance with these standards and communicate the results of the Internal Audit quality assurance programme.

1.3 The Code of Practice also states at Paragraph 10.4.1 that:

"The Head of Internal Audit should provide a written report to those charged with governance timed to support the Annual Governance Statement".

Therefore, in setting out how it meets the reporting requirements, this report also outlines how the Internal Audit function has supported the Authority in meeting the requirement of Regulation 4 of the Accounts and Audit Regulations 2011.

¹ CIPFA – Chartered Institute of Public Finance and Accountancy

2. **THE AUTHORITY FOR INTERNAL AUDIT**

2.1 The requirement for Internal Audit is driven from a number of items of legislation, namely:

- Local Government Act 1972 Section 151; and
- Accounts and Audit Regulations 2011.

2.2 **Local Government Act 1972 Section 151**

“Every Local Authority shall make arrangements for the proper administration of its financial affairs and shall secure that one of its officers has responsibility for the administration of those affairs”

The Council’s Constitution formally nominates the Director of Resources as the authority’s Section 151 Officer who will rely on the work of the Internal Audit Service for assurance that the authority’s financial systems are operating satisfactorily.

2.3 **Accounts and Audit Regulations 2011 Section 4 – Responsibility for Financial Management**

“The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk.

“The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control and shall include an Annual Governance Statement, prepared in accordance with proper practices with (a) any statement of accounts it is obliged to prepare in accordance with regulation 7, or any accounting statement it is obliged to prepare in accordance with regulation 12”.

2.4 **Accounts and Audit Regulations 2011 Section 6 – Internal Audit**

“The relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control. Any officer or member of the relevant body must, if the body requires (a) make available such documents and records as appear to that body to be necessary for the purposes of the audit; and (b) supply the body with such information and explanation as that body considers necessary for that purpose. A large relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit. The findings of the review referred must be considered, as part of the consideration of the system of internal control referred to in regulation 4, by the committee or body referred to in that paragraph.

2.5 This is supported by the Council's Financial Regulations, which reflects Internal Audit's statutory authority to review and investigate all areas of the Council's activities in order to ensure that the Council's interests are protected. The Terms of Reference for the Civic Affairs Committee adequately meets the requirements of the Accounts and Audit Regulations in relation to the Annual Governance Statement.

2.6 The review of Internal Audit referred to in paragraph 2.3 has been conducted and included within this report.

3. **THE SCOPE OF INTERNAL AUDIT**

3.1 *"Internal Audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisations objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources".*

(Definition of Internal Audit: CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006).

3.2 The **control environment** comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- Establishing and monitoring the achievement of the organisations objectives;
- The facilitation of policy and decision making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage the risk in a way appropriate to their authority and duties;
- Ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness;
- The financial management of the organisation and the reporting of financial management; and
- The performance management of the organisation and the reporting of performance management.

(Source: Statement of Internal Control in Local Government – Meeting the Requirement of the Accounts and Audit Regulations 2003 (CIPFA 2004)

3.3 **Controls** ensure that the processing procedures operate in an orderly and efficient manner, statutory and management requirements are complied with, assets are safeguarded, completeness and accuracy of records are secured and identifies and corrects when something has gone wrong.

(Definition of Controls: CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006).

3.4 In order to ensure the ongoing effectiveness and accountability of the service, an annual report is provided to Members, which details Internal Audit activity in the previous financial year.

4. REVIEW OF INTERNAL CONTROL

4.1 **Opinion 2011 / 2012**

The Code of Practice for Internal Audit in Local Government in the UK 2006 states that the HoIA must provide a written report to those charged with governance timed to support the Statement on Internal Control (now the Annual Governance Statement). This report must include an opinion on the overall adequacy and effectiveness of the organisation's control environment, presenting a summary of how that opinion is derived including reliance placed on work by other assurance bodies.

The internal control environment is fundamentally well established and continuing to operate well in practice even though 2010 / 2011 has been a challenging year for the organisation. There have been instances where the control environment was not strong enough or complied with sufficiently to prevent significant risks to the organisation. The area of most concern in the year has been in relation to Property Services Contract Management and Internal Audit has been working closely with management in this area to improve key controls.

The overall conclusion is that Cambridge City Council has a **fundamentally sound governance framework** from which those charged with Governance can gain assurance. Internal Audit has made a number of recommendations to further improve the systems of control where improvements are urgently needed. Audit coverage during the year has provided sufficient evidence to conclude that the key financial control systems are sound.

However, no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

The Assurance - Internal Control



Our overall opinion is that internal controls within financial systems operating throughout the year are **fundamentally sound**

4.2 How Internal Control is Reviewed

Internal Audit continues to embrace the risk assessment approach to audit. During the course of the year the risks of the Authority has been continually challenged and used to form the basis of Internal Audit's operational plan for the coming year. The review process draws on key indicators of risks to the organisation and attempts to ensure that suitable audit time and resources are devoted to review the more significant areas. The audit plan contains a contingency provision that is utilised during the year in response to unforeseen work demands that arise. This risk based approach to audit planning results in a detailed range of audits that are undertaken during the course of the year to support the overall opinion on the control environment. Examples include:

- Corporate governance reviews, including a review of key assurance frameworks and the Annual Governance Statement;
- Risk based reviews of fundamental financial systems that could have a material impact on the accounts, and other departmental systems;
- Fraud strategy work, responsive fraud and irregularity investigations;
- Contract, procurement, performance and project audits;
- Audits of Council establishments.

There are three elements to each internal audit review. Firstly, the control environment is reviewed by identifying the objectives of the system and then assessing the controls in place mitigating the risk of those objectives not being achieved. Completion of this work enables internal audit to establish an opinion on the control environment. However, controls are not always complied with which in itself will increase risk, so the second part of an audit is to ascertain the extent to which the controls are being complied with in practice. This element of the review enables internal audit to form a view on the extent to which the control environment, designed to mitigate risk, is being complied with. Finally, where there are significant control environment weaknesses or where the controls are not being complied with and only limited assurance can be given, internal audit undertakes further substantive testing to ascertain the impact of these control weaknesses. To improve consistency in audit reporting, the following definitions of audit assurance are used for all systems and governance audits completed.

AUDIT ASSURANCE	
Assurance	Definitions
Full	The system is designed to meet objectives/controls are consistently applied that protect the Authority from foreseeable risks.
Significant	The system is generally sound but there are some weaknesses of the design of control and / or the inconsistent application of controls. Opportunities exist to mitigate further against potential risks.
Limited	There are weaknesses in the design of controls and / or consistency of application, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
No	Controls are weak and / or there is consistent non-compliance, which can result in the failure of the system. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.

RECOMMENDATIONS MADE TO IMPROVE ASSURANCE LEVELS		
Status	Definitions	Implementation
Critical	Extreme control weakness that jeopardises the complete operation of the service.	Immediately
High	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency.	As a matter of priority
Medium	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority.	At the first opportunity
Low	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust.	As soon as reasonably practical

5. BASIS OF HEAD OF INTERNAL ANNUAL OPINION

5.1 Background

The opinion is derived from work carried out by Internal Audit during the year as part of the agreed Internal Audit Plan for 2011 / 2012, including an assessment of the Council's corporate governance and risk management processes. The Internal Audit Plan was developed to primarily provide management with independent assurance on the adequacy and effectiveness of the systems of internal control. We have conducted our audits both in accordance with the mandatory standards and good practice within the Code of Practice and additionally from our own internal quality assurance systems. This programme of work is outlined in **Appendix A**. Our opinion is limited to the work carried out by Internal Audit based upon the strategic Internal Audit Plan. Where possible we have considered the work of other assurance providers, such as External Audit.

5.2 The audit work that was completed for the year to 31 March 2012 is listed in **Appendix A**, which lists all the audits and their results in terms of the audit assurance levels provided and the number of agreed actions. This shows that **62%** of the systems audited achieved an assurance level of significant or higher, compared to **59%** last year.

AUDIT ASSURANCE				
Assurance Levels	Issued		%	
	2011/12	2010/11	2011/12	2010/11
Full	4	5	14	18
Significant	14	11	48	41
Limited	10	10	34.5	37
No	1	1	3.5	4
	29	27	100.0	100.0

AGREED ACTIONS		
	Numbers	
	2011/12	2010/11
Low	9	22
Medium	80	73
High	53	65
Critical	3	N/a
	145	160

5.3 A complete list of the audits and assurance against them can be found in **Appendix A**. Actions were agreed with management and we will continue to monitor during 2012 / 2013 to confirm that they have been effectively implemented.

5.4 Corporate Governance and the Annual Governance Statement

In June 2007 CIPFA, in conjunction with the Society of Local Authority Chief Executives (SOLACE), published Delivering Good Governance in Local Government: Framework. The Department for Communities and Local Government has determined that this guidance represents proper practice. Consequently, the Civic Affairs Committee should seek assurance that this guidance has been followed to compile the Annual Governance Statement (AGS).

Using the proper practice guidance issued by CIPFA as the basis, Internal Audit reviews the corporate governance evidence framework to confirm that there is evidence to indicate that policies, procedures and systems are in place for corporate governance to be effective within the Council. The Council has demonstrated a firm foundation for this and Internal Audit remains of the opinion that the policies, procedures and systems are generally in place for good corporate governance. Although Internal Audit has agreed a number of actions to further improve the systems of control the overall conclusion is that Cambridge City Council has a sound Governance Framework that those charged with Governance can gain assurance from, although there are some areas where improvements are needed.

5.5 Risk Management

Risk management arrangements have been reviewed during 2011 / 2012. A series of risk workshops were held for all service areas and a new set of risks identified. A new risk register been procured and has been populated with these new risks. There is now a need to embed the new risk management process across the Council and update the Council's Risk Management Strategy. This is included as an action in the Annual Governance Statement Action Plan.

5.6 Key Financial Systems

An annual review of the authority's key financial systems is undertaken to provide evidence supporting the internal audit opinion on the adequacy of the organisation's control environment. As in previous years, the key financial systems subject to audit were agreed in advance with the authority's external auditors as they review this work and use this as a key source of assurance on the organisation. They have reviewed our work on key financial systems and confirm that it meets their requirements in terms of timeliness, quality and supporting evidence. These covered NNDR, Main Accounting and BACS Payments. There is also a Housing Benefit Diagnostic to be completed.

Audit coverage during the year has provided sufficient evidence to conclude that the key financial control systems are sound and that, in the main, these controls continue to work well in practice.

The Assurance - Financial Systems



Our overall opinion is that internal controls within financial systems operating throughout the year are **fundamentally sound**

5.7 Other Audit Reviews

This section provides a summary of reports issued in the period. They are referenced to the Council structure as at 31 March 2012, following the various restructures undertaken in the year. Areas reviewed in each directorate included:

Department	Review Area
Customer & Community Services	Housing Allocations Leasehold Service Charges
Environment Services	Management of Trees Trade Waste Management Information Compliance with Driver & Vehicle Legislation
Resources	Insurance ICT Work Plan Contracts Completion
Cross Department / Corporate Reviews	Fire Safety Risk Assessment Growth Service Preparations Health & Safety Culture Business Continuity Safeguarding

5.8 Allegations of Fraud and Irregularity

Fraud and Irregularity investigations are reported separately to the Standards Committee annually. This covers Internal Audit work as well as that of the Revenue and Benefits Services Fraud Prevention Team.

5.9 Significant Control Weaknesses

Internal Audit is required to form an opinion on the quality of the internal control environment which includes consideration of any significant risk or governance issues and control failures which arise. During the financial year 2011/2012 **NO** significant governance weaknesses were identified.

5.10 **Key Issues**

There is a range of key issues that are likely to be of significance for 2012 / 2013 and beyond, which Internal Audit needs to be aware of. These include:

- the current economic climate which adds to the financial pressures already on the council. This is impacting on income and expenditure as well as the public's needs for council services;
- the impact on funding (DSG settlement) with regard to savings required over future years; and
- the management and governance arrangements with regard to externalised or partnership working.

6. AUDIT PERFORMANCE 2011 / 2012

6.1 Service Delivery During 2011 / 2012

The achievements of Internal Audit for 2011 / 2012 are as follows:

- Achievement of 68% of Internal Audit Plan (77% of Critical Audits). 17% of audits were cancelled for various reasons. This equated to 8 audits and most of these have been carried forward to 2012-13.
- Customer feedback remains very positive with continued high levels of satisfaction from our customer questionnaires;
- Annual reports, audit plans and regular progress reports presented to Members via the Civic Affairs Committee;
- Successful conclusion of a number of irregularity investigations; and
- The continuation of the shared service arrangement with Peterborough City Council.

6.2 Ensuring Quality

Internal Audit is committed to delivering a quality product to the highest professional standards that adds value to our customers. We actively monitor our performance in a number of areas and encourage feedback from customers. All our work is undertaken in accordance with our quality management system. A customer satisfaction questionnaire is issued with every audit report. The questionnaires ask for the auditees opinion on a range of issues and asks for an assessment ranging from 10 (for excellent) to 1 (for poor). The results of the questionnaires are reported to the Audit Management Team and used to determine areas for improvement and inform the continuing personal development training programme for Internal Audit staff. The average overall was 8.6.

These results are again extremely encouraging, particularly as the nature and complexity of work undertaken by Internal Audit continues to change. The Council is continually developing more robust systems for identifying and evaluating the significant risks to their objectives. Internal Audit is expected to give a number of assurances on the internal control environment to both internal and external clients not just on financial but operational, service and reputational risks. The staffing skills and resources within Internal Audit are continually adapting to these changes.

Internal Audit is a professional discipline and as such it is desirable that all staff should have an appropriate professional qualification or be undertaking training to gain such a professional qualification. A high percentage of our staff are professionally qualified. This professional training approach is being actively enhanced by both in-house training and individual officers undertaking Continuing Professional

Development in their own time. This investment in staff will continue to result in even better audit performance in future years, ensuring that the Section will be able to react positively to the changing demands being placed on the audit profession.

6.3 Continuing Professional Development

In a rapidly changing environment it is important that all Internal Auditors keep abreast of the latest audit and accounting methodologies, changes in legislation and best practice as well as changes to the public sector arena so they have the necessary skills and knowledge to perform their role to a high standard. This is done via Continuing Professional Development (CPD) which the Section continues to support and promote. External CPD events such as CIPFA seminars and IIA events continue to be attended where appropriate. The Code of Practice for Internal Audit in local Government in the UK 2006 states that Internal Audit staff have a personal responsibility to undertake a programme of CPD to maintain and develop their competence. At Cambridge, evidence of professional training and development activities must be retained and individual / group training needs identified. Much of this CPD is done in officers own time showing a personal commitment to continual improvement of the Team.

6.4 Performance Indicators

All our performance indicators are documented within **Appendix B**. Key areas to note are:

- Feedback for each audit is collected via Post Audit Questionnaires (PAQ). Our average score was 8.6 (out of 10) against a target of 8, reflecting the high opinion our audit clients have of auditor conduct and the quality and usefulness of reports.
- An average of 3.5 days training has been provided to each auditor. This includes 'on the job' training, audit technical update seminars and internal training. In addition, Heads of Internal Audit from each local authority in Cambridgeshire staged an 'Away Day' for all auditors in November. This was to share ideas and best practice across the county.
- 77% of the critical audits were delivered (target 100%). 8 audits were not completed due to a variety of reasons.
- An average of 3.6 days sickness per person was lost during the year, compared to a corporate target of 7.7 days.

APPENDIX A**ASSURANCE LEVELS AND AGREED ACTIONS 2011 / 2012**

Recommendations Key:

C: Critical
 H: High
 M: Medium
 L: Low

			ASSURANCE OPINION	RECOMMENDATIONS				
				C	H	M	L	Total
CORE SYSTEM ASSURANCE WORK								
-	Housing Benefit	External Audit assurance work	N/a	-	-	-	-	-
27	BACS Payments	External Audit assurance work	N/a	-	-	1	-	1
28	Main Accounting	External Audit assurance work	N/a	-	-	-	-	-
32	National Non Domestic Rates	External Audit assurance work	N/a	-	-	3	-	3
ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK								
	Annual Governance Statement	To Civic Affairs Committee June 2011	N/a	N/a	N/a	N/a	N/a	N/a
	Annual Audit Opinion	To Civic Affairs Committee June 2011	N/a	N/a	N/a	N/a	N/a	N/a
	Internal Audit Effectiveness	To Civic Affairs Committee June 2011	N/a	N/a	N/a	N/a	N/a	N/a
	National Fraud Initiative	Internal Audit co-ordinate returns to the Audit Commission in relation to the National Fraud Initiative. Various reports have been issued to Housing Benefits for further investigation.	N/a	N/a	N/a	N/a	N/a	N/a

		SCOPE	ASSURANCE OPINION	RECOMMENDATIONS				
				C	H	M	L	Total
ANNUAL GOVERNANCE AND ASSURANCE FRAMEWORK (Cont'd)								
	Project Management (Support / Advice)	Separate focus during the year included: <ul style="list-style-type: none"> Mercury Abatement Responsive Repairs Planned Maintenance 		N/a	N/a	N/a	N/a	N/a
10	Partnership Governance	As per agreed Audit Plan	Significant	0	1	1	0	2
	Data Security / Information Governance	Fieldwork stage – rolled forward						
	Risk Management	Moved to 2012 / 2013 as new Risk Register has not been fully implemented						
CORPORATE CROSS CUTTING REVIEWS								
21	Fire Safety Risk Assessment	As per agreed Audit Plan	Significant	0	3	1	0	4
22	Health and Safety Culture	As per agreed Audit Plan	Significant	0	1	8	0	9
23	Business Continuity	As per agreed Audit Plan	Significant	0	0	0	0	0
29	Service Preparations for Growth	As per agreed Audit Plan	Full	0	1	0	0	1
30	S106 Management	As per agreed Audit Plan	Significant	0	3	6	1	10
	Asset Management	Planning stage						

		SCOPE	ASSURANCE OPINION	RECOMMENDATIONS				
				C	H	M	L	Total
CORPORATE CROSS CUTTING REVIEWS (Cont'd)								
	Budget Management	Draft report stage						
	Delegations: Officers / Members	Has been incorporated into the Corporate Change Programme Board works. Rolled forward.						
	Spreadsheets	Planning stage						
CONTRACTS AND PROJECTS								
2	TUPE Process	As per agreed Audit Plan	Limited	0	4	0	0	4
3	Brandon Court Project Management	As per agreed Audit Plan	Full	0	0	0	2	2
4	IDOX Implementation	As per agreed Audit Plan	Limited	0	4	0	0	4
5	HRA Self Financing	As per agreed Audit Plan	Full	0	0	0	0	0
11	Contract Management: Planned Maintenance	As per agreed Audit Plan	Significant	0	1	3	0	4
14	Responsive Repairs Improvement Plan	As per agreed Audit Plan	Significant	0	1	2	0	3
20	Leisure Management	As per agreed Audit Plan	Limited	0	5	3	3	11
24	South Cambridgeshire DC Contract Works	As per agreed Audit Plan	Significant	0	1	1	0	2
	Orchard Upgrade	Postponed due to project not yet complete						
	Clay Farm Programme	Draft report						

	SCOPE	ASSURANCE OPINION	RECOMMENDATIONS					
			C	H	M	L	Total	
DEPARTMENT SPECIFIC REVIEWS								
CHIEF EXECUTIVES DEPARTMENT								
	Member Allowances	Fieldwork						
CUSTOMER & COMMUNITY SERVICES								
1	Leaseholder Service Charges	As per agreed Audit Plan	No	3	1	0	1	5
17	Financial Controls (Arts & Recreation)	Memo only	N/a	N/a	N/a	N/a	N/a	N/a
18	Income Management Arrangements (Sports Development)	As per agreed Audit Plan	Limited	0	4	6	0	10
25	Housing Allocations	As per agreed Audit Plan	Significant	0	5	0	1	6
	Clay Farm	Draft stage						
ENVIRONMENT SERVICES								
6	Multi-Storey Car Parks – Income Reporting	As per agreed Audit Plan	Limited	0	0	6	0	6
7	Streets & Open Spaces – Project Management	As per agreed Audit Plan	Limited	0	1	8	0	9
8	Trade Waste Management Information	As per agreed Audit Plan	Limited	0	4	4	0	8
16	Management of Trees	As per agreed Audit Plan	Limited	0	1	5	0	6
31	Compliance with Driver and Vehicle Legislation	As per agreed Audit Plan	Significant	0	0	9	0	9
	Review of Planning Enforcement	Little used power – not deemed necessary by relevant HoS at present moment.						
	Crematorium	Moved to 2012/13						

		SCOPE	ASSURANCE OPINION	RECOMMENDATIONS				
				C	H	M	L	Total
ENVIRONMENT SERVICES (Cont'd)								
	Local Enterprise Partnership (LEP)	Assurance provided by lead authority						
	Markets	Fieldwork						
RESOURCES								
9	ICT Software Inventory	As per agreed Audit Plan	Significant	0	0	0	1	1
13	Insurance	As per agreed Audit Plan	Full/ Limited	0	1	1	0	2
15	Contract Completion	As per agreed Audit Plan	Significant	0	3	9	0	12
19	ICT Work Plan	As per agreed Audit Plan	Significant	0	0	0	0	0
26	Safeguarding	As per agreed Audit Plan	Significant	0	1	3	0	4
	Procurement Strategy	Fieldwork						
	Grants & External Funding	Started February 2012						

APPENDIX B**PERFORMANCE INDICATORS 2011 / 2012**

	Annual Target	Actual	Comments
Achieve the Audit Plan for the Authority and continue to ensure effective working arrangements with the Council's External Auditors			
Complete 95% of the original Internal Audit plan	95	68	Other activities undertaken e.g. investigations.
Complete 100% of the audits identified as 'critical' on the Internal Audit Plan	100	77	Delayed works due to reprioritisation as a result of department restructures etc.
Regular liaison with External Audit to ensure co-ordination of audit work and avoid duplication	Yes	Yes	Quarterly meetings held.
Communicate regularly with Senior Management detailing progress with the audit plan and any key areas of concern	Yes	Yes	Half yearly liaison with Directors/HoS. Fortnightly updates to Director of Resources through 1:1 process
Explore the options for the provision of a shared Internal Audit service			
Examine the feasibility and costings for providing a shared Internal Audit service with other authorities with a view to achieving cost savings for the authority			Complete. Shared service arrangements with Peterborough City Council in place.
Customers Opinion			
Average rating Post Audit Questionnaire rating	8.0	8.6	Maximum rating is 10
Organisational Development			
Working days lost to sickness per FTE	No local target	3.6	No target set locally, however corporate target is 7.7 days.

CAMBRIDGE CITY COUNCIL

REPORT OF: Director of Resources

TO: Civic Affairs Committee

27/06/12

WARDS: All

ASSURANCE FRAMEWORK AND DRAFT ANNUAL GOVERNANCE STATEMENT

1 INTRODUCTION

- 1.1 The preparation of an Annual Governance Statement (AGS) is necessary to meet the statutory requirements as set out in Regulation 4(3) of the Accounts and Audit (England) Regulations 2011. The AGS covers the Council's governance arrangements for the 2011-12 reporting year and is published as part of the Statement of Accounts.
- 1.2 This report includes the draft AGS and incorporated AGS action plan (presented in **Appendix A**) for the Members of Civic Affairs Committee to review, challenge and advise the Leader and Chief Executive upon accordingly.
- 1.3 This report also identifies progress with the 2010/11 AGS action plan and presents the necessary recommendations for Member approval that will allow the Council as a whole to ensure that the AGS is produced in accordance with CIPFA guidance and therefore meet External Audit requirements.

2 RECOMMENDATIONS

- 2.1 That Members of Civic Affairs Committee:
 - note the arrangements for compiling, reporting on and signing the AGS.
 - critically review the draft AGS and incorporated action plan (**Appendix A**) having regard to the Head of Internal Audit Annual Opinion (earlier on this agenda); and
 - advise the Leader of the Council and Chief Executive on any issues arising from the draft AGS and action plan.

3 BACKGROUND

Scope of the AGS

3.1 Internal control and risk management are recognised as important elements of good corporate governance. The scope of governance, as covered in the AGS, spans the whole range of the Council's activities and includes those designed to ensure that:

- The Council's policies are implemented in practice;
- High quality services are delivered efficiently and effectively;
- The Council's values and ethical standards are met;
- Laws and regulations are complied with;
- Required processes are adhered to;
- Its financial statements and other published information are accurate and reliable; and
- Human, financial and other resources are managed efficiently and effectively.

Arrangements for Compiling the AGS

3.2 CIPFA, in conjunction with SOLACE, have produced a framework for delivering good governance in local government. Since 2003/04, responsibility for preparing the AGS rested with Internal Audit and this was performed working to the CIPFA/SOLACE framework.

3.3 In December 2010, CIPFA issued its statement on 'The Role of the Head of Internal Audit in Local Government', which states that the Head of Internal Audit should 'set out the framework of assurance that supports the Annual Governance Statement and identify Internal Audit's role within it', but 'should not be responsible for preparing the report.' An action was therefore included in last year's AGS for the Strategic Leadership Team to review responsibility and arrangements for compiling the AGS report. As an interim measure, the preparation of the AGS has been completed by the Head of Corporate Strategy in conjunction with the Principal Auditor. The Director of Resources will review the arrangements and responsibility for undertaking this key task in future years.

3.4 Assurances from the work of the Internal Audit team relating to 2011/2012 have been reviewed and although a number of key issues have been identified from their work, and actions agreed to resolve them, these are not considered weaknesses in governance arrangements.

3.5 One of the key messages coming out of the CIPFA/SOLACE guidance is that good governance relates to the whole organisation and there should be corporate ownership of the AGS and governance arrangements.

Arrangements for reporting on and signing off the AGS

- 3.6 The draft AGS and Action Plan is being presented to the Members of this Committee for them to review and advise the Leader and Chief Executive upon, prior to it being signed off by the Leader and the Chief Executive.
- 3.7 Members are asked to consider the HIA Annual Opinion, which is presented earlier on this agenda, in their review of the AGS.

4. Progress with the 2010-11 AGS Action Plan

- 4.1 Six of the eight actions included in last year's AGS action plan have been completed, as follows:

Performance Management Framework - The approach to portfolio and operational planning was agreed ahead of the target date and portfolio plans agreed at scrutiny committees in January 2012. Performance against plans was reported to Executive Councillors at the mid-year stage and in the annual report at end-year stage. This is intended to be repeated for 2012-13.

Corporate Improvement Plan - The continued need for a Corporate Improvement Plan was considered by Strategic Leadership Team and it was agreed that there was no longer a need for such a plan in 2011/12. Actions to address performance concerns identified through internal performance indicator reporting were discussed at Strategic Leadership Team and managed within departments.

Risk Management - Risk workshops have been undertaken for all services across the Council during 2011. A new risk register has been procured and populated with the new risks identified at the workshops. Training for the new risk register is currently being rolled out across the Council. There is now a need to embed the new risk management framework across the Council and to agree a new Risk Management Strategy. This is included as an action in the 2011-12 AGS action plan.

Service Continuity Planning – The new template is now being used by services for their service continuity plans.

Partnership Governance - An internal audit review of the risks and governance arrangements for the Council's smaller partnership arrangements was undertaken and a significant assurance rating given.

Management of Major Projects - A range of projects was reviewed by Internal Audit during 2011-12 including: HRA Self-Financing; Brandon Court, IDOX Implementation; Streets & Open Spaces and Responsive Repairs Improvement Plan Projects. Assurance ratings for these audit reviews ranged from Limited to Full. In addition, Internal Audit advice and support was provided to the Mercury Abatement and Planned Maintenance Projects.

- 4.2 Progress has been made with developing the Council's project management guidance. This work is ongoing and forms part of the 'Bureaucracy Busting' element of the Corporate Change Programme. An action to complete this is included in this year's AGS Action Plan.
- 4.3 **Appendix A** to this report details the action plan to address significant governance issues for the 2011/12 AGS.

5 CONSULTATIONS

- 5.1 Key officers have been consulted in compiling the 2011-12 AGS and Action Plan. The draft AGS and Action Plan have been shared with the Council's External Auditors.

6 CONCLUSION

- 6.1 The draft AGS sets out the governance framework for the City Council and identifies a number of issues where action is planned to improve the level of governance.

7 IMPLICATIONS

- (a) **Financial Implications**
None
- (b) **Staffing Implications**
None
- (c) **Equal Opportunities Implications**
None
- (d) **Environmental Implications**
None
- (e) **Community Safety Implications**
None

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

- Delivering Good Governance in Local Government – The Framework and Guidance Note for English Authorities – CIPFA/SOLACE.

- The Annual Governance Statement: Meeting the Requirements of the Accounts and Audit Regulations 2003, Incorporating Accounts and Audit (Amendment) (England) Regulations 2006
- The CIPFA Finance Advisory Network – A Rough Guide for Practitioners 2007/08.
- Application Note to Delivering Good Governance in Local Government – a Framework – CIPFA/SOLACE – March 2010
- Accounts and Audit (England) Regulations 2011

To inspect these documents contact Bridget Bishop on extension 8182.

The author and contact officer for queries on the report is Andrew Limb, Head of Corporate Strategy, on extension 7004.

Annual Governance Statement

Scope of Responsibility

Cambridge City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Cambridge City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Cambridge City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Cambridge City Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the Code is on our website at www.cambridge.gov.uk or can be obtained from the Chief Executive, The Guildhall, Cambridge. This statement explains how Cambridge City Council has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which Cambridge City Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Cambridge City Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Cambridge City Council for the year ended 31 March 2012 and up to the date of approval of the annual report and statement of accounts.

Appendix A

The Governance Framework

The key elements of the systems and processes that comprise the authority's governance arrangements include:

- The Council's Objectives, which focus the Council's efforts in achieving the vision for Cambridge.
- The Annual Statement, which reiterates the vision and sets out a range of activities the Council will undertake in the year ahead to achieve the vision, and its core underpinning values.
- The Annual Report, which contains information on financial performance and achievement of business objectives as articulated in the portfolio plans.

- The annual budget and service planning process which translates the Council's Objectives into actions at portfolio and operational level.
- The Council's Medium Term Financial Strategy, which identifies how the Council will resource its aspirations and plans for any financial risks.
- A Budget Setting Report, which sets out overall spending plans and includes a Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy Statement.
- The arrangements for regular budget monitoring and reporting of significant variances to senior management.
- An independent Internal Audit function with a risk-based audit plan.
- An annual opinion of the Head of Internal Audit on the authority's internal control environment and risk management framework.

- The Council's Constitution, which sets out the decision-making process, the terms of reference for each committee and the roles and responsibilities of Members and officers.
- The Member/Officer protocol, which aids effective communication between officers and Members and clarifies their respective roles and responsibilities.

- Codes of Conduct for Members and officers, which have been formally approved, are reviewed regularly and available to all Members and staff.
- The Council's Standards Committee, which promotes and maintains high standards of conduct by Members.
- The Council's Prevention of Fraud and Corruption Policy which is in place and reviewed annually by the Council's Standards Committee.
- A Register of Interests which is maintained and reviewed regularly.
- Responsibilities of Civic Affairs Committee, which include 'overall responsibility for the Council's compliance with laws and regulations'.

- Financial Regulations and Financial Procedure Rules which provide a framework for managing the Council's financial affairs and set out the financial accountabilities and responsibilities for Members and officers.
- A corporate Risk Management Framework, which includes a Risk Management Strategy approved by Members and a comprehensive risk register identifying the key controls and actions required to manage the Council's principal risks.
- The roles of the Council's Civic Affairs and Standards Committees, which fulfil the core functions of an Audit Committee as identified in CIPFA's 'Audit Committees – Practical Guidance for Local Authorities'.

Appendix A

- The Procurement Policy and Strategy and the Council's Contract Procedure Rules, which set out how the Council will promote effective procurement across the Council.
- The role and functions of the Council's Monitoring Officer, which are set out in the Council's Articles of the Constitution.
- A 'Whistleblowing' Policy, which is in place and available on the Council's intranet.
- The Council's Complaints Procedure, which is available on the Council's website.
- The annual complaints report to Standards Committee, which analyses trends in complaints against the Council and what has been done to address them.
- Member Induction training and a guide for new Members, together with ongoing training for Members on key skills and more in-depth explanations of issues concerning the Council.
- The Council's Performance Review process which is undertaken annually across the Council for all staff.
- The Council's Competency Framework, which is in place for all staff and managers.
- The Council's People Strategy, which sets out how the Council will recruit, reward and develop its staff to reach their full potential.
- The Citizens' Survey, which is undertaken every two years to gauge the public's perception of Council services, our spending priorities, communication with us and feelings of safety.
- The Code of Corporate Governance, which sets out the ways in which the Council ensures that its business is conducted in accordance with law and proper standards and that public money is safeguarded and properly accounted for.
- A framework to guide the Council's engagement with external partnerships that will ensure the Council's partnerships are accountable and effective.
- A Code of Best Practice on Consultation and Community Engagement, adopted by the Council which sets out the Council's approach to consultation.
- Internal quarterly performance reporting against key performance indicators for each service, prepared for and presented to the strategic leadership team to consider necessary remedial action.

The financial management arrangements at Cambridge City Council conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Appendix A

Review of Effectiveness

Cambridge City Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Directors and Heads of Service within Cambridge City Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual opinion, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council's Constitution details Directors' responsibilities for the maintenance of controls within their departments. The system of internal control is subject to regular review by Internal Audit. The work of the service is targeted using assessments of potential risk, with the allocation of audit resources controlled through an annual risk-based operational plan, which is agreed, annually, by the Council's Civic Affairs Committee. Members are kept informed of the work of Internal Audit through a dedicated Members' Internal Audit web-page, which publishes copies of the Executive Summaries of Audit reports.

The Director of Resources is the Authority's Chief Financial Officer and is responsible for the proper administration of the authority's financial affairs. The Director of Resources reports directly to the Chief Executive and is a member of the Strategic Leadership Team.

Individual Internal Audit reports are issued directly to the relevant Director, the Director of Resources, the Leader of the Council and the relevant Executive Councillor. Executive Summaries of Internal Audit reports are circulated to the Chief Executive and the Council's Monitoring Officer to ensure that they are informed of potential areas of non-compliance with legislation. Each audit report contains an independent assurance opinion on the adequacy and effectiveness of the internal controls in place to mitigate risks. Management actions agreed in Internal Audit reports are entered into to the Council's Risk Register and progress on their implementation is monitored. Management of the Internal Audit function conforms with the principles contained in CIPFA's Statement on the Role of the Head of Internal Audit in Local Government.

In addition to these arrangements the Council receives and responds to reports from other review and assurance mechanisms and these have been collated centrally and reviewed as part of the Annual Governance Statement process.

The Council's Standards Committee has been responsible for advising on and monitoring the Members Code of Conduct and for advising the Council on the ethical aspects of the corporate governance framework. This arrangement is being reviewed in the light of changes proposed in the Localism Act.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Civic Affairs Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Appendix A

Action Plan to Address Significant Governance Issues 2011-12

	Issue	Action	Target Date	Officer Responsible
1	Last year's AGS action to review the Council's risk management arrangements was completed with the facilitation of risk workshops for all service areas across the Council and the procurement of a new risk register which has been populated with the new risks identified at the workshops. There is now a need to embed the new risk management process and update the Council's Risk Management Strategy.	Embed the new risk management framework by: <ul style="list-style-type: none"> • Appointing a new (part-time) Risk Management Officer to monitor the Council's risk register and to ensure that risks are reviewed regularly by management. • Providing twice yearly reports to Strategic Leadership Team on the Council's risks and risk appetite. • Reviewing and agreeing the Council's Risk Management Strategy through Civic Affairs Committee. 	December 2012	Support Services Manager/ Principal Auditor
2	The review of the Council's Project Management Guidelines is being undertaken as part of the 'Bureaucracy Busting' element of the Corporate Change Programme.	Complete the review of the project management guidelines and roll out across the Council.	December 2012	Corporate Project Officer/ Head of Internal Audit

Appendix A

3	The Localism Act gives councils the opportunity to review their decision making arrangements and opt for alternative arrangements.	Review decision making arrangements to test whether there would be advantages for Cambridge City Council in adopting alternatives made possible by the Localism Act.	April 2013	Head of Corporate Strategy/Head of Legal Services
4	<p>The Bribery Act 2010 came into effect on 1st July 2011. This new legislation updated existing laws on bribery offences. In order to ensure that the Council has regard to the principles of the Act in the conduct of its activities:</p> <ul style="list-style-type: none"> • staff have been reminded of the Council's own policy on the acceptance of gifts and hospitality as set out in the Employee Code of Conduct. • It was agreed that the Prevention of Fraud and Corruption Policy will be updated to provide an overview of the new Act. 	<p>Update the Prevention of Fraud and Corruption Policy to provide an overview of the new Act and its implications for the City Council.</p> <p>Undertake an Internal Audit review of gifts and hospitality across the Council to ensure that the Code of Conduct is being adhered to and that there is proper understanding of the requirements of the Code.</p>	December 2012	Head of Internal Audit

Appendix A

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

.....
Councillor Tim Bick
Leader of the Council

Date: 2012

.....
Antoinette Jackson
Chief Executive

Date: 2012

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CAMBRIDGE CITY COUNCIL

REPORT OF: Head of Legal Services/ Monitoring Officer

TO: Civic Affairs Committee 27/6/2012

WARDS: None directly affected

CODE OF CORPORATE GOVERNANCE 2012

1. INTRODUCTION

- 1.1 The Council's Code of Corporate Governance is the system by which the authority directs and controls its functions and relates to its communities. It is reviewed annually.

2. RECOMMENDATIONS

- 2.1 That the Council approves the Code of Corporate Governance at Full Council on 19th July.

3. BACKGROUND

- 3.1 The Council adopted a Code of Corporate Governance on 25 April 2002. It has been reviewed annually since then.
- 3.2 There are no significant changes to the Code this year. The Code has been revised to ensure that references to supporting plans, policies and procedures are up to date.
- 3.3 The format of the Code is perhaps a little tired. If resources permit, there would be merit in examining how it can be made a more interesting and useful document, and in considering links between the Code and the Annual Governance Statement.

4. CONSULTATIONS

4.1 Officers from Finance, Legal, HR and Corporate Strategy were consulted on changes to the Code as part of the review.

5.1 IMPLICATIONS

(a) **Financial Implications**

There are no financial implications to this report.

(b) **Staffing Implications**

There are no staffing implications to this report.

(c) **Equal Opportunities Implications**

There are no equal opportunities implications to this report.

(d) **Environmental Implications**

There are no environmental implications to this report.

(e) **Community Safety**

There are no community safety implications to this report.

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

*Report to Civic Affairs Committee, June 2011,
Code of Corporate Governance 2011*

To inspect these documents contact Simon Pugh on extension 7401.

The author and contact officer for queries on the report is Simon Pugh on extension 7401.

Date originated: 19 June 2012

Date of last revision: 19 June 2012

Cambridge City Council - Code of Corporate Governance 2012-13

Review Date: June 2012

A Council's Code of Corporate Governance is

“ the system by which local authorities direct and control their functions and relate to their communities”

Guidance from CIPFA and SOLACE suggests each local authority should have a Code of Corporate Governance based on 6 principles:

- 1 Focusing on the purposes of the authority; on outcomes for the community; and creating and implementing a vision for the local area.
2. Members and Officers working together to achieve common purposes with clearly defined functions and roles.
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management.
5. Developing the capacity and capability of Members and Officers to be effective.

6. Engaging with local people and other stakeholders to ensure robust public accountability.

The Council adopted a Code of Corporate Governance on 25 April 2002. It has been reviewed annually since then. This is the 2012 review, which has been amended to reflect changes arising as a result of the Government's new national performance framework. The Council's Civic Affairs Committee will be asked to consider the revised Code and to recommend it to full Council for adoption.

This Code takes each of the principles of good governance in turn and sets out the systems, processes and principles the Council has put in place to ensure good corporate governance.

The Code will be reviewed annually through the Annual Governance statement process, which will identify the actions to be taken to enhance the code or address any limitations with in it.

Simon Pugh
Head of Legal Services and Monitoring Officer

13 June 2012

1 Focusing on the purpose of the authority; on outcomes for the community; creating and implementing a vision for the local area

		Supporting Evidence
1.1	<p>The Council will have a clear vision for the City and set objectives to guide the Council's activities.</p> <p>It will review those objectives each year, through the Annual Statement agreed at the Annual Council meeting.</p>	<p>Vision and Objectives</p> <p>Annual Statement</p>
1.2	<p>The Council will agree with partners a business plan for the Local Enterprise Partnership, and contribute to the agreement of priorities for the shadow Health & Wellbeing Board and other relevant countywide partnerships.</p>	<p>Local Enterprise Partnership Business Plan</p> <p>Shadow Health and Wellbeing Strategy</p>
1.3	<p>The Council will have a Medium Term Financial Strategy to resource the Council's aspirations and to assess and plan for any financial risks. The strategy will be reviewed annually.</p>	<p>Medium Term Strategy</p>
1.4	<p>The Council will put service to the public first. The annual portfolio planning process will be used to agree the priorities for each area of Executive Councillor responsibility. The Plans express the strategic objectives for the portfolio over the financial year 2012/13 and beyond.</p>	<p>Portfolio Plans</p> <p>Agenda for Scrutiny Committees January</p>

2 Members and Officers working together to achieve common purposes with clearly defined functions and roles

		Supporting Evidence
2.1	<p>The Council will set out a clear statement of the roles and responsibilities of Executive Members, other Members and Council Officers in its Constitution.</p> <p>The scheme of delegation within the Constitution will make clear what matters are reserved for collective decision-making by full Council.</p>	<p>Constitution</p> <p>Member/Officer Protocol</p>
2.2	<p>A Member/Officer protocol will be used to aid effective communication between Officers and Members and to clarify their respective roles and appropriate ways of working.</p>	
2.3	<p>The Council's Chief Executive will be its Head of Paid Service responsible and accountable to the authority for its operational management.</p> <p>The Director of Resources will be the Council's Chief Financial Officer and S151 Officer, responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.</p> <p>The Head of Legal Services will be the Council's Monitoring Officer,</p>	<p>Constitution</p> <p>Job Descriptions</p> <p>Schedule on the Role of the Chief Financial Officer</p>

	responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.	
2.4	The Council will ensure that these Statutory Officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.	Portfolio Plans Performance Reviews Professional Qualifications and training
2.5	The Council's Civic Affairs Committee will be responsible for constitutional issues and will ensure that the constitution is monitored and updated when required.	Terms of Reference of Civic Affairs Committee
2.6	The Council will use an Independent Remuneration Panel to give advice on payments for Members and consider their advice when setting the Members' Allowance Scheme. The Panel will operate in an open and transparent manner, making their agendas, reports and minutes available to the public. The Members' Allowance Scheme will also be made available to the public and on the Council's website and the scheme will be reviewed annually.	Independent Remuneration Panel Terms of Reference Independent Remuneration Panel agendas, reports and minutes Members' Allowance Scheme
2.7	When working in partnerships the Council will ensure that Members are	Partnership Terms of

	<p>clear about their roles and responsibilities, both individually and collectively, in relation to the partnerships and to the Council.</p> <p>It will also ensure that there is clarity about the legal status of each partnership and that all representatives in the partnership have clarity about their powers to bind their own organisation to partnership decisions.</p> <p>The Council will operate in accordance with principles of partnership working agreed with our key partner organisations.</p>	<p>Reference Principles of Partnership Working</p>
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3 Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

		Supporting Evidence
3.1	<p>The Council will expect the authority's leadership – both Members and Officers - to create a climate of openness, support and respect and to uphold the Council's values as expressed in the Council's Medium Term Strategy document.</p> <p>The standards of conduct and personal behaviour expected of Members and staff will be set out in the Officer Code of Conduct, the Member Code of Conduct and in the Member/ Officer protocol. An up-to-date register of Member and Officer Senior Officer Interests will be maintained.</p>	<p>Constitution</p> <p>Confidential Whistleblowing Policy</p> <p>Annual Complaints Report</p> <p>Prevention of Fraud and Corruption Policy</p>
3.2	<p>The Council will adopt a Code of Conduct for Councillors and will put in place procedures for considering complaints. The Council will also appoint one or more “independent persons” to support this, in accordance with the requirements of the Localism Act, 2011.</p> <p>It will maintain a Confidential Reporting (Whistleblowing) policy to enable confidential reporting of suspected breaches of the code or unethical behaviour and will report on how the policy is used through the Annual Complaints Report.</p>	<p>Competency Framework</p> <p>Grievance and Disciplinary Procedures</p>

	It will also maintain a Prevention of Fraud and Corruption Policy and both policies will be reviewed regularly by the Civic Affairs Committee.	
3.3	The behaviour expected of staff and managers will be set out in the Council's competency framework and this will be used as the basis for staff performance appraisal.	Competency Framework Grievance and Disciplinary Procedures
3.4	The Council's standing orders and financial regulations will put in place processes designed to ensure that Members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.	Constitution
3.5	The Council will ensure all partnerships with which it is engaged have a set of values or criteria against which decision-making and actions can be judged. It will work with those partnerships to ensure they are open and accountable and have clear governance structures in place.	Partnership Terms of Reference Principles of Partnership Working

4 Taking informed and transparent decisions which are subject to effective scrutiny and risk management.

		Supporting Evidence
4.1	The Council will operate within the legal framework for local councils complying with its statutory duties and making the most of its powers to meet the needs of the City and its residents.	Core Competencies for managers Managers' Job Descriptions Role of Monitoring Officer
4.2	The Council will hold its meetings, and those of its committees and working groups, in public unless there are good reasons for confidentiality. The public will be allowed to ask questions at all Council and committee meetings.	Committee Agendas Constitution
4.3	The Council will make sure members of the public have access to information about the workings of the Council. It will make clear what information is routinely published through its Freedom of Information Publication scheme and will respond promptly to requests for information. The Council will publish on its website all responses to Freedom of Information requests.	Publication Scheme Freedom of Information requests monitoring reports Council Website

4.4	<p>The Council will respect the personal data of its citizens, employees, suppliers and others the Council may communicate with in line with the principles of the Data Protection legislation and will make this clear in its own Data Protection Policy. The Council will respect the privacy of members of the public when carrying out investigations and will ensure that privacy is only interfered with when the law permits and there is clear public interest justification.</p>	<p>Data Protection Policy Regulation of Investigatory Powers Act 2000 – Procedure guidance</p>
4.5	<p>The Council will record the deliberation of scrutiny committees and the reasons for Executive and Regulatory decisions and make agenda papers and minutes available on the Council’s website. The Council will also record and publish on the website written questions asked at Council meetings and their answers, and oral questions and answers where these are available.</p>	<p>Agendas and Minutes of Committees Council website</p>
4.6	<p>Officers will use standard report templates for committee and executive reports to help ensure that readers are provided with information that is accurate, complete and unbiased. Reports will make clear the options available so that the implications of all decisions and strategic risks can be assessed before those decisions are made.</p>	<p>Standard committee report templates</p>
4.7	<p>The Council will actively consider the environmental impact of the Council’s decisions before those decisions are made.</p>	<p>Environmental Assessment Tool for Council Policies Plans and Projects</p>

		Environmental Action Programme Committee reports
4.8	<p>The Council will develop and maintain an effective Scrutiny process to encourage constructive challenge and enhance the Council's performance.</p> <p>It will also have clear protocols about Members' access to information and officer advice to enable them to perform their roles.</p>	Terms of Reference of Scrutiny Committees Protocol
4.9	<p>The Council will have a network of Area Committees to ensure neighbourhood issues are considered in the Council's decision-making processes.</p>	Area Committee terms of reference
4.10	<p>The Council will have a Joint Development Control Committee with the County Council and South Cambridgeshire District Council for decisions affecting growth sites bordering the City and South Cambridgeshire.</p>	Terms of reference of Joint Development Control Committee
4.11	<p>The Council will have a clear and publicised complaints system, including the appointment of an independent complaints investigator, so that members of the public can express dissatisfaction with Council services and their concerns can be monitored and addressed.</p> <p>It will publish an Annual Complaints report analysing trends in complaints against the Council and what has been done to address</p>	Complaints leaflet On-line complaints form Annual Complaints report

	them.	
4.12	The Council's Civic Affairs Committee will fulfil the core functions of an Audit Committee.	Terms of Reference of the Committee
4.13	<p>The Council will maintain an independent Internal Audit function, with a risk-based annual audit plan, designed to test regularly that the Council's policies and processes operate in practice and that the Council complies with legislation and good practice.</p> <p>The Head of Internal Audit will produce an annual opinion on the Council's internal control environment to meet the requirements of the Code of Practice for Internal Audit in Local Government in the UK, 2006. The Head of Internal Audit Opinion will be used to inform an Annual Governance Statement and this will be signed off by the Chief Executive and Leader of the Council.</p>	<p>Annual Audit Plan</p> <p>Head of Internal Audit Opinion</p> <p>Annual Governance Statement</p>
4.14	<p>The Council will also agree an annual work plan with its External Auditors to test the Council's response to major legislation and the soundness of its financial and governance processes.</p> <p>Recommendations arising from internal and external audit and inspection processes will be used to inform future decision-making.</p>	<p>Terms of Reference of Civic Affairs Committee</p> <p>Risk Register</p> <p>Annual Audit letter</p>
4.15	The Council will ensure that risk management is embedded into the culture of the authority, with managers at all levels recognising that risk	Risk Management Strategy

	<p>management is part of their job.</p> <p>It will have a Risk Management Strategy, supplemented by procedures and guidance.</p>	Procedures and guidance on the Council's Intranet
4.16	<p>The Council will undertake systematic risk assessments in all areas of Council activity, including those covered by Health and Safety legislation.</p> <p>It will maintain a corporate risk register detailing the Council's strategic and service risks and review this regularly.</p>	<p>Risk Assessments</p> <p>Risk Register</p>
4.17	<p>The Council will ensure that risk assessment is incorporated into the Council's decision making and Members are advised of the Council's risk profile at key stages.</p>	Risk Management Strategy and Guidance

5 Developing the capacity and capability of Members and Officers to be effective

		Supporting Evidence
5.1	The Council will seek to maintain its Investors in People accreditation.	IIP Accreditation
5.2	<p>The Council's People Strategy will set out how the Council will recruit, reward and develop its staff to reach their full potential.</p> <p>Staff joining the Council will be offered an induction programme and their training and development needs will be reviewed regularly through the Council's annual performance review process, which applies to all staff.</p>	<p>People Strategy</p> <p>Council Induction Programme</p> <p>Performance Review process</p>
5.3	<p>The Council will have up-to-date job descriptions. It will set and monitor clear objectives for Officers through the annual performance review process.</p> <p>It will agree appropriate remuneration for officers based on an agreed framework of national and local agreements which include job evaluation.</p>	<p>Job Descriptions</p> <p>Performance Review process</p> <p>Competency Framework</p>
5.4	The Council will offer all new Members an induction programme and the opportunity to develop, with the Member Training Champions, a tailored	Member Induction Programme

	<p>personal development plan to meet their needs. The Council will also provide resources for training, attending conferences/seminars and briefings in-house for all elected Members. It will keep a register of the training received by Members and will involve the Member Training Champions in reviewing training needs and the resources available during the year.</p>	
5.5	<p>The Council will encourage and facilitate Members to have appropriate training or briefing before performing certain roles (e.g. dealing with staff recruitment or disciplinary issues, being a member of the Planning or Licensing Committees).</p>	
5.6	<p>The Council will seek expertise from outside the authority when it does not have the necessary skills in-house, making use of peer reviews and other mechanisms for ensuring challenge of Council services.</p>	
5.7	<p>The Council will seek to encourage engagement in its work through a variety of means including through area committees, public representatives on the Equalities Panel and Standards Committees and Tenant Representatives on the Housing Management Board.</p> <p>It will also put resources into outreach work through its community development services and support to tenant and leaseholder representatives.</p>	<p>Membership and Terms of Reference of these bodies</p> <p>Public Questions and petitions</p>

6 Engaging with local people and other stakeholders to ensure robust public accountability

		Supporting Evidence
6.1	<p>The Council will ensure that the authority as a whole is open and accessible to the community, service users and its staff.</p> <p>It will promote the role of Councillors and make the public know who the Councillors are, what roles they have on the Council and how to contact them.</p> <p>It will treat everyone fairly and strive to treat all as rational people able to make up their own minds.</p> <p>It will also strive to provide services on the basis of need rather than ability to pay.</p>	<p>Citizen Survey results</p> <p>Public Question Time and Petition procedures</p> <p>Council Website</p> <p>Cambridge Matters</p> <p>Annual Statement</p> <p>Charging policies for services</p>
6.2	<p>The Council will make clear through its website and other Council publications the services that it is responsible for, how people can contact the Council and the service standards they can expect.</p>	<p>Council website</p> <p>Council Tax Leaflet</p> <p>Annual Report</p> <p>Open Door</p> <p>Cambridge Matters</p>
6.3	<p>The Council will undertake surveys of residents to ensure that it has up to date information about their priorities and levels of satisfaction with the Council and its services.</p>	<p>Citizens Surveys</p>

6.4	<p>The Council's consultation programme will ensure that the Council proactively seeks the views of a wide range of people and engages with all sections of the community effectively.</p> <p>This will be achieved through a mix of corporate consultation initiatives with more targeted consultation on service specific issues led by relevant departments.</p>	<p>Consultation reports Statement of Community Involvement Code of Best Practice on Consultation and Community Engagement</p>
6.5	<p>The Council will seek to ensure all views are actively considered when making decisions, recognising that it is not always possible to reconcile conflicting viewpoints.</p> <p>The Council will ensure it makes feedback available to consultees on the outcomes of consultation, what has changed as a result and explaining why it has made the decisions it has.</p>	<p>Consultation pages on website Council Publications Code of Best Practice on Consultation and Community Engagement</p>
6.6	<p>The Council will undertake Equality Impact Assessments of all major Council decisions and take action to implement changes required, to ensure that council services and policies consider the diverse needs of its service users and citizens.</p> <p>It has a Single Equalities Scheme covering race, disability, gender age, sexual orientation and religion or belief and an Action Plan will be reviewed annually.</p> <p>It will also use "Mapping Poverty" research data, or other relevant data,</p>	<p>Examples of Equality Impact Assessments Annual Review of Equalities Single Equality Scheme Comprehensive Equalities Action Plan</p>

	to inform decisions about relative deprivation in the City.	Mapping Poverty report
6.7	The Council's Equalities Panel (which has staff, member and public representatives) will help the Council evaluate its success in promoting diversity and meeting a broad range of needs.	Terms of Reference and agendas of meetings
6.8	The Council will enter into compacts with Tenants and the Voluntary Sector agreeing ways of working with these two stakeholder groups. The Compacts will be reviewed on a regular basis.	Compact documents
6.9	The Council will set out in its collective agreements, employment policies and procedures, and terms of reference for forums and meetings involving trade unions, and how it will consult with staff and Trade Unions.	Collective Agreements Employment policies and procedures Trade Union Facilities Agreement
6.10	Members will meet with the Trade Unions in a Joint Staff/ Employer Forum. Each council department will have departmental staff forums and there will be a monthly Joint Trade Unions Group meeting.	Joints Staff /Employer Forum Terms of Reference and Agendas/Joint Trade Unions Group Agendas and Minutes Trade Union Facilities Agreement

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CAMBRIDGE CITY COUNCIL

REPORT OF: Director of Resources
TO: Civic Affairs Committee 27/6/2012
WARDS: None directly affected

ANNUAL REPORT AND STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

1. INTRODUCTION

- 1.1. The Audit and Accounts Regulations govern the preparation, approval and publication of local authority accounts. There is a requirement for the Director of Resources to approve draft accounts by the 30 June in each year, and the audited accounts have to be approved by resolution of a committee of the Council (or the full Council) by 30 September. Under the Council's Constitution, this responsibility rests with the Civic Affairs Committee.
- 1.2. Although Civic Affairs are not required to formally approve the draft accounts by 30 June the Committee has previously agreed that they should be presented for review at this stage and that the accounting policies applied in their preparation are approved.
- 1.3. Changes to the accounts as a consequence of new or amended guidance on local authority accounting are highlighted.
- 1.4. Significant items of note in the 2011/12 accounts are also highlighted together with explanations of the differences in presentation between final outturn reporting to Scrutiny Committees (based on service portfolios) and the formal statement of accounts.

In light of the scope and content of the draft accounts, if Members require detailed answers to specific questions it is requested wherever possible that these are notified to the Head of Accounting Services 2 working days prior to the meeting so that a full answer can be given.

2. RECOMMENDATIONS

- 2.1. That the contents of the draft Statement of Accounts presented at Appendix 1 be noted and that the accounting policies on which they are prepared be approved.

3. BACKGROUND

- 3.1. The Civic Affairs Committee has responsibility for corporate governance issues including audit and regulatory financial matters. The CIPFA publication *Audit Committees: Practical Guidance for Local Authorities* states that the review of the financial statements should focus on:

- The suitability of accounting policies and treatments
- Any changes in accounting policies and treatments
- Major judgemental areas

- 3.2. In addition the Committee should consider any significant adjustments and material weaknesses in internal control reported by the external auditor after completion of the audit.

- 3.3. The annual accounts of local authorities are prepared in accordance with the Code of Practice on Local Authority Accounting (The Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and on other relevant guidance relating to accounting and reporting standards. The Code, based on International Financial Reporting Standards (IFRS), is highly prescriptive both in terms of the main financial statements and the notes that accompany them.

- 3.4. The requirements and timetable to prepare, audit and publish the accounts are governed by the Accounts and Audit Regulations issued under powers contained in the Local Government Finance Act 1982. The Accounts and Audit Regulations 2011 require the accounts to be approved by the Chief Financial Officer by 30 June, and approved by a committee of the Council (or the full Council) and published by 30 September

- 3.5. .

- 3.6. The timetable for production of the Council's draft accounts was achieved once again this year. The production of accounts under IFRS (introduced in 2010/11) remains a complex task and one that requires significantly greater resources than previously. In addition, there was additional pressure on resources this year as a result in

changes in staffing supporting the closedown process as a consequence of implementation of the Departmental Business and Support Services Review outcomes.

- 3.7. A brief Annual Report, outlining the Council's services and summarising the Council's performance in 2011/12 is being presented alongside the Statement of Accounts. The Annual Report pages presented here are the latest draft, and may be further refined prior to publication in September 2012.

4. AUDIT OF THE ACCOUNTS AND REPORTING ARRANGEMENTS

- 4.1. The audit of the accounts, by the Audit Commission, is due to commence in late June 2012. Should any changes to the draft accounts be required at the conclusion of their work, these will be incorporated into the final version presented for approval and publication in September 2012.

- 4.2. Auditors are expected by the Audit Commission to seek a Letter of Representation from those charged with corporate governance. For the City Council this letter is signed by the Director of Resources (as Responsible Financial Officer) and the Chair of Civic Affairs. The auditors will rely on that letter, as well as the audit work carried out, when issuing their audit certificate. The final wording of the letter for the 2011/12 Statement of Accounts has not yet been agreed with the auditors, but is expected to include assurances that:

- All accounting records and other related information has been made available for the purposes of the audit and that all transactions have been properly reflected and recorded in the accounting records;
- There are no instances of known irregularities that have not been disclosed to the auditors;
- There are no instances of fraud, suspected fraud or allegations of fraud that could have a material effect on the financial statements that have not been disclosed to the auditors;
- There are no instances of non-compliance with laws or regulations and codes of practice, which would have a material effect on the finances or operations of the Council;
- The Council has complied with all aspects of contractual arrangements and with requirements of regulatory authorities where non-compliance could have a material effect on the financial statements;
- There are no material transactions with related parties, other than those which have been disclosed in the accounts;

- There are no significant events after the financial year end, which would require an adjustment to or disclosure in the accounts.

These assurances can be given.

- 4.3. It is anticipated that the audit of the accounts will be concluded in late August. At the meeting of Civic Affairs scheduled for 19 September 2012, Members will receive a formal report of the Audit Opinion, known as the ISA 260 report. This report must be presented even if the Audit Commission has no matters which it wishes to bring to the attention of those charged with governance. Members will then be asked to approve the Statement of Accounts. It is intended that the Letter of Representation will also be signed at that meeting and then the Audit Opinion can be signed in advance of the 30 September statutory deadline for publication.
- 4.4. The 2011/12 audit is the last being undertaken by the Audit Commission and it is therefore planned that Members will receive the external auditors' annual Audit and Inspection Letter by the end of October 2012. The Council's new auditors, Ernst and Young, are expected to be formally appointed in September 2012. Officers will be working closely with the new external auditors to ensure a smooth and efficient transfer.
- 4.5. The accounts and certain other related documents are available for inspection by members of the public for a period of 20 working days starting on 16 July 2012. Notice of the dates and times of availability have been published in the Cambridge Evening News and on the Council's website. In addition, electors (or their representatives) have the right to question the auditors about the accounts and to make certain objections in relation to unlawful items of account, failure to bring a sum into account or a loss or deficiency caused by wilful misconduct. The date set for exercise of these rights is 13 August 2012.
- 4.6. The final Annual Report and Statement of Accounts, including the Audit Opinion, will be published on the Council's website. A summary of the accounts, designed to be easier for the general public to interpret, will also be produced and published on the website. The draft accounts being presented at this meeting will also be made available on the Council's website, appropriately noted as being subject to audit.

5. PRESENTATION OF THE ACCOUNTS

5.1. The presentation of the statement of accounts is quite different to the financial reports presented to Members as part of the budgetary control cycle as the statutory accounts must be presented in line with regulation and accounting standards.

5.2. The main financial statements and notes of significance are summarised below:

- The Movement in Reserves Statement (page 9) allows Members to compare the actual surplus or deficit on the General Fund, and the separate ring-fenced Housing Revenue Account, with the budget.
- Total comprehensive income and expenditure as presented in the Movement in Reserves Statement is taken from the Comprehensive Income and Expenditure Statement (CIES). The analysis of service income and expenditure leading to the 'Cost of Services' totals is presented in line with CIPFA's Service Reporting Code of Practice (SERCOP).
- Items presented between 'Cost of Services' and the 'Surplus or deficit on the provision of services' include payments to the housing receipts capital pool, the surplus or deficit on disposal of assets, income, expenditure and movements in the value of the Council's investment properties and Council Tax and non-specific government grant income. Other comprehensive income and expenditure includes the movements in the revaluation reserve and the gains and losses on the pension scheme as assessed by the scheme actuary.
- Reserves, both General Fund and Housing Revenue Account, are an indication of the resources available to the Council to deliver services in the future. Information on the level of reserves can be found in the Balance Sheet and related notes and in the Movement in Reserves Statement and related notes.
- The Balance Sheet is presented on page 12. The bottom half of the balance sheet summarises the Council's reserves. Not all reserves can be used to deliver services and The Code reflects this by reporting reserves in two groups – 'usable' and 'unusable'. Usable reserves such as the General Fund reserve and earmarked reserves are those where members will be involved in deciding on the levels maintained and their use.

Unusable reserves such as the Capital Adjustment Account and the Revaluation Reserve aren't subject to such member influence.

- The accounts include a segmental reporting note (note 9). The note is based on the Council's own service management structures and reconciles the total performance reported to members, analysed by portfolio, at outturn to the results presented in the statement of accounts.
- The note highlights the total of transactions reflected in the CIES which are not reported to members as part of outturn. These transactions are those entries financed by usable and unusable reserves and which therefore do not impact on the Council's General Fund or Housing Revenue Account reserves (and hence the level of Council Tax or rents).

Examples include:

Transaction	Financed By	Usable / Unusable reserve
Payments to the Housing Receipts Capital pool	Capital Receipts Reserve	Usable
Movements in the value of investment properties	Capital Adjustment Account	Unusable
Movements in the value of property, plant and equipment not covered by previously accumulated gains held for that asset in the Revaluation Reserve	Capital Adjustment Account	Unusable
Revenue Expenditure Funded from Capital Under Statute (eg capital grants to outside bodies)	Capital Adjustment Account	Unusable
Adjustments reflecting the difference between pension contributions paid in the year and the cost of providing pensions as estimated by the Actuary	Pensions Reserve	Unusable

Members are updated on the level of usable reserves, such as the Capital Receipts Reserve and earmarked reserves, as part of the Medium Term Strategy and decisions on their use are made as part of the budget-setting process.

6. CHANGES IN ACCOUNTING POLICY AND NEW DISCLOSURE REQUIREMENTS

- 6.1. The following changes in accounting policies and disclosures, introduced in line with the Code of Practice on Local authority Accounting in the United Kingdom 2011/12 (The Code), are reflected in the statement of accounts:
- 6.2. **Exit Packages (Note 14)** – The Code has introduced a requirement to disclose the number of exit packages agreed (grouped in rising bands of £20,000 up to £100,000), analysed between compulsory redundancies and other departures. The Council is also required to disclose the total cost of packages disclosed in each band. The introduction of this disclosure mirrors existing requirements in central government. This note includes any capitalised pension cost due to be paid by the Council to the Cambridgeshire County Council pension scheme in relation to those aged over 55 at the time of their redundancy.
- 6.3. **Heritage Assets (Note 19)** – under The Code there is now a requirement for the statement of accounts to reflect the value of Heritage Assets. Heritage Assets are assets with historical, artistic, scientific, technological or geophysical or environmental qualities, which are held and maintained principally for their contribution to knowledge and culture. Previously heritage assets were not recognised in the balance sheet, as it was difficult to obtain cost information on them. The Council has recognised a number of items of Civic Regalia as heritage assets using an appropriate valuation method.
- 6.4. **Service Reporting in the Comprehensive Income and Expenditure Statement** – The Service Reporting Code of Practice has subdivided the previous single service line ‘Cultural, Environmental, Regulatory and Planning Services’ into three lines Cultural and Related Services, Environmental and Regulatory Services and Planning Services. Comparative figures for 2010/11 have been restated.

7. SIGNIFICANT ITEMS OF NOTE IN THE 2011/12 ACCOUNTS

Housing Revenue Account

- 7.1. New Housing Revenue Account Self-Financing arrangements were introduced from 1 April 2012. This new financial regime for the

- funding of Council dwellings replaces the old annual subsidy system under which the City Council had to pay a significant amount of its housing rent income to Central Government each year. The new arrangements will give the Council greater certainty and control over the funding of the HRA and will enable additional investment in the stock, including building new homes.
- 7.2. The self-financing arrangements required the Council to make a one-off settlement payment to central government of £213.6 million at the end of March 2012. This payment was financed by a number of fixed-rate maturity loans from the Public Works Loan Board.
 - 7.3. In statutory accounting terms the settlement payment has the status of Revenue Expenditure Funded from Capital Resource under Statute. It is therefore disclosed (on a separate line due to its significance) in the Cost of Services section of the Comprehensive Income and Expenditure Statement and in the HRA Income and Expenditure Account.
 - 7.4. To ensure that the payment has no impact on rents, a corresponding transfer is made from the Capital Adjustment Account to the Movement in Reserves.
 - 7.5. The net income on other HRA services recorded in the Comprehensive Income and Expenditure account is £3.3 million in 2011/12 compared to a net cost of £60.0 million for 2010/11. Revaluation losses of £6.9 million on the value of the housing stock, previously charged to the service, were reversed at 31 March 2012. Together with new revaluation losses of £3.1 million this lead to a net credit of £3.8 million being charged to the CIES. In 2010/11 net revaluation losses of £58.3 million were charged to the CIES.
 - 7.6. To ensure that these HRA valuation changes have no impact on rents, a corresponding transfer is made from the Capital Adjustment Account to the Movement in Reserves.

Non-HRA Valuations

- 7.7. Financing and investment income and expenditure includes a gain of £15.5 million on the fair value of investment properties. Of this gain, £8.4 million relates to the Lion Yard Shopping Centre which our external valuers consider has a higher market value given current economic conditions in which it is more difficult to fund new developments. An additional £5 million of the gain relates to land at Cowley Road which forms part of the Cambridge north eastern fringe

earmarked in the development plan for mixed use employment-led development. Total gains on investment properties were £7.7 million in 2010/11.

- 7.8. As before, to ensure that these valuation gains have no impact on the amount to be financed from Council Tax or rents, a corresponding transfer is made to the Capital Adjustment Account.

Icelandic Bank Deposits

- 7.9. The CIES reflects a net credit in respect of a reversal in impairment of £0.5 million on the Council's investments in Landsbanki Islands hf and Heritable Bank Plc. The Council has reviewed these impairments in line with the latest revision to CIPFA Local Authority Accounting Panel Bulletin 82 issued in June 2012. This bulletin reflects expected recoveries of 88% of claims in Heritable and 100% of claims in respect of Landsbanki.
- 7.10. The Council received £0.7 million from the administrators of Heritable during 2011/12 and £1.6 million in respect of Landsbanki. The estimated recoverable amounts for Heritable and Landsbanki are reflected in long term and short term investments shown in the balance sheet, as outlined in Note 25 to the accounts.

Pensions

- 7.11. The pension liability shown in the balance sheet at 31 March 2011 has increased by £21.0 million. This movement includes £19.6 million of net actuarial losses as reflected in the CIES and Movement in Reserves. This is due to poor asset returns and a fall in the real discount rate used to estimate liabilities. There were actuarial gains of £28.0 million reported in 2010/11.
- 7.12. Non-distributed pension costs of £161,000 are recorded in cost of services in 2011/12. The significant net credit of £22.7 million for 2010/11 included an amount of £23.5 million as a consequence of the June 2010 budget announcement that from 1 April 2011 public service pensions would be up-rated in line with the Consumer Price Index (CPI) rather than the Retail Prices Index (RPI).

8. IMPLICATIONS

- (a) **Financial Implications** None

- (b) **Staffing Implications** None
- (c) **Equal Opportunities Implications** None
- (d) **Environmental Implications** None
- (e) **Community Safety** None

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

Closure of accounts working papers for the year 2011/12

To inspect these documents contact Charity Main on extension 8152.

The author of this report is Charity Main. The contact officers for queries on the report are Charity Main on extension 8152 or Julia Minns on extension 8134.

Report file:

Date originated: 17 June 2012
Date of last revision: 17 June 2012



ANNUAL REPORT AND STATEMENT OF ACCOUNTS

**FOR THE YEAR ENDING
31 MARCH 2012**

Draft for External Audit

This document is available on our website at www.cambridge.gov.uk

Cambridge City Council
Annual Report & Statement of Accounts
2011/12

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Annual Report 2011/2012

Cambridge City Council provides a wide range of services to people that live in, work in and visit Cambridge.

The services provided by the City Council include:

- ◆ Keeping the streets and public open spaces clean.
- ◆ Emptying refuse and recycling bins.
- ◆ Providing a range of leisure facilities, including swimming pools and community centres, and providing entertainment in the City's parks and at the Corn Exchange.
- ◆ Awarding a wide range of grants to support local organisations and community groups.
- ◆ Offering planning advice, progressing planning applications and making sure that new buildings and alterations are safe.
- ◆ Providing housing advice and support, and working with partners to meet peoples' housing needs.
- ◆ Acting as landlord to over 7,300 council-owned properties.
- ◆ Processing housing benefit and council tax benefit applications.
- ◆ Monitoring and enforcing food and drink hygiene standards, together with the control of pests and disease, noise and air pollution.
- ◆ Licensing food premises, street traders and entertainment venues.
- ◆ Dealing with anti-social behaviour, in partnership with the Police and other agencies.
- ◆ Managing council run car parks.
- ◆ Organising and managing elections and the electoral register.

The City Council serves a population of about 119,800 residents in an almost entirely urban area in an otherwise mainly rural county. Cambridge is a sub-regional centre with high levels of inward travel to work and for shopping and leisure activities, which adds significantly to the day-time population. The Council provides many services that are used by people who live outside of the city as well as residents, which places additional pressure on our resources.

The city is at the centre of a housing growth region, with many new homes planned for sites on the southern and north-west fringes of Cambridge. The provision of good quality affordable and sustainable housing is a priority for the Council and it has set a target for developers of 40% affordable housing to be provided on the larger growth sites. The City Council will be consulting during 2012/13 on a range of issues and options that need to be considered as part of the development of the new Cambridge Local Plan, and which are important for the future planning and development of the city.

What we want to achieve

Cambridge City Council has a clear vision for the future of the city, a vision which is shared with Cambridge citizens and with partner organisations.

Vision Statement

Cambridge - where people matter

- ◆ A city which celebrates its diversity, unites in its priority for the disadvantaged and strives for shared community wellbeing
- ◆ A city whose citizens feel they can influence public decision making and are equally keen to pursue individual and community initiatives
- ◆ A city where people behave with consideration for others and where harm and nuisance are confronted wherever possible without constraining the lives of all

Cambridge - a good place to live, learn and work

- ◆ A city which recognises and meets needs for housing of all kinds – close to jobs and neighbourhood facilities
- ◆ A city which draws inspiration from its iconic historic centre and achieves a sense of place in all of its parts with generous urban open spaces and well-designed buildings
- ◆ A city with a thriving local economy that benefits the whole community and builds on its global pre-eminence in learning and discovery
- ◆ A city where getting around is primarily by public transport, bike and on foot

Cambridge - caring for the planet

- ◆ A city in the forefront of low carbon living and minimising its impact on the environment from waste and pollution.

Priorities

The national economic situation and the government's plans to tackle the national debt will be a challenge for the City Council because over the next few years we will have less money to spend. As we plan for the future our aim will be to:

- ◆ protect services for vulnerable individuals and communities
- ◆ protect the basic services that keep our city looking good and working well
- ◆ make sure that we get right the things we only have one chance to get right – such as planning new communities.

How we will achieve our vision for Cambridge

Portfolio Plans

The Executive is made up of the Leader of the Council and six Executive Councillors. Each Executive Councillor is responsible for a specific group of services, known as a portfolio, and they can make decisions about the services they are responsible for. For 2011/12 Portfolio Plans were prepared for the following portfolios:

- Arts and Recreation
- Community Development and Health
- Customer Services and Resources
- Environmental and Waste Services
- Housing
- Climate Change and Growth, and
- Strategy.

Each Executive Councillor has a plan that sets out how the services they are responsible for will contribute to the achievement of the council's vision for Cambridge.

The following pages outline what we achieved over the past year as a result of the 2011/12 portfolio plans, and what our plans are for 2012/13.

Arts and Recreation Portfolio Plan

During 2011/12 we:

- ◆ Installed a new piece of public art at Logan's Meadow Nature Reserve, which will be followed by further projects such as the Snowy Farr Memorial Artwork and a piece at Mill Road Cemetery in 2012/13.
- ◆ Continued to invest in and make improvements to our open spaces, for example refurbishing the skate park and installing barbeque stones in Jesus Green.
- ◆ Reviewed our leisure grants policy and priorities to focus on improving access to leisure activities, enhancing the City's cultural offer and supporting local neighbourhood and sports activities.
- ◆ Delivered a major refurbishment of the changing facilities and provision for disabled people at Parkside Pools.
- ◆ Engaged and involved local communities in shaping arts and recreation activities. For example consultations were held on the improvements to the Parkside Pool changing facilities, the leisure grants review and the Arts Strategy Action Plan.
- ◆ Implemented a staffing restructure of the Cambridge Corn Exchange and the Arts and Recreation Service to achieve a reduction in the subsidy of these services of £350,000.

Annual Report

Our plans for 2012/13 in the Arts, Sports & Public Places portfolio include:

- ◆ Improving access to arts, sports and public places for all city residents, through the new contract for the management of the Council's leisure facilities, the leisure grants programme and by engaging with groups of people that do not currently use these services.
- ◆ Celebrating the London 2012 Olympic and Paralympic Games, including by hosting the Olympic Torch Relay and Evening Celebration on the 7th of July.
- ◆ Improving the quantity and quality of provision of recycling, litter and dog waste bins on our open spaces.
- ◆ Making improvements to our open spaces, sports, recreation and public art provision through a range of projects funded by developers.
- ◆ Continuing to work with all parties to explore proposals for a community stadium for Cambridge.
- ◆ Identifying ways in which the Council can promote public access to public open space not directly maintained by the City Council.
- ◆ Protecting the environment and tackling the causes and consequences of climate change by establishing a plan and priorities to enhance local environmental quality, biodiversity and sustainability.

Climate Change and Growth Portfolio Plan

During 2011/12 we:

- ◆ Prepared an evidence base for the new Cambridge Local Plan. The final document will set out the planning framework to guide the future development of Cambridge. The plan will aim to protect the character of the city and make provision for housing and jobs, along with all the necessary infrastructure.
- ◆ Granted permission to build the first 1,200 homes on the new developments on the Southern fringe of the city. Work has commenced on site and the new homes will start to be occupied in late 2012.
- ◆ Worked with developers to ensure that all the new developments on the fringe sites allow local communities to achieve high standards of sustainability and minimise their carbon emissions, with all new homes being built at level 4 and above of the Code for Sustainable Homes.
- ◆ Worked with the County Council to ensure that the impact of new developments is mitigated, through the review of area transport plans and the development of new projects and funding bids.
- ◆ Received and determined 10% more planning applications than in the previous year.

Annual Report

Our plans for 2012/13 in the Planning & Sustainable Transport portfolio include:

- ◆ Consulting on a range of issues and options which need to be considered as part of the development of the new Cambridge Local Plan and that are important for the future planning and development of the city.
- ◆ Working with the County Council and South Cambridgeshire District Council on the review of the Local Plan, and other planning matters, to ensure a co-operative and coordinated approach to planning for the Cambridge sub-region.
- ◆ Updating our Planning Enforcement Policy and making enforcement action a higher priority for the Planning Service.
- ◆ Delivering new transport measures to improve facilities for pedestrians, cyclists and public transport users, including in the new developments around the city.
- ◆ Reducing traffic speeds and increasing road safety for all users by establishing new 20mph zones in Cambridge.

Community Development and Health Portfolio Plan

During 2011/12 we:

- ◆ Asked residents living in the North Area of the city what their priorities were for the local area, so that we could use our resources to make improvements that matter to them. Nearly 700 people told us their views, including many young people, and the City Council has made a number of improvements, particularly to the local environment, as a result.
- ◆ Promoted and managed grant funding so that voluntary groups are able to access grant aid and other support to help them build their knowledge, skills and confidence as partners with the City Council sustaining vibrant localities and neighbourhoods.
- ◆ Reviewed the Children and Young People's Participation Service (ChYpPS) so that in the future it focuses on open access play for 9-13 year olds, takes a more entrepreneurial approach, makes the best use of the skills of the staff, uses volunteers to increase capacity and generates income.
- ◆ Supported events and programmes to celebrate diversity, such as Black History Month, Cambridge Celebrates Age, Disability History Month, Inter-Faith Week, Refugee Week, LGBT History Month, Holocaust Memorial Day and International Women's Day.
- ◆ Engaged more actively with black and minority ethnic and other communities who feel vulnerable, to provide them with opportunities to express their concerns and have them addressed.
- ◆ Worked to integrate existing and new communities in the Southern Fringe and North West of Cambridge by establishing forums to communicate with residents and ensuring that all are involved in community activities.

Annual Report

Our plans for 2012/13 include:

- ◆ Providing local residents with more opportunities to influence decisions about their local area by using the learning from the North Area Committee pilot to support area working across the city's other three areas.
- ◆ Reviewing how the City Council's community facilities are managed, taking account of the proposed facilities in the growth sites and the opportunities presented in the Localism Bill.
- ◆ Working with the YMCA and young people to explore different options for providing a new facility for young people in the centre of Cambridge.
- ◆ Continuing to support the integration of new communities with existing residents through the provision of community activities.
- ◆ Working with partners to make significant progress towards delivering new community infrastructure in the North West and Southern fringes of Cambridge, including the Trumpington Meadows Primary School and the new community facility at Clay Farm.
- ◆ Establishing an effective Local Health Partnership to improve public health in Cambridge.
- ◆ Developing a model of Restorative Justice, which focuses on the needs of victims and encourages offenders to take responsibility for their actions and to repair the harm they've done, in order to reduce re-offending, anti-social behaviour and low-level crime in Cambridge.
- ◆ Working with our partners to reduce the presence of street drinkers and the associated anti-social behaviour.

Customer Services and Resources Portfolio Plan

During 2011/12 we:

- ◆ Implemented changes to the Council's own systems to implement the national welfare reforms and liaised with partners such as the Department of Work and Pensions and advocacy and support agencies. This has included providing briefing sessions for local welfare support groups, elected Members and colleagues.
- ◆ Provided debt advice and information, minimising the number of people who, as a result of welfare reforms, are at risk of becoming homeless or whose financial circumstances could be exploited by others. This work includes administering Discretionary Housing Payments to support those in most financial need or those in danger of defaulting on their rent payments.
- ◆ Achieved savings and efficiencies to ensure that the City Council is equipped to deliver the Council's vision for the city within the resources available.
- ◆ Worked with our partners to provide more joined-up customer services, for example a Memorandum of Understanding was signed with the Cambridge Citizens Advice Bureau (CCAB) to ensure greater clarity and closer working between the two organisations. The

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Customer Service Centre has installed a CCAB self help advice kiosk in the reception at Mandela House.

- ◆ Improved our services to make sure that they are focused on meeting the needs of our customers, for example we designed a new process that will significantly reduce customer waiting times and provide a more efficient housing repairs service.
- ◆ Started to explore the opportunities for establishing one or more Business Improvement Districts in Cambridge to support the appropriate involvement and financial input from the city's business community to the future development of the city.

Our plans for 2012/13 include:

- ◆ Working with partner organisations to agree a common approach to the management of public sector owned property assets, to deliver the maximum possible benefit to the citizens of Cambridge.
- ◆ Making the optimum use of the Council's accommodation and providing support to enable our staff to work smarter and more flexibly.
- ◆ Obtaining greater value for money from the Council's spending on procurement.
- ◆ Ensuring that the welfare reforms are efficiently and effectively planned for and implemented, and support is given to the most vulnerable in the city, with action being taken to mitigate hardship where possible.
- ◆ Preparing for the retention of local business rates as part of the Local Government Resource Review.
- ◆ Continuing to explore how we as an organisation, and with our partners, can provide more joined-up customer services.
- ◆ Developing and consulting upon a business plan to support the development of a bid or bids for a Business Improvement District within Cambridge, in order to enable the appropriate involvement and financial input from the city's business community to the future development of the city.

Environment and Waste Portfolio Plan

During 2011/12 we:

- ◆ Carried out a major review of the routes taken by our vehicles to collect waste and materials for recycling in order to significantly reduce the cost of the Waste Service.
- ◆ Provided new facilities for 'recycling on the go', and improved the range of materials that can be recycled at the 23 recycling banks around the city, for example to include plastic pots, tubs and trays.
- ◆ Increased our income from trade waste collection by making our offer more competitive and more attractive, and worked with businesses to improve their waste management and increase recycling.

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- ◆ Maintained high standards of street cleansing and responded to residents' priorities about their local environment, by carrying out targeted litter picks and clean-up campaigns, assisted by the Probation Service.
- ◆ Made it easier for residents to make representations about licensing matters by enabling them to do it online.

Our plans for 2012/13 include:

- ◆ Taking steps to increase recycling in Cambridge beyond 45%, by providing customers with more new facilities for 'recycling on the go', encouraging the recycling of particular materials that aren't consistently recycled by residents across the city and by targeting particular groups.
- ◆ Exploring how we can better work with partners to improve the efficiency of our waste services.
- ◆ Addressing the impact that excessive noise has on residents, by mapping noise complaints across Cambridge, educating communities and enforcing change when necessary.
- ◆ Improving the health of Cambridge residents by working with our partners to implement the new public health arrangements, and by working to reduce the health impact of alcohol and the night-time economy.
- ◆ Planning for the introduction of the new licensing legislation, in particular the late night levy, which together with the Business Improvement District will result in cleaner, safer streets in the city centre.
- ◆ Making it easier for people to report litter, graffiti and fly tipping online and by text.
- ◆ Working with the County Council to improve air quality and reduce emissions, by seeking emission improvements from public transport vehicles and by promoting alternatives to the private car.

Housing Portfolio Plan

During 2011/12 we:

- ◆ Implemented the national changes to the way that councils finance their own housing. This included borrowing £214 million to enable us to build new council houses and maintain existing ones, including making them more energy efficient.
- ◆ Worked with private sector landlords to improve the condition of private rented housing and the management of houses of multiple-occupation.
- ◆ Successfully negotiated with the Homes and Communities Agency that properties let under the new Affordable Rent tenure should be let at or around 65% of local market rents (as opposed to the proposed 'up to 80%').

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- ◆ Engaged with Cambridge University colleges to help them attain Landlord Accreditation, which is a scheme for private landlords that demonstrate good standards in the condition and management of their properties and their relationship with their tenants.
- ◆ Established a shared Home Improvement Agency with South Cambridgeshire District Council and Huntingdonshire District Council to support older and vulnerable people to be warm, safe and as independent as possible in their homes.
- ◆ Worked with partners to prevent homelessness, for example we secured funding for a project with NHS Cambridgeshire to target vulnerable adults with multiple support needs that are at risk of becoming rough sleepers.
- ◆ Launched the HeatSeekers scheme to assist residents to identify and install energy-efficiency measures. Thermal imaging is used to identify homes that could most benefit from improved insulation, and free or grant-assisted insulation is offered to address fuel poverty.

Our plans for 2012/13 include:

- ◆ Investing in our existing housing stock and starting to deliver the new council house building programme.
- ◆ Working with developers, Registered Providers (housing associations) and planners to ensure that the city's social and market housing stock (including private rented housing) continues to grow, including 40% Affordable Housing in most new developments and the delivery of the Council's own new build programme.
- ◆ Increasing the energy efficiency of existing homes; promoting sustainable design and construction methods and promoting high standards of environmental sustainability of new homes and communities, including water management.
- ◆ Reviewing our approach to ensure new specialist housing is provided including carrying out an assessment of potential Gypsy and Traveller sites, as part of the local plan development.
- ◆ Completing a review of the Council's Letting Policy to ensure that priority for re-housing continues to be given to those who have least opportunity to access market housing.
- ◆ Maintaining and promoting services to take action effectively against private sector landlords that do not comply with housing health and safety matters as well as landlord and tenant issues.
- ◆ Undertaking a review of empty homes policy in the light of national policy change and take effective action to get vacant homes back into use.
- ◆ Improving support to rough sleepers, including the completion of the Jimmy's Assessment Centre project, thereby reducing the incidence of rough sleeping and use of temporary accommodation as households move more effectively to secure permanent housing.

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Strategy Portfolio Plan

During 2011/12 we:

- ◆ Adopted a new Single Equality Scheme for 2012 to 2015, which sets out what we will do to challenge discrimination and promote equal opportunity in all aspects of our work.
- ◆ Used social media more effectively to ensure that residents are kept informed of important news and service changes.
- ◆ Adopted and implemented a Code of Best Practice on Consultation and Community Engagement. This established clear principles to guide council departments on a more structured, proportionate and appropriate approach to consultation.
- ◆ Improved how we engage with residents about the issues that matter most to them by training our staff to enhance their customer service skills.
- ◆ Reviewed and streamlined the Council's partnership work to ensure that it is clearly aligned with our vision for the city and consistently contributes to achieving it.
- ◆ Agreed a cultural and organisational change programme to move us further towards working as "One Council", so we deliver services to our customers more seamlessly and efficiently, and within the resources available.
- ◆ Took decisions to give more powers to our Area Committees to make it easier for people to influence the decisions being made about their local area. The powers devolved include decisions about who receives Safer City Grants, and some decisions about projects funded by developer contributions that meet the needs of each area and the priorities agreed with each local community.

Our plans for 2012/13 include:

- ◆ Adopting a refreshed Climate Change Strategy to set out our strategic approach to climate change over the next five years.
- ◆ Implementing our Carbon Management Plan to reduce the City Council's carbon footprint and energy bills, including developing a proposal for a district heating scheme.
- ◆ Implementing our Single Equalities Scheme to ensure that we better understand and meet the diverse needs of the city's communities.
- ◆ Engaging and consulting with communities on key issues affecting them in appropriate and effective ways, in line with our Code of Best Practice on Consultation and Community Engagement.
- ◆ Developing our website so that our customers can conduct even more of their business online, and continuing to identify and adopt innovative and effective uses of social media.
- ◆ Ensuring greater transparency and openness about how we conduct our business, by making more information and data about the Council's services and performance available in more accessible ways.

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- ◆ Working with partners to drive forward the economic development of the city and its surrounding area through the Local Enterprise Partnership.
- ◆ Ensuring the City Council is equipped to deliver the Council's vision for the city within the resources available, by taking a structured approach to identifying savings and further efficiencies.

How to find out more

Further information about the Council's performance and the Council's priorities for 2012-13 can be found in our Portfolio Plans which are available on our website <http://www.cambridge.gov.uk/ccm/navigation/about-the-council/how-the-council-orks/council-performance/portfolio-plans/>

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- ◆ make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Resources;
- ◆ manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- ◆ approve the Statement of Accounts.

The Director of Resources' Responsibilities

The Director of Resources is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing the Statement of Accounts, the Director of Resources has:

- ◆ selected suitable accounting policies and then applied them consistently;
- ◆ made judgements and estimates that were reasonable and prudent; and
- ◆ complied with the Code of Practice.

The Director of Resources has also:

- ◆ kept proper accounting records which were up to date; and
- ◆ taken reasonable steps for the prevention and detection of fraud and other irregularities.

Introduction to the Statement of Accounts

I am pleased to introduce the Council's Statement of Accounts for 2011/12. The preceding Annual Report section of this document describes the diverse range of services provided by Cambridge City Council to its residents, local businesses and visitors and provides details of some of the key activities and achievements during the year.

The Statement of Accounts, set out on pages 9 to 102, contain a series of statements, summarising the financial activity of the Council during the year in delivering these services. In addition, details of the Council's assets and liabilities at the beginning and end of the Council's financial year are presented. The financial year ran from 1 April 2011 to 31 March 2012.

The accounts have been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom' (The Code). The code is based on International Financial Reporting Standards (IFRS) and sets out the format and content of the key financial statements and accompanying notes in this publication.

The key financial statements are as follows:

- ◆ Movement in Reserves Statement
- ◆ Comprehensive Income and Expenditure Statement
- ◆ Balance Sheet
- ◆ Cash Flow Statement
- ◆ Housing Revenue Account
- ◆ Collection Fund

These accounts are supported by appropriate notes together with a statement of the accounting policies of the Council and a glossary of terms.

Once again, the accounts have been produced promptly and to the high standard expected of the Council. This would not have been possible without the hard work of my own staff and other finance staff across the Council, and I would like to thank them, my fellow Directors, and service managers for their assistance in the preparation of these accounts.

Review of 2011/12

The national and international economic climate, together with pressure to significantly reduce public sector spending, continued to provide a very challenging financial environment for the Council during 2011/12. Effects have been most marked in relation to higher levels of inflation than originally forecast, continuing low interest rates and the failure of the housing market to show significant signs of recovery. Budgets were reviewed and revised during the year to reflect changing circumstances in particular both immediate and anticipated future reductions in government funding for the Council's services.

As previously reported, the City Council was one of many local authorities affected by the collapse of Icelandic banking institutions in 2008/09 with a total of £9 million in short term deposits with two of the affected banks (Landsbanki Islands hf and Heritable Bank Plc). Although the final position will not be known for some time, the prospects for recovery (albeit over an extended period) of the majority of these deposits is now positive.

In drawing up these accounts, the Council has followed the detailed guidance issued by the CIPFA Local Authority Accounting Panel in relation to the anticipated recovery of these deposits and in terms of the valuation shown in the accounts. This has resulted in the partial

Introduction to the Statement of Accounts

reversal in the year of the impairment in the valuation of these deposits which had been required to be reflected in the accounts for the preceding year. Further information can be found in note 25.

Just as in the private sector, the effects of the economic climate on the values of Council-owned property are reflected in the accounts each year. The most significant change in property values reflected in these accounts related to the Council's investment properties. There was a gain of £8.4 million on the value of the Council's interest in the Lion Yard shopping centre.

Further information about the valuation of assets, and how changes in their value must be accounted for, can be found in the Statement of Accounting Policies section.

Given the prevailing economic climate, reductions in funding from central government and resulting pressures on the Council's finances, it is pleasing to note that:

- ◆ A programme of service reviews continues to achieve worthwhile on-going savings that will support the Council's financial position going forward. As part of the review programme, the Council has continued to explore opportunities to share services with other local authorities. Formal shared service arrangements are already in place for the Choice Based Lettings Service and the management of the Internal Audit service.
- ◆ During the year, the City Council, South Cambridgeshire District Council and Huntingdonshire District Council agreed to establish a shared Home Improvement Agency service to be operational from 1 April 2012. Home Improvement Agencies are organisations that help vulnerable people maintain their independence by helping them to repair, maintain or adapt their homes by providing practical or financial advice and support.
- ◆ The Council conducted a review of its administrative and business support arrangements during 2011/12 and has consolidated staff and work into smaller site-based teams. The new arrangements, introduced in early 2012/13, will deliver more cost effective services and contribute considerable on-going savings towards the Council's overall savings targets.
- ◆ The Council completed a major, £2 million, investment programme at its crematorium on Huntingdon Road. The programme, which will result in greater energy efficiency and reduced pollution, included installation of three new energy efficient cremators, a filtration system to safely remove all mercury emissions and a heat exchanger unit to heat the chapels and other buildings.
- ◆ The Council significantly reduced the cost of the Waste Service by optimising the routes taken by our vehicles to collect waste and materials for recycling. In addition, income from trade waste collection was increased by making the service more competitive and more attractive.
- ◆ Successful preparations were made for the introduction of new Housing Revenue Account Self-Financing arrangements introduced from 1 April 2012. This new financial regime for the funding of Council dwellings replaces the old annual subsidy system under which the City Council had to pay a significant amount of its housing rent income to Central Government each year. The new arrangements will give the Council greater

Introduction to the Statement of Accounts

certainty and control over the funding of the HRA and will enable additional investment in the stock, including building new homes.

- ◆ Major investment continued to be made in the Council's housing stock following the achievement of the 'Decent Homes Standard' for all Council dwellings during 2010/11. In addition to expenditure on repairs and improvements we have spent £2.5 million refurbishing Brandon Court sheltered scheme to meet current standards for this type of accommodation and resident expectations.

Revenue Spending and Income

General Fund Services

For 2011/12, the Council agreed a budget for net spending of £16.7 million. This sum was to be financed in part by government grant together with the Council's share of Business Rates, with the remainder being raised through Council Tax. The Council Tax for City Council services was set at £166.57 for Band D properties, unchanged from that set for the previous year.

The table below compares the final outturn figures for the General Fund with those originally planned, when the budget and Council Tax for the year was agreed in February 2011.

(£000s)	Original Budget	Actual	Difference
Net Revenue Spending on Services	18,672	18,589	(83)
Capital Accounting Adjustments	(3,261)	(4,683)	(1,422)
Capital and Revenue Projects Spending Funded from Revenue	3,682	2,044	(1,638)
Contributions to/(from) Reserves	(2,227)	1,423	3,650
Total	16,866	17,373	507
Financed by:			
Formula Grant (including share of Business Rates)	9,515	9,515	0
Other Government Grants	607	1,114	507
Council Tax	6,744	6,744	0
Total	16,866	17,373	507

The Council's actual net revenue spending on the provision of services was just £83,000 below the original budget set for the year, however, a variety of factors contributed to this overall position. Tight budgetary control, the delivery of savings from service reviews and close controls on recruitment to vacant posts during the year accounted for significant savings which helped to offset unavoidable additional costs. Depreciation charged to services was higher than originally budgeted (reflecting the valuation of assets at 31 March 2011 after the budget was set) but this increase has been offset by a statutory capital accounting adjustment.

The total amount of capital and revenue project expenditure funded from revenue was below budget by £1,638,000, largely reflecting slippage on the timing of projects.

Introduction to the Statement of Accounts

Government grant income was £507,000 higher than the original budget as the Council's New Homes Bonus Grant allocation for 2011/12 had not been announced when the budget was set. In addition, Central Government paid £123,000 of New Home Bonus Grant relating to 2012/13 early.

Together, the overall changes in spending and grant meant that the combined use of general and earmarked reserves was reduced by £3,650,000 from that originally planned.

A net use of the General Fund Reserve of £392,000 was made for the year and, at the year-end, the reserve stood at £9.46 million. This reserve provides financial flexibility to the Council for meeting exceptional and/or unanticipated items and is used to support the Council's capital investment programme.

Housing Revenue Account

The Housing Revenue Account (HRA) budget for 2011/12 was set to deliver a sustainable financial position over the longer term. Part of the longer-term budget strategy has been to release HRA reserves over a period of years until they are reduced to the target level of £3,000,000. For 2011/12 the budget was set with the intention of using £44,100 of reserves, with an expectation that by the end of 2013/14 the level of reserves would be at target. This strategy has provided additional revenue contributions to fund capital expenditure, enabling extra investment in our housing stock, assisting in maintaining the decent homes standard, whilst also allowing for some discretionary investment.

The table below compares the final outturn figures for the Housing Revenue Account with those originally planned, when the budget and rent increase for the year was agreed in February 2011.

(£000s)	Original Budget	Actual	Difference
Revenue Spending on Services	13,050	12,371	(679)
Negative HRA Subsidy	13,004	12,903	(101)
Debt Management Costs and Interest	352	437	85
Other Expenditure	336	644	308
Capital Accounting Adjustments	5,119	5,119	0
Direct Revenue Funding of Capital and Revenue Projects in the Housing Capital Investment Plan	2,021	1,823	(198)
Total	33,882	33,297	(585)
Financed by:			
Dwelling Rents and Service Charges	32,266	32,663	397
Rent (Garages, Land & Commercial Property)	1,155	1,110	(45)
Interest Income	38	64	26
Other Income	379	745	366
Contributions (to) / from Reserves	44	(1,285)	(1,329)
Total	33,882	33,297	(585)

In June 2011, approval was given to carry forward resources of £1,156,000 to fund expenditure re-phased from 2010/11. Of this sum, £951,000 was to meet the costs of capital investment in the housing stock. The balance of £205,000 related predominantly to costs

Introduction to the Statement of Accounts

relating to preparation of the self-financing business plan, fire safety risk assessments, lift inspections, hardwire and electrical testing, where work had not progressed as quickly as planned. This approval increased the anticipated use of reserves in 2011/12 to £1,200,100.

In January 2012, the planned use of reserves for 2011/12 was reduced to £1,129,730, taking account of changes made at the time the Medium Term Strategy was agreed and as part of the revised budget process. The budget changes made were a combination of savings in staff and operational costs as a result of internal reorganisation and changes made in response to reductions in Supporting People funding.

At outturn, the HRA reported a net cost of services of £2,733,706, excluding the one-off payment of the Housing Revenue Account Self-Financing settlement of £213,572,000. Following final accounting adjustments, the outturn position for the HRA for 2011/12 was to make a contribution to reserves of £1,285,411. Requests have been made to carry forward funding of £1,853,280 into 2012/13, reflecting re-phasing of a number of projects, but particularly recognising the deferred need to use revenue funding to meet capital expenditure in light of slippage in the Housing Capital Investment Programme.

Housing Revenue Account reserves stood at £6.97 million at the year-end.

Capital Spending and Receipts

In 2011/12 the Council spent £14.0 million on capital projects. Of this expenditure £6.7 million was on major repairs and improvements to council dwellings, £2.6 million on other land and buildings (including £1.9 million on the Crematorium project) and £3.5 million on assets in the course of construction (including the £2.5 million on Brandon Court).

Capital receipts continue to be generated through the sale of land, council houses, shared ownership dwellings and other property. The Council received £3.1 million in the year, of which £1.4 million had to be paid over to central government.

External Borrowing

The Council undertook external borrowing of £213.57 million at the end of the financial year. This borrowing was required in order to meet a one-off debt settlement payment to Central Government in relation to the introduction, from 1 April 2012, of new Self-Financing arrangements for the Housing Revenue Account. Prior to this the Council had been debt-free since 31 March 2003.

Pension Costs

The Council's share of the assets and liabilities of the County Pension Fund show an estimated net liability of £78.9 million at 31 March 2012. This liability has no impact on the level of the Council's available reserves.

Further information relating to the assets, liabilities, income and expenditure of the Council's pension scheme is presented in note 39 starting on page 64.

Introduction to the Statement of Accounts

Further Information

Further information about the accounts is available from:

Head of Accounting Services
Cambridge City Council Resources Department
Lion House
Lion Yard
Cambridge CB2 3NA

In addition, interested members of the public have a right to inspect the accounts each year before the audit is completed. The availability of the accounts for public inspection is advertised in the local press and on the Council's web site.

Opinion

In my opinion the Statement of Accounts present a true and fair view of the financial position of Cambridge City Council at 31 March 2012 and its income and expenditure for the year then ended.

David Horspool
Director of Resources
Date:

MAIN FINANCIAL STATEMENTS

Main Financial Statements

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (surplus) or deficit on the provision of services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes. The net (increase)/decrease before transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves.

Financial year 2011/12

(£000s)										
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account Balance	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
Balance at 1 April 2011	(9,850)	(17,318)	(5,688)	(2,236)	(12,765)	(352)	(6,076)	(54,285)	(652,229)	(706,514)
Movement in reserves during 2011/12										
(Surplus) / deficit on the provision of services	(11,313)	0	209,320	0	0	0	0	198,007	0	198,007
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	15,085	15,085
Total Comprehensive Income and Expenditure	(11,313)	0	209,320	0	0	0	0	198,007	15,085	213,092
Adjustments between accounting basis and funding basis under regulations (Note 4)	9,317	0	(210,842)	0	2,345	(819)	815	(199,184)	199,184	0
Net (increase) / decrease before transfers to earmarked reserves	(1,996)	0	(1,522)	0	2,345	(819)	815	(1,177)	214,269	213,092
Transfers to / (from) earmarked reserves (Note 5)	2,388	(2,388)	236	(236)	0	0	0	0	0	0
(Increase) / decrease in Year	392	(2,388)	(1,286)	(236)	2,345	(819)	815	(1,177)	214,269	213,092
Balance at 31 March 2012 carried forward	(9,458)	(19,706)	(6,974)	(2,472)	(10,420)	(1,171)	(5,261)	(55,462)	(437,960)	(493,422)

Main Financial Statements

Financial Year 2010/11

(£000s)										
	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account Balance	Earmarked HRA Reserves	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
Balance at 1 April 2010	(9,302)	(16,965)	(5,168)	(1,957)	(12,155)	0	(6,173)	(51,720)	(673,723)	(725,443)
Movement in reserves during 2010/11										
(Surplus) / deficit on the provision of services	(23,576)	0	57,901	0	0	0	0	34,325	0	34,325
Other comprehensive income and expenditure	0	0	0	0	0	0	0	0	(15,396)	(15,396)
Total Comprehensive Income and Expenditure	(23,576)	0	57,901	0	0	0	0	34,325	(15,396)	18,929
Adjustments between accounting basis and funding basis under regulations (Note 4)	22,675	0	(58,700)	0	(610)	(352)	97	(36,890)	36,890	0
Net (increase) / decrease before transfers to earmarked reserves	(901)	0	(799)	0	(610)	(352)	97	(2,565)	21,494	18,929
Transfers to / (from) earmarked reserves (Note 5)	353	(353)	279	(279)	0	0	0	0	0	0
(Increase) / decrease in 2010/11	(548)	(353)	(520)	(279)	(610)	(352)	97	(2,565)	21,494	18,929
Balance at 31 March 2011	(9,850)	(17,318)	(5,688)	(2,236)	(12,765)	(352)	(6,076)	(54,285)	(652,229)	(706,514)

Main Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting costs in the year, of providing services, in accordance with generally accepted accounting practices, rather than the amounts to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

(£000s)							
		2011/12			2010/11(as restated)		
	Notes	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Central services to the public		8,058	(7,231)	827	8,924	(7,291)	1,633
Cultural and related services		12,587	(4,498)	8,089	14,564	(6,774)	7,790
Environmental and related services		13,349	(4,935)	8,414	12,787	(4,731)	8,056
Planning services		7,300	(2,245)	5,055	8,652	(3,137)	5,515
Highways and transport services		5,866	(8,702)	(2,836)	13,099	(10,618)	2,481
Local authority housing - settlement payment to government for Housing Revenue Account self-financing	3	213,572	0	213,572	0	0	0
Local authority housing (Housing Revenue Account) - other	3	31,273	(34,599)	(3,326)	92,849	(32,849)	60,000
Other housing services		42,281	(36,945)	5,336	38,359	(34,615)	3,744
Corporate and democratic core		2,645	0	2,645	2,833	0	2,833
Non distributed costs	3	252	0	252	(22,762)	0	(22,762)
Cost of Services		337,183	(99,155)	238,028	169,305	(100,015)	69,290
Other operating expenditure	6	1,899	(37)	1,862	1,946	(1,492)	454
Financing and investment income and expenditure	7	11,000	(33,026)	(22,026)	12,595	(24,874)	(12,279)
Taxation and non-specific grant income	8	0	(19,857)	(19,857)	0	(23,140)	(23,140)
(Surplus) / deficit on provision of services	9	350,082	(152,075)	198,007	183,846	(149,521)	34,325
(Surplus) / deficit on revaluation of Property, Plant and Equipment assets	35			(4,467)			12,623
Actuarial (gains) / losses on pension assets / liabilities	39			19,552			(28,019)
Other comprehensive (income) / expenditure				15,085			(15,396)
Total Comprehensive (Income) / Expenditure				213,092			18,929

Main Financial Statements

Balance Sheet

The Balance Sheet shows the value at the stated date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes those that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

(£000s)	Notes	31 March 2012	31 March 2011 (as restated)	1 April 2010 (as restated)
Property, Plant and Equipment	16	618,547	612,795	691,941
Heritage Assets	19	430	430	430
Investment Property	22	111,373	96,834	89,289
Intangible Assets	23	538	504	513
Long Term Investments	25	2,190	3,294	4,785
Long Term Debtors	26	1,111	1,001	1,056
Long Term Assets		734,189	714,858	788,014
Short Term Investments	25	57,606	50,587	39,397
Assets Held for Sale	27	0	0	0
Inventories		239	303	369
Short Term Debtors	28	8,079	11,177	16,235
Cash and Cash Equivalents	29	4,781	2,557	3,817
Current Assets		70,705	64,624	59,818
Short Term Creditors	30	(13,053)	(8,767)	(9,509)
Receipts in Advance	31	(2,779)	(3,424)	(3,221)
Provisions	32	(315)	(284)	(345)
Current Liabilities		(16,147)	(12,475)	(13,075)
Long Term Borrowing		(213,654)	0	0
Other Long Term Liabilities	39	(78,945)	(57,871)	(106,193)
Capital Grants Receipts in Advance	33	(2,726)	(2,622)	(3,121)
Long Term Liabilities		(295,325)	(60,493)	(109,314)
Net Assets		493,422	706,514	725,443
Usable Reserves	34	(55,462)	(54,285)	(51,720)
Unusable Reserves	35	(437,960)	(652,229)	(673,723)
Total Reserves		(493,422)	(706,514)	(725,443)

These financial statements were authorised for publication on the 14 June 2012.

David Horspool, Director of Resources

Main Financial Statements

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation, grant income and by the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities show claims that will be made on future cash flows by providers of capital (i.e. borrowing) to the Council.

(£000s)	Notes	2011/12	2010/11
Cash flows from operating activities			
Cash receipts		115,088	115,457
Cash payments		(320,192)	(105,610)
Net cash flows from operating activities	40	(205,104)	9,847
Net cash flows from investing activities	41	(13,335)	(14,369)
Net cash flows from financing activities	42	220,663	3,262
Net (decrease) / increase in cash and cash equivalents		2,224	(1,260)
Cash and cash equivalents at the beginning of the year	29	2,557	3,817
Cash and cash equivalents at the end of the year	29	4,781	2,557

NOTES TO THE MAIN FINANCIAL STATEMENTS

Notes to the Main Financial Statements

1 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out on pages 87 to 102, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

2 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2012 (excluding assets and liabilities that are carried at fair value based on a recently observed market price) for which there is a significant risk of material adjustment are as follows:

Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The effects on the net pensions liability of changes in individual assumptions can be measured. For instance a 0.5% decrease in the discount rate assumption would increase the pension liability by £21.1 million and a 0.5% increase in the rate of increase in pensions would increase the liability by £15.5 million. However, the assumptions interact in complex ways so care should be taken in looking at changes in one variable in isolation.

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Council did not sustain its current spending on repairs and maintenance the useful lives currently assigned to assets may be reduced.

If the useful life of assets is reduced, depreciation increases and the carrying value of the assets falls. It is estimated that the annual depreciation charge for assets would increase by approximately £957,000 for every year that useful lives had to be reduced.

Notes to the Main Financial Statements

3 Material Items of Income and Expenditure

The following material items of income and expenditure are included in the Comprehensive Income and Expenditure Statement.

As disclosed on the face of the Comprehensive Income and Expenditure Statement the Council made a settlement payment to central government in respect of self-financing of the Housing Revenue Account of £213.6 million in March 2012.

In addition the following material items are included within the relevant service lines:

A net credit for reversal of previous revaluation losses of £3.8 million has been credited to expenditure within the Local authority (HRA) net cost of service line. The comparative expenditure figure for 2010/11 includes revaluation losses of £59.0 million. More detail on the movements in the value of the Council's housing stock can be found in note 16 to the main financial statements.

The comparative 2010/11 figure for non-distributed costs (part of the net cost of services) includes a past service gain of £23.5 million which was credited to expenditure. This reflected the announcement that from 1 April 2011 public service pensions were to be up-rated in line with the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

The following material items are included within the Financing and investment income line:

Increases in the fair value of investment properties of £15.5 million (£7.7 million in 2010/11). This includes an increase of £8.4 million in respect of Lion Yard shopping centre and £5.0 million in respect of land at Cowley Road.

Notes to the Main Financial Statements

4 Movement in Reserves Statement – Adjustments between Accounting Basis and Funding Basis under Regulations

The total comprehensive recognised by the Council in the year, is prepared in accordance with proper accounting practice. This note details the adjustments that are made to income and expenditure to reflect the resources that are specified by statute as being available to the Council to meet future capital and revenue expenditure.

Financial year 2011/12

(£000s)	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	(4,433)	0	0	0	0	4,433
Net revaluation losses on property, plant and equipment	155	3,686	0	0	0	(3,841)
Movements in the market value of investment properties	15,029	447	0	0	0	(15,476)
Amortisation of intangible assets	(122)	0	0	0	0	122
Revenue expenditure funded from capital under statute and de minimis capital expenditure	(2,874)	(46)	0	0	0	2,920
HRA Self-financing settlement payment funded from capital under statute	0	(213,572)	0	0	0	213,572
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(2,055)	(1,590)	0	0	0	3,645
Private sector housing loans adjustment	37	0	0	0	0	(37)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Private sector housing loan repayments - original loan less than £10,000	(12)	0	0	0	0	12
Capital expenditure charged against General Fund and HRA balances	3,268	1,842	0	0	0	(5,110)

Notes to the Main Financial Statements

(£000s)	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,487	0	0	0	(1,487)	0
Transfer of capital contributions unapplied to the General Fund	(120)	0	0	0	120	0
Application of grants to capital financing transferred to the Capital Adjustment Account	1,010	62	0	0	2,182	(3,254)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,075	2,020	(3,095)	0	0	0
Other capital receipts	0	37	(37)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	4,056	0	0	(4,056)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1,441)	0	1,441	0	0	0
Transfer to capital receipts reserve on receipt of loan repayment	0	0	(12)	0	0	12
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(8)	0	0	8
Adjustments primarily involving the Major Repairs Reserve:						
HRA depreciation	0	0	0	(9,276)	0	9,276
Reversal of Major Repairs Allowance credited to the HRA	0	(4,157)	0	4,157	0	0
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	4,300	0	(4,300)

Notes to the Main Financial Statements

(£000s)	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	44	346	0	0	0	(390)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(5,631)	(817)	0	0	0	6,448
Employer's pension contributions and direct payments to pensioners payable in the year	4,061	865	0	0	0	(4,926)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(75)	0	0	0	0	75
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(77)	26	0	0	0	51
Adjustments primarily involving the Housing Revenue Account:						
Amounts transferred from the Housing Revenue Account to the General Fund under statutory regulation	(9)	9	0	0	0	0
Total adjustments	9,317	(210,842)	2,345	(819)	815	199,184

Notes to the Main Financial Statements

Financial year 2010/11

(£000s)	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation and impairment of non-current assets	(3,863)	0	0	0	0	3,863
Net revaluation losses on property, plant and equipment	(3,861)	(59,527)	0	0	0	63,388
Movements in the market value of investment properties	7,582	135	0	0	0	(7,717)
Amortisation of intangible assets	(109)	0	0	0	0	109
Revenue expenditure funded from capital under statute and de minimis capital expenditure	(1,923)	(595)	0	0	0	2,521
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(94)	(1,436)	0	0	0	1,530
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Private sector housing Loan repayments - original loan less than £10,000	(20)	0	0	0	0	20
Capital Expenditure charged against General Fund and HRA balances	1,998	1,792	0	0	0	(3,790)

Notes to the Main Financial Statements

(£000s)	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,533	0	0	0	(1,533)	0
Transfer of capital contributions unapplied to the General Fund	(498)	0	0	0	498	0
Application of grants to capital financing transferred to the Capital Adjustment Account	1,551	788		0	1,132	(3,471)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	2,803	(2,803)	0	0	0
Other capital receipts	0	185	(185)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	1,253	0	0	(1,253)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(1,946)	0	1,946	0	0	0
Transfer to capital receipts reserve on receipt of loan repayment	0	0	(36)	0	0	36
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(785)	0	0	785
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	0	0
Adjustment primarily involving the Major Repairs Reserve:						
HRA depreciation	0	0	0	(8,410)	0	8,410
Reversal of Major Repairs Allowance credited to the HRA	0	(3,390)	0	3,390	0	
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	4,668	0	(4,668)

Notes to the Main Financial Statements

(£000s)	Usable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	1,983	546	0	0	0	(2,529)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	16,280	(1,084)	0	0	0	(15,196)
Employer's pension contributions and direct payments to pensioners payable in the year	4,023	1,084	0	0	0	(5,107)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(41)	0	0	0	0	41
Adjustments primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	89	(7)	0	0	0	(82)
Adjustments primarily involving the Housing Revenue Account:						
Amounts transferred from the Housing Revenue Account to the General Fund under statutory regulation	(6)	6	0	0	0	0
Total adjustments	22,675	(58,700)	(610)	(352)	97	36,890

Notes to the Main Financial Statements

5 Movement in Reserves Statement – Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans together with the amounts of earmarked reserves used to meet General Fund and HRA expenditure in 2011/12.

(£000s)	2010/11			2011/12			
	Balance at 1 April 2010	Transfers In	Transfers Out	Balance at 31 March 2011	Transfers In	Transfers Out	Balance at 31 March 2012
General Fund:							
Asset Repair and Renewals Reserves	(12,533)	(2,566)	2,104	(12,995)	(3,238)	2,307	(13,926)
Insurance Fund	(847)	(652)	812	(687)	(869)	693	(863)
Technology Investment Fund	(190)	(84)	33	(241)	(15)	43	(213)
Commutation Adjustment	0	0	0	0	0	0	0
Development Plan Reserve	(80)	(201)	9	(272)	(181)	35	(418)
Compulsory Purchase Order Compensation Reserve	(583)	0	0	(583)	0	0	(583)
Major Planning Appeals Reserve	(31)	0	0	(31)	0	8	(23)
Revenue Contributions to Capital	(525)	0	282	(243)	0	20	(223)
Other	(2,176)	(1,353)	1,263	(2,266)	(2,056)	865	(3,457)
Total	(16,965)	(4,856)	4,503	(17,318)	(6,359)	3,971	(19,706)
Housing Revenue Account:							
Asset Repair and Renewal Reserve	(1,623)	(260)	57	(1,826)	(265)	103	(1,988)
Shared Ownership Reserve	(300)	0	0	(300)	0	0	(300)
Other	(34)	(103)	27	(110)	(95)	21	(184)
Total	(1,957)	(363)	84	(2,236)	(360)	124	(2,472)

Notes to the Main Financial Statements

6 Comprehensive Income and Expenditure Statement – Other Operating Expenditure

(£000s)	2011/12		2010/11	
	Income	Expenditure	Income	Expenditure
Payments to the Government Housing Capital Receipts Pool	0	1,440	0	1,946
(Gains) / losses on the disposal of non-current assets	0	459	(1,307)	0
Other income	(37)	0	(185)	0
	(37)	1,899	(1,492)	1,946

7 Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure

(£000s)	2011/12		2010/11	
	Income	Expenditure	Income	Expenditure
Interest payable and similar charges	0	84	0	2
Impairment of investments	0	(468)	0	42
Pensions interest cost and expected return on pensions assets	(8,798)	10,435	(8,656)	11,558
Interest receivable and similar income	(841)	0	(793)	0
Income and expenditure in relation to investment properties and changes in their fair value	(23,387)	949	(15,425)	993
	(33,026)	11,000	(24,874)	12,595

Notes to the Main Financial Statements

8 Comprehensive Income and Expenditure Statement – Taxation and Non Specific Grant Incomes

(£000s)	2011/12	2010/11
Council tax income	(6,670)	(6,655)
Non domestic rates	(7,268)	(10,861)
Non-ringfenced government grants	(3,361)	(1,752)
Capital grants and contributions	(2,558)	(3,872)
	(19,857)	(23,140)

9 Amounts Reported for Resource Allocation Decisions

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice (SERCOP). However, decisions about resource allocation are taken by the Council's Executive on the basis of financial information analysed by portfolio. Reports presented to members are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to revaluation losses and revenue expenditure funded from capital under statute.
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year.
- The net income generated by the Council's commercial property service is reported below net cost of services.
- Reports include contributions to Repairs and Renewals Funds rather than the actual expenditure reflected in the accounts.
- The settlement payment due to central government on self- financing of the Housing Revenue Account as this was not funded from revenue resources, but from a number of loans from the Public Works Loan Board.

The income and expenditure of the Council's service portfolios recorded in the budget reports for the year and how it reconciles to that included in the net cost of services in the Comprehensive Income and Expenditure Statement is as follows:

Notes to the Main Financial Statements

(£000s)	2011/12	2010/11 (as restated)
Net Expenditure for the year as reported to management		
General Fund		
Community Services Scrutiny Committee		
Arts, Sports and Public Places	6,031	5,891
Community Development & Health	3,737	3,370
Housing	2,827	2,515
Environment Scrutiny Committee		
Planning & Sustainable Transport	1,627	3,305
Environmental & Waste Services	8,014	7,103
Strategy & Resources Scrutiny Committee		
Customer Services and Resources	(6,363)	(3,689)
Strategy & Climate Change	2,717	2,627
Housing Revenue Account		
Housing Management Board	676	568
	19,266	21,690
Amounts in the Comprehensive Income and Expenditure Statement not reported to management	213,251	44,427
Amounts reported to management not included in the Comprehensive Income and Expenditure Statement	5,511	3,173
Cost of Services in the Comprehensive Income and Expenditure Statement	238,028	69,290

The 2010/11 comparative figures have been restated to reflect the portfolios in operation during 2011/12.

Notes to the Main Financial Statements

This reconciliation (analysed subjectively) shows how the figures for the income and expenditure included in the reports to management relate to the Surplus or Deficit on the provision of services included in the Comprehensive Income and Expenditure Statement.

Financial year 2011/12

(£000s)	Portfolio Analysis	Amounts reported to management below portfolio analysis	Amounts reported to management which do not form part of CIES	Amounts not reported to management for decision making	Allocation of recharges	Total
Fees, charges and other service income	(67,035)	0	0	0	11,156	(55,879)
Interest and investment income	(727)	(64)	0	(24,306)	(7,929)	(33,026)
Income from council tax	0	(6,744)	0	75	0	(6,669)
Gain on disposal of assets and other capital receipts	0	0	0	(37)	0	(37)
Government grants, donations and contributions	(43,277)	(10,629)	0	(2,558)	0	(56,464)
Total Income	(111,039)	(17,437)	0	(26,826)	3,227	(152,075)
Employee expenses	21,031	0	0	(63)	15,413	36,381
Other service expenses	82,180	0	(1,943)	3,078	(5,390)	77,925
Recharges	15,346	0	0	0	(15,346)	0
Depreciation, amortisation and impairment	11,746	0	(164)	(3,840)	2,249	9,991
Loss on disposal	0	0	0	489	0	489
Interest payments	2	0	0	10,435	(153)	10,284
Payments to Housing Receipts Pool	0	0	0	1,440	0	1,440
HRA self-financing settlement payment	0	0	0	213,572	0	213,572
Total Expenditure	130,305	0	(2,107)	225,111	(3,227)	350,082
(Surplus) / Deficit on the provision of services	19,266	(17,437)	(2,107)	198,285	0	198,007

Notes to the Main Financial Statements

Financial year 2010/11

(£000s)	Portfolio Analysis	Amounts reported to management below portfolio analysis	Amounts reported to management which do not form part of CIES	Amounts not reported to management for decision making	Allocation of recharges	Total
Fees, charges and other service income	(66,283)	0	0	0	9,578	(56,705)
Interest and investment income	(719)	(43)	0	(16,404)	(7,708)	(24,874)
Income from council tax	0	(6,697)	0	42	0	(6,655)
Gain on disposal of assets and other capital receipts	0	0	0	(1,492)	0	(1,492)
Government grants, donations and contributions	(43,485)	(12,438)	0	(3,872)		(59,795)
Total Income	(110,487)	(19,178)	0	(21,726)	1,870	(149,521)
Employee expenses	19,443	0	0	(23,287)	18,081	14,237
Other service expenses	85,018	0	(4,327)	4,261	(4,552)	80,400
Recharges	16,587	0	0	0	(16,587)	0
Depreciation, amortisation and impairment	11,127	0	0	63,388	1,146	75,661
Interest payments	2	0	0	11,558	42	11,602
Payments to Housing Receipts Pool	0	0	0	1,946	0	1,946
Total Expenditure	132,177	0	(4,327)	57,866	(1,870)	183,846
(Surplus) / Deficit on the provision of services	21,690	(19,178)	(4,327)	36,140	0	34,325

10 Trading Operations

The financial results of the Council's significant trading activities for the year are set out below:

Included within Planning services in the Comprehensive Income and Expenditure Statement

General Markets – the Council operates the general daily market in the city centre together with a number of other smaller specialist markets.

Notes to the Main Financial Statements

(£000s)	2011/12	2010/11
Income	(704)	(683)
Expenditure	365	314
Surplus	(339)	(369)

11 Agency Services

Agency Services provided on behalf of Cambridgeshire County Council were:

(£000s)	2011/12	2010/11
Local Authority Parking Enforcement surplus returned to county council	0	100
On-Street Parking Services		
Net surplus	(1,349)	(1,220)
Surplus reimbursed to county council	1,349	1,220

The agency agreement for Local Authority Parking Enforcement ended on 31 March 2010. £100,000 of prior year surpluses was returned to Cambridgeshire County Council in 2010/11.

Agency Services provided by Cambridgeshire County Council on behalf of the City were:

(£000s)	2011/12	2010/11
Highways Functions and Services		
Total costs	153	178
Costs reimbursed	153	178

12 Members' Allowances

The total allowances paid to members during the financial year 2011/12 were £242,910 (£243,694 in 2010/11) as analysed below. Details of payments to individual members are published annually in a local newspaper.

Notes to the Main Financial Statements

(£)	2011/12	2010/11
Basic allowance payments	116,611	115,915
Special responsibility payments	124,571	125,614
Childcare allowance	198	323
Travel and subsistence payments	1,531	1,841
	242,910	243,693

13 Related Party Transactions

The Council is required to disclose material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many transactions that the Council has with other parties (for example, Housing Benefits).

Members of the Council have direct control over the Council's financial and operating policies. During 2011/12 the Council gave grants totalling £339,546 (£239,481 in 2010/11) to voluntary organisations in which 9 members had an interest. £0 (£0 in 2010/11) of these grants were unpaid at the year end. In addition one of these organisations has a long term loan from the Council as disclosed in Note 26 to the accounts.

No other material transactions have been identified for disclosure which are not already included elsewhere in this Statement of Accounts.

Notes to the Main Financial Statements

14 Employee Remuneration

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

	2011/12	2010/11
£50,000 to £54,999	2	4
£55,000 to £59,999	3	2
£60,000 to £64,999	9	6
£65,000 to £69,999	3	1
£70,000 to £74,999	3	5
£75,000 to £79,999	1	0
£80,000 to £84,999	0	2
£85,000 to £89,999	1	1
£90,000 to £94,999	2	2
£110,000 to £114,999	0	1
£115,000 to £119,999	1	0

The remuneration of senior officers, who are included in the above table, is disclosed in more detail, including employer's pension contributions, below:

Financial year 2011/12

(£) Position / Name	Salary	Allowances & Benefits in Kind	Pension Contribution	Total
Chief Executive (A Jackson)	117,859	47	21,922	139,828
Director of Resources (D Horspool)	91,891	485	17,092	109,468
Director of Environment (S Payne)	88,646	0	16,488	105,134
Director of Customer & Community Services (L Bisset)	91,891	471	17,092	109,454
Head of Corporate Strategy (A Limb)	63,778	0	11,863	75,641

Notes to the Main Financial Statements

Financial year 2010/11

(£) Position / Name	Salary	Allowances & Benefits in Kind	Pension Contribution	Total	Note
Chief Executive (A Jackson)	113,252	82	21,065	134,399	
Director of Resources (D Horspool)	91,891	963	17,092	109,946	1
Director of Environment (S Payne)	88,646	0	16,488	105,134	2
Director of Customer & Community Services (L Bisset)	91,891	938	17,092	109,921	3
Director of City Services (T Ainley)	27,648	0	5,143	32,791	4
Head of Corporate Strategy (A Limb)	4,629	0	861	5,490	5
Head of Human Resources (D Simpson)	65,951	54	12,266	78,271	

Note

- 1 Mr Horspool was appointed Director of Resources with effect from 2 August 2010, prior to that his position was Director of Finance.
- 2 Mr Payne was appointed Director of Environment with effect from 2 August 2010, prior to that his position was Director of Environment & Planning.
- 3 Ms Bisset was appointed Director of Customer and Community Services with effect from 2 August 2010, prior to that her position was Director of Community Services.
- 4 The position of Director of City Services was deleted with effect from 2 August 2010.
- 5 Mr Limb was appointed Head of Corporate Strategy from 8 November 2010, until 4 March 2011 this was on a secondment arrangement.

The number of exit packages, analysed between compulsory redundancies and other departures, and the total cost per band are set out in the table below:

Exit Package cost band (including special payments)	Number of Compulsory Redundancies		Number of other departures agreed		Total Number of exit packages by cost band		Total cost of exit packages in each band (£'000)	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
£0 - £20,000	14	12	0	0	14	12	105	87
£20,001 - £40,000	6	5	0	0	6	5	184	151
£40,001 - £60,000	1	1	0	0	1	1	53	54
£60,001 - £80,000	0	1	0	0	0	1	0	78
Total	21	19	0	0	21	19	342	370

The cost of exit packages includes the capital costs of early retirements (which are not relevant in every case) due to be paid to the Local Government Pension Scheme by the Council. These costs are disclosed as post employment benefit costs within non-distributed costs on the Comprehensive Income and Expenditure Statement.

Notes to the Main Financial Statements

15 Audit Costs

Cambridge City Council incurred the following fees relating to external audit and inspection.

(£000s)	2011/12	2010/11
Fees payable to the Audit Commission in respect of:		
External audit services carried out by the appointed auditor	109	109
Fees payable in respect of statutory inspection	0	0
Certification of grant claims and returns	26	23
Fees payable in respect of other services	2	1
	137	133

Notes to the Main Financial Statements

16 Property, Plant and Equipment

Financial year 2011/12

(£000s)	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property, Plant and Equipment
Cost or Valuation							
At 1 April 2011	489,599	113,387	16,763	1,533	909	1,012	623,203
Additions	6,732	2,626	636	299	10	3,493	13,796
Revaluation increases/(decreases) recognised in the revaluation reserve	(6,809)	1,623	0	0	0	0	(5,186)
Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	3,720	61	0	0	0	0	3,781
Derecognition - disposals	(956)	0	0	0	0	0	(956)
Derecognition - other	(651)	(1,209)	0	0	0	(27)	(1,887)
Assets reclassified to intangible assets	0	0	0	0	0	0	0
Assets reclassified from investment properties	154	0	0	0	0	0	154
Assets reclassified (to)/from held for sale	0	0	(1,155)	0	0	0	(1,155)
Assets reclassified (to)/from other categories of property, plant and equipment	(75)	50	183	0	0	(158)	0
At 31 March 2012	491,714	116,538	16,427	1,832	919	4,320	631,750
Accumulated Depreciation and Impairment							
At 1 April 2011	(1)	(2,738)	(7,435)	(209)	(25)	0	(10,408)
Depreciation charge	(9,141)	(2,625)	(1,901)	(40)	0	0	(13,707)
Depreciation written out to the Revaluation Reserve	9,121	532	0	0	0	0	9,653
Depreciation written out to the Surplus/Deficit on the Provision of Services	18	151	0	0	0	0	169
Impairment losses/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Assets reclassified to/from Held for Sale	0	0	1,090	0	0	0	1,090
Assets reclassified to/from other categories of property, plant and equipment	3	82	(85)	0	0	0	0
At 31 March 2012	0	(4,598)	(8,331)	(249)	(25)	0	(13,203)
Net Book Value							
At 31 March 2012	491,714	111,940	8,096	1,583	894	4,320	618,547
At 31 March 2011	489,598	110,649	9,328	1,324	884	1,012	612,795

Notes to the Main Financial Statements

Financial year 2010/11

(£000s)	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Total Property, Plant and Equipment
Cost or Valuation							
At 1 April 2010	575,320	108,938	15,055	1,494	703	470	701,980
Additions	7,066	435	2,052	39	206	722	10,520
Revaluation increases/(decreases) recognised in the revaluation reserve	(29,613)	5,718	0	0	0	0	(23,895)
Revaluation increases/(decreases) recognised in the surplus/deficit on provision of services	(59,008)	(4,368)	0	0	(56)	0	(63,432)
Derecognition - disposals	(1,460)	0	0	0	0	0	(1,460)
Derecognition - other	0	0	0	0	0	(64)	(64)
Assets reclassified to intangible assets	0	0	0	0	0	(24)	(24)
Assets reclassified from investment properties	0	116	0	0	56	0	172
Assets reclassified (to)/from held for sale	0	0	(594)	0	0	0	(594)
Assets reclassified (to)/from other categories of property, plant and equipment	(2,706)	2,548	250	0	0	(92)	0
At 31 March 2011	489,599	113,387	16,763	1,533	909	1,012	623,203
Accumulated Depreciation and Impairment							
At 1 April 2010	0	(3,830)	(6,014)	(170)	(25)	0	(10,039)
Depreciation charge	(8,309)	(2,036)	(1,889)	(39)	0	0	(12,273)
Depreciation written out to the Revaluation Reserve	8,241	3,032	0	0	0	0	11,273
Depreciation written out to the Surplus/Deficit on the Provision of Services	24	0	0	0	0	0	24
Impairment losses/reversals recognised in the Surplus/Deficit on the Provision of Services	0	44	0	0	0	0	44
Assets reclassified to/from Held for Sale	0	0	563	0	0	0	563
Assets reclassified to/from other categories of property, plant and equipment	43	52	(95)	0	0	0	0
At 31 March 2011	(1)	(2,738)	(7,435)	(209)	(25)	0	(10,408)
Net Book Value							
At 31 March 2011	489,598	110,649	9,328	1,324	884	1,012	612,795
At 31 March 2010	575,320	105,108	9,041	1,324	678	470	691,941

Notes to the Main Financial Statements

17 Property Plant and Equipment - Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years.

Current year revaluations were carried out externally by:

Mr A Wilcock MRICS (District Valuer)
Ms A Briggs BA (Hons) MRICS (Bidwells LLP)
Ms A Groom MA MRICS (Bidwells LLP)

The basis for valuation is set out in the statement of accounting policies on page 97.

The following statement should be noted with regard to the valuations carried out by Bidwells LLP:

In reaching the final valuation figures, Bidwells has departed from the Appraisal and Valuation Standards prepared by the Royal Institution of Chartered Surveyors. This is because the valuation of the portfolio is such that Bidwells has not been instructed to re-inspect any of the properties. They have therefore relied on information either obtained by them in 1994, 1997, 2002 and 2007, or subsequently provided by Cambridge City Council in order to reach their conclusions.

Bidwells did undertake an external visual inspection of the properties valued. The Council provides updated information on each property to Bidwells to supplement the detail they already hold and meetings are held to plan and discuss the valuations. These would highlight any significant changes.

The Council has chosen to depart from the Appraisal and Valuation Standards on the grounds of achieving best value for money in relation to property valuation work.

The following table shows the progress of the Council's programme for the revaluation of assets:

(£000s)	Council Dwellings	Other Land and Buildings	Total
Valued at fair value as at:			
31 March 2012	491,714	10,205	501,919
31 March 2011		40,472	40,472
31 March 2010		8,222	8,222
31 March 2009		33,308	33,308
31 March 2008		19,733	19,733
Total Valuation	491,714	111,940	603,654

Vehicles, Plant and Equipment as short life operational assets, are held at historical cost less depreciation as a proxy for fair value.

Notes to the Main Financial Statements

18 Property, Plant and Equipment - Depreciation

The majority of the Council's Property, Plant and Equipment are council dwellings. These are placed into three useful-life bandings. Assets built before 1945 are assessed as having a remaining useful life of 30 years, those built between 1945 and 1974 have a remaining useful life of 40 years, those built between 1974 and 2010 have a remaining useful life of 50 years and those built after 2010 have a useful life of 80 years.

The useful lives of other assets are estimated as:

- Infrastructure Assets – 40 years
- Other buildings – 60 years
- Vehicles, Plant and Equipment – 3 to 20 years

The Council has revised the estimate of the proportion of HRA housing stock values deemed to relate to land. A single rate of 32.5% was previously used for all properties. For 2011/12 the Council has revised the estimate to 31% for houses and bungalows and 22% for flats. It is estimated that this has led to additional depreciation of £589,000.

19 Heritage Assets

(£000s)	Civic Regalia
Carrying value at 1 April 2010, 31 March 2011 and 31 March 2012	430

The collection of Civic Regalia was valued at market value for insurance purposes in November 2011 by Mr Peter Buckle FIRV.

The Council has assessed that the value at the end of each financial year from 2008 to 2012 would not be materially different from the figure obtained in November 2011.

Notes to the Main Financial Statements

20 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

(£000s)	2011/12	2010/11
Opening Capital Financing Requirement	(3)	(3)
Capital Expenditure		
Property, Plant and Equipment	13,796	10,520
Investment Properties	64	0
Intangible Assets	156	76
Non-current assets held for sale	0	0
Capital Expenditure Charged to the Comprehensive Statement of Income and Expenditure		
Revenue Expenditure Funded from Capital	2,797	1,841
HRA self-financing settlement payment	213,572	680
De-minimis capital expenditure	123	0
Loans Advanced		
Private Sector Housing Improvement Loans	67	64
Sources of finance		
Capital receipts	(4,056)	(1,253)
Government grants and other contributions	(3,254)	(3,471)
Revenue and reserves	(9,410)	(8,457)
Closing capital financing requirement	213,852	(3)

Notes to the Main Financial Statements

21 Capital Commitments

At 31 March 2012, the Council was contractually committed to capital work valued at approximately £3.96 million, as shown in the following table. Capital expenditure under these contracts will be incurred in 2012/13, apart from £0.15 million which it is estimated will be spent in 2013/14.

(£000s)	31 March 2012	31 March 2011
Property, Plant and Equipment		
Public conveniences	0	3
Jesus Green tennis courts	94	0
Community Olympic Public Art Commission	101	0
Mill Road Cemetery memorial artwork	53	0
Affordable homes	93	429
Decent Homes	1,323	0
Other HRA stock spend	974	0
Mercury abatement	77	0
Vehicle asset replacements	118	0
Grand Arcade Car Park control room	54	0
Development land on Kings Hedges Road	293	340
Environmental improvements	0	540
Vie Development public open space	0	94
Oracle Financials server	0	50
Sheep's Green canoe house extension	0	186
Brandon Court	400	2,794
Other works - less than £50,000 per contract	204	232
Revenue Expenditure Funded from Capital Under Statute		
Assessment Centre	0	24
Community Development grants	178	0
Disabled adaptations	0	16
	3,962	4,708

22 Investment Properties

The following items of income and expense have been accounted for in the Comprehensive Income and Expenditure Statement.

(£000s)	2011/12	2010/11
Rental income from investment property	(7,911)	(7,708)
Direct operating expenses arising from investment property	605	601
Net gain	(7,306)	(7,107)

Notes to the Main Financial Statements

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the receipt of income and the proceeds of disposal.

The following summarises the movement in the fair value of investment properties over the year.

(£000s)	2011/12	2010/11
Balance at start of the year	96,834	89,289
<i>Additions:</i>		
Subsequent expenditure	64	0
Net gains/losses from fair value adjustments	15,476	7,717
Disposals	(847)	0
<i>Transfers:</i>		
To/from Property, Plant and Equipment	(154)	(172)
Transfers from assets in the course of construction	0	0
Balance at the end of the year	111,373	96,834

23 Intangible Assets

The Council accounts for its software as intangible assets, where the software is not such an integral part of a particular IT system that it is accounted for as part of the hardware item of property, plant and equipment.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £122,000 charged to revenue in 2011/12 relates to specialist software and was charged to relevant services in the Comprehensive Income and Expenditure Statement.

Notes to the Main Financial Statements

The movement on intangible asset balances during the year was as follows:

(£000s)	2011/12	2010/11
	Software licences	Software licences
Balance at the start of the year:		
Gross carrying amounts	905	828
Accumulated amortisation	(401)	(315)
Net carrying amount at start of the year	504	513
Purchases	156	76
Amortisation for the period	(122)	(109)
Other changes	0	24
Net carrying amount at end of year	538	504
Comprising:		
Gross carrying amounts	1,061	905
Accumulated amortisation	(523)	(401)

Software purchased in 2011/12 included general network software and specialist software relating to the administration of benefits and the customer service centre. The costs will be amortised over the expected life of the software.

24 Leases

Council as Lessee

Finance Leases

The carrying value of investment properties held under finance leases was £1,547,000 at both 31 March 2012 and at 31 March 2011. Secondary lease payments of £2,247 in each of 2010/11 and 2011/12 were accounted for as finance costs. This annual charge will continue until 2035.

These Industrial units are leased out under operating leases and the total minimum lease payments are £39,000 at 31 March 2012 (£96,000 at 31 March 2011).

The Council leases in three car parks under long-term peppercorn leases. The carrying value of these car parks included in Property, Plant and Equipment was £16,907,740 at 31 March 2012 (£17,269,000 at 31 March 2011).

Notes to the Main Financial Statements

Operating Leases

The Council leases in a number of operational properties and some equipment under operating leases.

The future minimum lease payments due under non-cancellable leases in future years are:

(£000s)	31 March 2012	31 March 2011
Not later than one year	287	411
Later than one year and not later than five years	599	820
Later than five years	182	248
	1,068	1,479

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

(£000s)	2011/12	2010/11
Minimum lease payments	411	427

Council as Lessor

Operating Leases

The Council leases out commercial properties across the City under operating leases. The portfolio includes, shops, industrial units and shopping centres.

The future minimum lease payments receivable, under leases which cannot be cancelled, are:

(£000s)	31 March 2012	31 March 2011
Not later than one year	3,332	4,283
Later than one year and not later than five years	10,314	12,489
Later than five years	97,025	99,820
	110,671	116,592

The minimum lease payments receivable do not include contingent rents such as those based on turnover. In 2011/12 £2,207,699 contingent rents were receivable by the Council (2010/11 £2,208,180).

Notes to the Main Financial Statements

25 Short-Term and Long-Term Investments

(£000s)	2011/12		2010/11	
	Long Term	Short Term	Long Term	Short Term
Investments in Icelandic banks and their UK subsidiaries	2,190	1,545	3,294	1,955
Other investments	0	56,061	0	48,632
	2,190	57,606	3,294	50,587

Investments in Icelandic Banks and their UK Subsidiaries

Investments included in current assets and long-term assets in the Balance Sheet at 31 March 2012 include the following investments, the values of which have been impaired because of the financial difficulties experienced by Icelandic banks and their subsidiaries. The impairments reflected in the accounts are based on the latest LAAP guidance issued in June 2012.

In October 2008, the Icelandic Banks Landsbanki Islands hf, Kaupthing and Glitnir collapsed and the UK subsidiaries of the bank, Heritable Bank Plc and Kaupthing Singer and Friedlander, went into administration.

The Council had £9m deposited between Landsbanki Islands hf and its UK subsidiary, Heritable Bank Plc, with varying maturity dates and interest rates as follows:

Bank	Original Investment Date	Original Maturity Date	Amount Invested (£'000)	Interest Rate (%)
Heritable	09/01/2008	09/10/2008	1,000	5.65
Heritable	13/06/2008	22/12/2008	1,000	6.21
Landsbanki	30/06/2008	06/01/2009	2,000	6.22
Heritable	05/09/2008	05/03/2009	2,000	6.00
Landsbanki	01/07/2008	24/04/2009	1,000	6.35
Landsbanki	01/07/2008	22/05/2009	2,000	6.42
			9,000	

All monies within these institutions are currently subject to their respective administration and receivership processes. The amount and timing of payments to depositors such as the Council will be determined by the administrators / receivers.

Notes to the Main Financial Statements

The current situation with regards to recovery of the sums deposited varies between each institution. Based on the latest information available, the Council considers that it is appropriate to make an impairment adjustment for the deposits based on the information outlined below. As the available information is not definitive as to the amounts and timings of payments to be made by the administrators/receivers, it is likely that further adjustments will be made to the accounts in future years.

The net reversal of impairment losses recognised in the Income and Expenditure Account in 2011/12 of £471,000 (2010/11 impairment losses of £42,000) have been calculated by discounting the assumed cashflows at the effective interest rate of the original deposits in order to recognise the anticipated loss of interest to the Council until monies are recovered.

The overall position is summarised as follows:

(£000s)	2011/12		2010/11	
	Heritable Bank Plc	Landsbanki Islands hf	Heritable Bank Plc	Landsbanki Islands hf
Balance sheet carrying value				
Long term investments	222	1,968	514	2,779
Short term investments	567	979	843	1,112
Increase / (decrease) in impairment recognised in the Comprehensive Income and Expenditure account	(95)	(376)	0	42
Cash received	725	1,556	616	0

The deposits in Heritable were originally impaired by £1,244,000 and in Landsbanki by £1,390,000 in 2008/09. In 2009/10 there was an additional impairment of £408,000 in respect of Landsbanki and a reversal of the Heritable impairment of £212,000.

Heritable Bank Plc

Heritable Bank Plc is a UK registered bank operating under Scottish law. The company was placed in administration on 7 October 2008. In relation to the 2008/09 statement of accounts the Council decided to recognise an impairment based on recovering 80p in the £. The progress report issued to creditors, by the administrators Ernst and Young in August 2011, noted a base case return to creditors of 86 to 90 pence in the £. The latest updates from the administrators have not changed this estimate. Total dividends paid to date are 71.69% of the claim – including dividends of 3.79% in April 2012. In calculating the current expected recoverable amount impairment the Council has made the following assumptions in respect of the timing of recoveries:

July 2012	3.50%
October 2012	3.50%
January 2013	3.50%
April 2013	5.81%

Notes to the Main Financial Statements

This schedule is based on expected total dividends of 88% of the claim. Recoveries are expressed as a percentage of the Council's claim, which includes interest accrued up to 6 October 2008.

Landsbanki Islands hf

Landsbanki Islands hf is an Icelandic entity. Following steps taken by the Icelandic Government in early October 2008 its domestic assets and liabilities were transferred to a new bank (new Landsbanki) with the management of the affairs of Old Landsbanki being placed in the hands of a resolution committee. Old Landsbanki's affairs are being administered under Icelandic law. In respect of the 2008/09 accounts the Council decided to recognise an impairment based on it recovering 83p in the £.

The Council's estimate of the likely recoverable amount was subsequently updated in line with CIPFA guidance to 94.86 pence in the £.

This rate of recovery was based on the assumption that local council deposits had priority status and would therefore be repaid ahead of any creditors that did not have priority status. This was based on the Reykjavik District Court verdict on 1 April 2011 confirming that local authorities' claims qualified for priority status under Article 112 of the Icelandic Bankruptcy Legislation. However, this decision was subject to an appeal to the Icelandic Supreme Court.

The Supreme Court confirmed the priority status of local council deposits in October 2011. Under the terms of the distribution proposal, payment of each depositor's claim (measured in Icelandic Kroner as at 22 April 2009) was made in a basket of currencies with conversions made using Central Bank of Iceland selling rates as at 22 April 2009. The distribution currencies were Icelandic Kroner, Euros, US dollars and sterling. A total of £740 million, €710 million, \$710 million and ISK 10 billion was distributed to qualifying priority creditors. The Council therefore received a distribution in February 2012 close to one-third of its priority claim. The Icelandic distribution is currently held in escrow.

The Winding Up Board announced in March 2012 that it anticipated that recoveries would exceed the book value of priority claims. It is therefore now considered likely that UK local authorities will recover 100% of their deposits, subject to future exchange rate fluctuations.

Following the sale of Iceland Foods, the Landsbanki Winding Up Board authorised a further distribution to priority creditors in May 2012. The distribution was made wholly in sterling and the total amount distributed to creditors was £850 million. Taken together with the first distribution at the end of 2011, this raise the total amount distributed to approximately 43%. The future pattern of distributions by the Landsbanki Winding Up Board is not known, although the Board has published on its website an estimated schedule of recoveries by year, based on the position as at 31 December 2011.

Therefore in estimating the current expected recoverable amount the Council has made the following assumptions in respect of the timing of recoveries:

December 2012	7.00%
December 2013	7.00%
December 2014	7.00%
December 2015	7.00%

Notes to the Main Financial Statements

December 2016	7.00%
December 2017	7.00%
December 2018	7.00%
December 2019	7.00%

Interest credited to the Comprehensive Income and Expenditure Statement in respect of these investments (but not actually received) is as follows:

(£000s)	2011/12	2010/11
Heritable Bank Plc	62	97
Landsbanki Islands hf	235	240

The Council took advantage of the Capital Finance Regulations to defer the impact of impairments recognised on these investments in 2008/09 and 2009/10 on the General Fund using the Financial Instruments Adjustment Account. Under the regulations the total impairments recognised in the Comprehensive Income and Expenditure Statement in 2008/09 and 2009/10 were charged to the General Fund in 2010/11. From 2010/11, any changes to the impairments previously recognised are reflected in the General Fund in the relevant year.

Further details on the Council's approach to managing credit risks are contained in Note 38.

26 Long-Term Debtors

Long-term debtors which fall due after a period of at least one year:

(£000s)	31 March 2012	31 March 2011	1 April 2010
Mortgages	8	17	39
Grand Arcade reverse lease premium	223	228	233
Private sector housing improvement loans	812	675	690
Sale of land at Kings Hedges	30	30	30
Loan term loan - Kelsey Kerridge Sports Centre	38	51	64
	1,111	1,001	1,056

27 Current Assets Held for Sale

(£000s)	2011/12	2010/11
Balance at 1 April	0	0
Assets newly classified as held for sale:		
Property, plant & equipment	65	31
Assets sold	(65)	(31)
Balance at 31 March	0	0

Notes to the Main Financial Statements

28 Debtors

(£000s)	31 March 2012	31 March 2011	1 April 2010
Central government bodies	885	4,021	7,842
Other local authorities	1,997	1,329	1,156
NHS bodies	28	10	31
Public corporations and trading funds	2	3	2
Council Tax payers (City share)	622	689	694
Council Tax payers (precepting bodies share)	2,020	2,615	2,605
Housing tenants and leaseholders	470	674	785
Trade and other	2,055	1,836	3,120
	8,079	11,177	16,235

29 Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

(£000s)	31 March 2012	31 March 2011	1 April 2010
Cash held by the Council	3	5	12
Bank current accounts	398	302	285
Bank deposit account	4,380	2,250	3,520
	4,781	2,557	3,817

30 Short-Term Creditors

(£000s)	31 March 2012	31 March 2011	1 April 2010
Central government bodies	(4,351)	(956)	(1,607)
Other local authorities	(1,105)	(3,107)	(2,708)
NHS bodies	0	(1)	0
Public corporations and trading funds	(19)	0	(1)
Housing tenants and leaseholders	(619)	(613)	(609)
Other entities and individuals	(6,959)	(4,090)	(4,584)
	(13,053)	(8,767)	(9,509)

Notes to the Main Financial Statements

31 Receipts in Advance

(£000s)	31 March 2012	31 March 2011	1 April 2010
Cambridge City Council share of Council Tax receipts	(365)	(347)	(354)
Capital grants receipts in advance	(677)	(1,376)	(1,152)
Other	(1,737)	(1,701)	(1,715)
	(2,779)	(3,424)	(3,221)

32 Provisions

The insurance provision has been set aside to meet the estimated cost to the Council of outstanding insurance claims. However, the actual cost (if any) of individual claims and the timing of payments are uncertain and may be dependent upon the results of negotiation and/or legal action.

Under current insurance arrangements, the Council takes responsibility for meeting the first £10,000 of any liability or motor claim up to a total combined loss in any insurance year of £275,000. For property losses, the Council is responsible for meeting up to £150,000 of claims in respect of General Fund property from the provision and up to £250,000 for HRA property from the HRA. The Council's external insurers meet claims or losses in excess of these amounts.

The Council's PVCu windows factory closed in October 2006. A 10-year warranty on all units manufactured since 1997 has been given by the Council and claims could be received until 2017. A warranty provision was established based on a percentage of the contract values. During 2010/11 a review of the provision was undertaken and given the low level of claims incurred over the last five years, the provision was reduced to a sum equal to 0.1% of the potential liability.

(£000s)	Insurance Provisions	PVCu Provisions	Total
Balance at 1 April 2011	(273)	(11)	(284)
Additional provisions made in 2011/12	(221)	0	(221)
Amounts used in 2011/12	102	2	104
Unused amounts reversed in 2011/12	86	0	86
Balance as at 31 March 2012	(306)	(9)	(315)

Notes to the Main Financial Statements

33 Grant Income

The Council credited the following significant grants and contributions to the Comprehensive Income and Expenditure Statement in 2011/12:

(£000s)	2011/12	2010/11
Credited to Taxation and Non Specific Grant Income		
Share of National Non-domestic Rates	(7,268)	(10,861)
Revenue Support Grant	(2,247)	(1,577)
Council Tax Freeze Grant	(170)	0
New Homes Bonus	(910)	0
Land Charges Grant	(34)	0
Area Based Grant	0	(175)
Capital grants and contributions	(2,558)	(3,872)
	(13,187)	(16,485)
Credited to Services		
Concessionary Fares	0	(1,990)
Ditching Maintenance	0	(100)
Free Swimming	0	(8)
Homelessness Grant	(575)	(461)
Local Support Partnership Grants	(43)	(24)
Council Tax Admin Subsidy	(232)	(274)
Council Tax Benefits Subsidy	(6,267)	(6,360)
Rent Allowance and Rent Rebates Admin Subsidy	(607)	(509)
Rent Allowance Subsidy	(16,644)	(16,138)
Non HRA Rent Rebates Subsidy	(67)	(42)
Rent Rebates Subsidy	(16,823)	(15,705)
	(41,258)	(41,611)

The Council has received a number of developer contributions that have yet to be recognised as income as they have conditions attached to them that may require the monies to be returned to the giver. The balances at the year-end are as follows:

(£000s)	31 March 2012	31 March 2011
Capital Grants Receipts in Advance		
Due within 12 months	(677)	(1,376)
Due in more than 12 months	(2,726)	(2,622)
Total	(3,403)	(3,998)

Notes to the Main Financial Statements

34 Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 4 and 5.

35 Unusable Reserves

(£000s)	31 March 2012	31 March 2011 (as restated)	1 April 2010 (as restated)
Deferred Capital Receipts	(77)	(97)	(882)
Revaluation Reserve	(42,317)	(38,615)	(51,783)
Capital Adjustment Account	(475,620)	(672,761)	(731,194)
Financial Instruments Adjustment Account	393	783	3,312
Pensions Reserve	78,945	57,871	106,193
Collection Fund Adjustment Account	158	83	42
Accumulated Absences Account	558	507	589
Total Unusable Reserves	(437,960)	(652,229)	(673,723)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by capital receipts. When the deferred cash settlement actually takes place, amounts are transferred to the Capital Receipts Reserve.

(£000s)	2011/12	2010/11
Balance at 1 April	(97)	(882)
Transfer of deferred capital receipts credited as part of other income to the Comprehensive Income and Expenditure Statement	20	35
Transfer to the Capital Receipts Reserve upon receipt of cash	0	750
Balance at 31 March	(77)	(97)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

Notes to the Main Financial Statements

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

(£000s)	2011/12	2010/11 (as restated)
Balance at 1 April	(38,615)	(51,783)
Net (gains) / losses on revaluations during the year	(4,467)	12,623
Amounts written off the Capital Adjustment Account		
Difference between fair value depreciation and historical cost depreciation	765	539
Accumulated gains on assets sold or scrapped	0	6
Balance at 31 March	(42,317)	(38,615)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 4 provides details of the source of all the transactions posted to the Capital Adjustment Account, apart from those involving the Revaluation Reserve.

Notes to the Main Financial Statements

(£000s)	2011/12	2010/11
Balance at 1 April	(672,761)	(731,194)
Charges for depreciation and impairment of non-current assets	13,709	12,273
Revaluation losses on property, plant and equipment	(3,841)	63,388
Amortisation of intangible assets	122	109
Revenue expenditure funded from capital under statute and de minimis capital spend	2,920	2,521
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,645	1,530
Depreciation in excess of historic cost transfer from revaluation reserve	(765)	(539)
Transfer from revaluation reserve on disposal of non-current assets	0	(6)
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,056)	(1,253)
Use of the Major Repairs Reserve to finance new capital expenditure	(4,300)	(4,668)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,072)	(2,339)
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,182)	(1,132)
Repayment of private sector housing loans	12	56
Private sector housing loans adjustment	(37)	0
Capital expenditure charged against the General Fund and Housing Revenue Account balances	(5,110)	(3,790)
Self-financing of the HRA settlement payment	213,572	0
Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(15,476)	(7,717)
Balance at 31 March	(475,620)	(672,761)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains in accordance with statutory provisions.

Notes to the Main Financial Statements

(£000s)	2011/12	2010/11
Balance at 1 April	783	3,312
Amortisation of debt redemption premium	(346)	(546)
Movement in fair value of private sector housing improvement loans	(44)	23
Movements in respect of investments in Icelandic banks	0	(2,006)
Balance at 31 March	393	783

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pensions funds or eventually pays any pensions for which is it directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Further details on pension transactions are shown in note 39.

(£000s)	2011/12	2010/11
Balance at 1 April	57,871	106,193
Actuarial gains or losses on pensions assets and liabilities	19,552	(28,019)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	6,448	(15,196)
Employer's pension contributions and direct payments to pensioner payable in the year	(4,926)	(5,107)
Balance at 31 March	78,945	57,871

Notes to the Main Financial Statements

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

(£000s)	2011/12	2010/11
Balance at 1 April	83	42
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	75	41
Balance at 31 March	158	83

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. The amounts accrued at the end of each year reflect untaken leave, time-off-in-lieu and flexitime balances. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

(£000s)	2011/12	2010/11
Balance at 1 April	507	589
Settlement of or cancellation of accrual made at the end of the preceding year	(507)	(589)
Amounts accrued at the end of the current year	558	507
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	51	(82)
Balance at 31 March	558	507

36 Contingent Liabilities and Assets

Contingent Liabilities

Compulsory Purchase Orders

Residential dwellings:

The Council has compulsorily purchased two houses, the first in 2003/04 and the second in 2006/07. The obligation to compensate the previous owners arises when the claimant actually claims compensation and such amount is agreed or awarded by the Lands Tribunal. The claimants have 12 years from the date of purchase to make a claim for compensation and are entitled to the value of land and property, plus interest accrued in accordance with the interest rate set in the Land Compensation Act 1961. The values plus accumulated interest at 31 March 2012 are £583,448.

A compensation claim has now been received in respect of one of the two houses.

Contingent Assets

VAT

HM Revenue and Customs (HMRC) v Isle of Wight and others

The above case is still ongoing with no final determination yet as to whether the VAT liability for the provision of off-street car parking by local authorities should be VAT standard rated or classed as 'non-business' (and hence outside the scope of VAT). The Council has submitted, based on the possible final outcome of the case, claims for the repayment of £17.6 million of VAT (net of fees) paid over to HMRC in relation to off-street car parking since the start of VAT in April 1973. As at 31 March 2012 this claim remained outstanding pending the outcome of a further VAT tribunal (to be heard during May 2012). This Tribunal will be looking at the question of possible distortion of competition if the provision of off-street parking by local authorities was not subject to VAT but that provided by the private sector was.

Compound Interest

There have been a number of recent developments in relation to the ability of taxpayers to claim 'compound', as opposed to 'simple', interest on monies repaid (or to be repaid) to them by HMRC. Compound interest can far exceed that of simple interest and the Council has been advised that claims for compound interest can, potentially, go back to 1973. In view of the significant value of VAT repayment claims already made by the Council, both in relation to that still outstanding (as above) and those already repaid by HMRC under 'Fleming', the Council has engaged a firm of lawyers to submit a claim for compound interest to the High Court. It is currently unclear when these claims will be determined.

Notes to the Main Financial Statements

37 Financial Instruments

Categories of Financial Instrument

The following categories of financial instrument are carried in the balance sheet:

(£000s)	Long Term		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Investments				
Loans and receivables	2,190	3,294	57,606	50,587
Debtors				
Loans and receivables	889	773	5,520	5,183
Creditors				
Financial liabilities at amortised cost	0	0	(10,438)	(9,140)
Long Term Borrowing				
Financial liabilities at amortised cost	(213,654)	0	0	0
	(210,575)	4,067	52,688	46,630

Notes to the Main Financial Statements

Income, Expense, Gains and Losses

The following items of income, expense, gain or loss are reflected in the Statement of Comprehensive Income and Expenditure in respect of financial instruments:

(£000s)	2011/12		2010/11	
	Financial Liabilities at amortised cost	Financial Assets - Loans and Receivables	Financial Liabilities at amortised cost	Financial Assets - Loans and Receivables
Interest expense	84	0	2	0
Reductions in fair value	0	0	0	47
Reversal of losses on impaired financial assets	0	(471)	0	0
Impairment losses	0	251	0	232
PWLB fees on arrangement of HRA self-financing loans	75	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	159	(220)	2	279
Increases in fair value	0	(11)	0	0
Interest Income	0	(544)	0	(456)
Interest income accrued on impaired financial assets	0	(297)	0	(337)
Total income in Surplus or Deficit on the Provision of Services	0	(841)	0	(793)

Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- ◆ An estimated interest rate at 31 March 2012 of 2.18% (3.74% at 31 March 2011) has been used to calculate the fair value of private sector housing improvement loans
- ◆ Estimated ranges of interest rates at 31 March 2012 of 3.22% to 3.28% for loans from the PWLB based on premature repayment rates at that date
- ◆ No early repayment is recognised
- ◆ Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value

Notes to the Main Financial Statements

- ◆ The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair values are calculated as follows:

(£000s)	31 March 2012		31 March 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Liabilities at amortised cost				
Creditors	(10,438)	(10,438)	(9,140)	(9,140)
Long term borrowing	(224,896)	(213,654)	0	0
Loans and receivables:				
Long term debtors	889	889	773	773
Current debtors	5,520	5,520	5,183	5,183
Long term investments	2,190	2,190	3,294	3,294
Current investments	57,606	57,606	50,587	50,587

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes fixed rate loans where the interest rate payable is higher than the prevailing rates at the balance sheet date.

38 Nature and extent of risks arising from financial instruments

The Council's activities expose it to a variety of financial risks:

- ◆ Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- ◆ Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- ◆ Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

How the Council manages those risks

The Council maintains principles for overall risk management, as well as approved policies covering specific areas, such as Treasury Management. The principles behind how the Council intends to manage overall credit, liquidity and market risk in its investments are contained within the Annual Treasury Management and Investment Strategy report, submitted to full Council before the start of each financial year. This strategy can be amended, but only by full Council. During 2011/12 the Council made some amendments to its investment strategy and these are outlined below.

Notes to the Main Financial Statements

Credit risk

Credit risk arises from investments with banks and other financial institutions, as well as credit exposures to the Council's customers.

One of the things that the Council seeks to do through the operation of its Treasury Management and Investment Strategy is to minimise its exposure to risks in relation to investments. The policies have been amended during 2011/12.

The Council has, in general, continued with its suspension of lending to overseas financial institutions or their UK subsidiaries. The Council's current policy is to only lend to UK nationalised banks and other local authorities for up to twelve months in duration and non-nationalised banks and building societies for up to three months. This is in line with guidance from our treasury management advisers and in line with the Council's established Treasury Management Deposit Strategy.

The Council has also maintained a limit on the total that may be invested within the same company group. The policy of having no limit on the total amount which may be invested in the Government's Debt Management Account deposit Facility (DMADF) continued in 2011/12.

The Council uses the 'creditworthiness service' provided by Sector. This service has been progressively enhanced and uses a sophisticated modelling approach using credit ratings from the following rating agencies – Fitch, Moodys and Standard and Poors. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to determine the appropriate duration for investments and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments.

With the exception of the DMADF, limits are set for the amount that may be on deposit with any one institution. At 31 March 2012 these were: a maximum of £16 million with HSBC Bank Plc (the Council's bank), £10 million with other approved counterparties and a maximum of 1.5 times this limit may be invested, in total, with counterparties belonging to the same company group.

In light of the above investment strategy, the Council considers that it has taken all reasonable steps to reduce to a minimum any exposure to credit risks in relation to its investments at 31 March 2012 and that any residual risk cannot be quantified.

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The following shows the original principal sums of investments at 31 March analysed by the nature of financial institution, country in which they are domiciled and remaining period to maturity:

(£000s)	Maturity Band			Total
	less than 3 months	3 months to 6 months	6 months to 1 year	
31st March 2012				
United Kingdom				
Banks	26,380	13,000	0	39,380
Building Societies	10,000	0	0	10,000
Local Authorities	11,000	0	0	11,000
Total	47,380	13,000	0	60,380

(£000s)	Maturity Band			Total
	less than 3 months	3 months to 6 months	6 months to 1 year	
31st March 2011				
United Kingdom				
Banks	8,250	0	0	8,250
Building Societies	0	0	0	0
Local Authorities	26,500	10,000	6,000	42,500
Total	34,750	10,000	6,000	50,750

These tables exclude the investments in Heritable Bank and Landsbanki as detailed in Note 26.

The following analysis summarises the Council's assessment of its potential maximum exposure to credit risk (impairment allowance) in relation to debtors:

(£000s)	31 March 2012		31 March 2011	
	Gross Debt	Impairment Allowance	Gross Debt	Impairment Allowance
Long term debtors	889	0	773	0
Current and former tenants	1,520	1,270	1,366	1,045
Other debtors	4,000	926	3,817	925
	6,409	2,196	5,956	1,970

Long-term debtors include private sector housing improvement loans and council house mortgages. These debts are secured on properties.

The movement in the impairment allowance during the year can be summarised as follows:

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(£000s)	31 March 2012	31 March 2011
Balance as at 1 April	1,970	1,846
Increase in allowance for impairment	240	157
Balances written off during the year	(14)	(33)
	2,196	1,970

The Council does not generally extend credit to its customers beyond 21 days. At 31 March 2012, of the total debtor and deferred debtor balances of £6.4 million (£6.0 million at 31 March 2011), the past due amount was £2.8 million (£2.2 million at 31 March 2011) and can be analysed by age as follows:

(£000s)	31 March 2012	31 March 2011
Customer Debts		
Less than three months	611	296
Three to six months	73	83
Six months to one year	195	185
More than one year	1,914	1,675
	2,793	2,239

Liquidity risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the Public Works Loan Board (PWLB). There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

On 28 March 2012 the Council took out a number of fixed rate maturity loans with the PWLB to meet the cost of the HRA self-financing settlement due to central government. These loans have terms of between 26 and 45 years. The HRA business plan confirms the affordability of interest payments and the repayment of these loans on maturity and that the Council may be able to consider earlier redemption if advantageous.

The maturity analysis of the loans is as follows:

(£000s)	31 March 2012	31 March 2011
Between 25 and 30 years	53,413	0
Between 30 and 35 years	53,413	0
Between 35 and 40 years	53,414	0
Between 40 and 45 years	53,414	0
	213,654	0

Notes to the Main Financial Statements

Market risk

Interest rate risk

The Council is exposed to minimal risk in terms of its exposure to movements in interest rates. This is because the majority of its investments are at fixed rates. These investments are also of less than one year in duration and so changes to fair value will be minimal. The Council does, however, utilise a bank deposit account for very short term cash deposits and the interest rate on this account moves in line with movements in the bank rate.

In general terms, a rise in interest rates would have the following effects:

- ◆ Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- ◆ Investments at fixed rates – the fair value of the assets will fall
- ◆ Loans at fixed rates – the fair value of liabilities will fall.

Borrowing are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services. The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget during the year. However, looking back on last year, if interest rates on the bank deposit account had been one percentage point higher, with all other variables held constant, the financial effect would have been an additional income of £65,000 (£38,000 in 2010/11).

Price risk

The Council does not invest in equity shares and so is not exposed to this risk.

Foreign exchange risk

The Council has no financial assets or liabilities denominated in foreign currencies other than its exposure as detailed in Note 25.

39 Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and this needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme, administered locally by Cambridgeshire County Council. This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Notes to the Main Financial Statements

Transactions relating to post employment benefits

The Council recognises the cost of retirement benefits in the reported cost of services when employees earn them, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the employer contributions payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

(£000s)	Local Government Pension Scheme	
	2011/12	2010/11
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Current service cost	4,650	5,178
Past service costs	0	(23,479)
Settlements and curtailments	161	203
Financing and Investment Income and Expenditure:		
Interest cost	10,435	11,558
Expected return on scheme assets	(8,798)	(8,656)
Total post employment benefit charged to the surplus or deficit on the provision of services	6,448	(15,196)
Other post employment benefit charged to the comprehensive income and expenditure statement		
Actuarial (gains) / losses	19,552	(28,019)
Total post employment benefit charged to the comprehensive income and expenditure statement	26,000	(43,215)
Movement in reserves statement		
Reversal of net charges made to the surplus or deficit for the provision of services for post employment benefits in accordance with the code	(21,074)	48,322
Employers' contributions payable to the scheme	4,926	5,107

The cumulative amount of actuarial losses recognised in the Comprehensive Income and Expenditure Statement to the 31 March 2012 is a loss of £73.3 million (£56.3 million at 31 March 2011).

Notes to the Main Financial Statements

Assets and liabilities in relation to post employment benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

(£000s)	2011/12	2010/11
Opening balance at 1 April	(190,481)	(227,955)
Current Service Cost	(4,650)	(5,178)
Interest Cost	(10,435)	(11,558)
Contributions by scheme participants	(1,567)	(1,707)
Actuarial gains/(losses)	(8,775)	26,309
Past Service Gains	0	23,479
Benefits paid	7,514	6,025
Estimated unfunded benefits paid	323	307
Curtailments	(161)	(203)
Closing balance at 31 March	(208,232)	(190,481)

Reconciliation of fair value of the scheme (plan) assets:

(£000s)	2011/12	2010/11
Opening balance at 1 April	132,610	121,762
Expected return on assets	8,798	8,656
Actuarial gains/(losses)	(10,777)	1,710
Employer Contributions	4,926	5,107
Contributions by scheme participants	1,567	1,707
Unfunded benefits paid	(323)	(307)
Benefits paid	(7,514)	(6,025)
Closing balance at 31 March	129,287	132,610

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yield on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on the Fund in market value terms for the year to 31 March 2012 was 0.5%.

Notes to the Main Financial Statements

Scheme History

(£000s)	2011/12	2010/11	2009/10	2008/09	2007/08
Present value of liabilities	(208,232)	(190,481)	(227,955)	(133,978)	(136,833)
Fair value of assets in the Local Government Pension Scheme	129,287	132,610	121,762	90,405	109,994
Surplus/(deficit) in the scheme	(78,945)	(57,871)	(106,193)	(43,573)	(26,839)

The liabilities show the underlying commitments that the Council has in the long run to pay post employment (retirement) benefits. The total liability of £78.9 million has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2013 are £4.154 million.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme liabilities have been assessed for the County Council Fund by Hymans Robertson, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2010.

Notes to the Main Financial Statements

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2011/12	2010/11
Long-term expected rate of return on assets in the scheme:		
Equity investments	6.3%	7.5%
Bonds	3.3%	4.9%
Property	4.4%	5.5%
Cash	3.5%	4.6%
Mortality Assumptions:		
Longevity at 65 for current pensioners		
Men	21.0	21.0
Women	23.8	23.8
Longevity at 65 for future pensioners		
Men	22.9	22.9
Women	25.7	25.7
Rate of inflation	2.5%	2.8%
Rate of increase in salaries	4.8%	5.1%
Rate of increase in pensions	2.5%	2.8%
Rate for discounting scheme liabilities	4.8%	5.5%
Take up of option to convert annual pension into retirement lump sum (in respect of pre April 2008 service)	25.0%	25.0%
Take up of option to convert annual pension into retirement lump sum (in respect of post April 2008 service)	63.0%	63.0%

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	31 March 2012	31 March 2011
	%	%
Equity investments	72	73
Bonds	14	15
Property	9	8
Cash	5	4
Total	100	100

Notes to the Main Financial Statements

History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2012.

%	2011/12	2010/11	2009/10	2008/09	2007/08
Difference between the expected and actual return on assets	(6.4)	1.3	19.6	(31.8)	(15.1)
Experience gains and losses on liabilities	(0.0)	0.1	(0.1)	0.3	1.0

40 Cashflow Statement – Operating Activities

The cash flows for operating activities include the following items:

(£000s)	2011/12	2010/11
Housing rents	16,088	15,238
Revenue Support Grant	2,247	1,577
Council share of national non-domestic rates from national pool	7,268	10,861
Housing Benefit subsidies	33,385	31,642
Council share of Council Tax receipts	6,846	6,761
Cash paid to and on behalf of employees	(33,013)	(34,840)
Payments to the capital receipts pool	(1,310)	(2,224)
Housing Benefit paid	(16,882)	(16,494)
Interest received	619	911
Interest paid	(2)	(2)
HRA Self-financing settlement payment	(213,572)	0
Other operating cash flows	(6,778)	(3,556)
	(205,104)	9,874

Notes to the Main Financial Statements

41 Cashflow Statement – Investing Activities

The cash flows for investing activities are as follows:

(£000s)	2011/12	2010/11
Purchase of property, plant and equipment, investment property and intangible assets	(12,839)	(11,901)
Purchase of short-term and long-term investments	(206,975)	(203,800)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,209	3,849
Proceeds from short-term and long-term investments	201,719	193,916
Other receipts from investing activities	1,551	3,567
	(13,335)	(14,369)

42 Cashflow Statement – Financing Activities

(£000s)	2011/12	2010/11
Cash receipts from long-term borrowing	213,497	0
Other receipts from financing activities	7,166	3,262
Net cash flows from financing activities	220,663	3,262

Other receipts from financing activities reflect movements in the cash collected for National Non-Domestic Rates and Council Tax collected by the Council as an agent for others.

43 Heritage Assets – Change in Accounting Policy required by the Code of Practice for Local Authority Accounting

The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 introduced a change to the treatment in accounting for heritage assets held by the Council.

For 2011/12 the Council is required to change its accounting policy for heritage assets and recognise them at valuation. Previously heritage assets were not recognised in the balance sheet as it was difficult to obtain cost information on the assets. The Council's accounting policies for the recognition and measurement of heritage assets are set out in the statement of accounting policies.

In applying the new accounting policy, the Council has recognised £430,000 of heritage assets on the balance sheet. The 1 April 2010 and 31 March 2011 balance sheets have therefore been restated in the 2011/12 Statement of Accounts.

Notes to the Main Financial Statements

The effects of the restatement are as follows:

Effect on Opening Balance Sheet 1 April 2010

(£000s)	Opening balances as at 1 April 2010	Restatement	Opening balances as at 1 April 2010 as restated
Heritage Assets	0	430	430
Long Term Assets	787,584	430	788,014
Total Net Assets	725,013	430	725,443
Unusable Reserves	(673,293)	(430)	(673,723)
Total Reserves	(725,013)	(430)	(725,443)

Corresponding changes to the balance on unusable reserves and total reserves have been made to the Movement on Reserves Statement at 1 April 2010.

Effect on Balance Sheet 31 March 2011

(£000s)	As previously stated	Restated
Heritage Assets	0	430
Long Term Assets	714,428	714,858
Total Net Assets	706,084	706,514
Unusable Reserves	(651,799)	(652,229)
Total Reserves	(706,084)	(706,514)

Corresponding changes to the balance on unusable reserves and total reserves have been made to the Movement on Reserves Statement at 1 April 2011.

Notes to the Main Financial Statements

44 Prior Period Adjustments

The Service Reporting Code of Practice (SERCOP) has subdivided the previous single service line 'Cultural, Environmental, Regulatory and Planning Services' into three lines as shown below. Comparative figures for 2010/11 have been restated. As part of this change the accounting treatment of some investment property income that was previously netted off building costs allocated to service lines has been reviewed.

(£000s)	2010/11 (as restated)			2010/11 (as originally reported)		
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Central services to the public	8,924	(7,291)	1,633	8,904	(7,291)	1,613
Cultural, environmental, regulatory and planning services	0	0	0	35,715	(14,210)	21,505
Cultural and related services	14,564	(6,774)	7,790	0	0	0
Environmental and related services	12,787	(4,731)	8,056	0	0	0
Planning services	8,652	(3,137)	5,515	0	0	0
Highways and transport services	13,099	(10,618)	2,481	13,099	(10,643)	2,456
Other housing services	38,359	(34,615)	3,744	38,316	(34,615)	3,701
Corporate and democratic core	2,833	0	2,833	2,777	0	2,777
	99,218	(67,166)	32,052	98,811	(66,759)	32,052

45 Financial Instruments – Impact of the adoption of the new standard on the financial statements – effective for the 2012/13 financial year

The Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 incorporates amendments to *IFRS7 Financial Instruments : Disclosures*. These amendments require additional disclosures in respect of transfers of financial assets. It is not expected that these requirements will impact on the Council.

46 Date the Statement of Accounts were authorised for issue

The unaudited Statement of Accounts were authorised for issue by the Director of Resources on 29 June 2012.

Additional Financial Statements and Information

Additional Financial Statements and Information

Housing Revenue Account Income and Expenditure Account

This statement sets out details of the income and expenditure in relation to the provision of Council dwellings.

(£000s)	Note	2011/12	2010/11
Income			
Dwelling rents	2	(30,384)	(28,330)
Non-dwelling rents		(759)	(839)
Charges for services and facilities		(2,727)	(2,855)
Contributions towards expenditure		(708)	(805)
Reimbursement of costs		(21)	(20)
Total		(34,599)	(32,849)
Expenditure			
Repairs & Maintenance		5,929	5,874
Supervision & Management		6,331	6,848
Rents, rates, taxes & other charges		252	254
Depreciation & impairment		5,545	68,018
Negative HRA Subsidy	3	12,903	11,733
Increased provision for bad debts		238	122
Debt Management Costs		75	0
HRA self-financing settlement payment to government	12	213,572	0
Total		244,845	92,849
Net cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		210,246	60,000
HRA services share of Corporate and Democratic Core		291	183
HRA Services share of Non Distributed Costs		91	514
Net Cost of HRA Services		210,628	60,697
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement			
(Surplus) or deficit on sale of HRA non-current assets		(429)	(1,367)
Other income		(37)	(185)
Interest payable on PWLB loans		82	0
Interest and Investment Income		(862)	(456)
Capital Grants and Contributions Receivable		(62)	(788)
(Surplus) / Deficit for the year on HRA services		209,320	57,901

Additional Financial Statements and Information

Statement of Movement on the Housing Revenue Account Balance

(£000s)	Note	2011/12	2010/11
(Surplus) / Deficit for the year on the HRA Income and Expenditure Account		209,320	57,901
Adjustments between accounting basis and funding basis under statute			
Gain or loss on sale non-current assets		430	1,367
Other capital receipts		37	185
Impairment of financial instruments		0	0
Net revaluation losses on property, plant and equipment		3,686	(59,527)
Revenue expenditure funded from capital under statute and de-minimis capital expenditure		(46)	(595)
Self financing settlement payment funded from capital under statute		(213,572)	0
Capital Contributions unapplied credited to the Comprehensive Income and Expenditure Statement		0	0
Application of grants to capital financing transferred to the Capital Adjustment Account		62	788
Movement in investment property value		447	135
Movement in short term accumulating absences		26	(7)
Net charges made for retirement benefits made in accordance with IAS19		(817)	(1,084)
Employers Contributions payable to the Cambridgeshire County Council Pension Fund		865	1,084
Difference between amortisation of debt redemption premium determined in accordance with the Code and those determined in accordance with statute	5	346	546
Sums to be debited or credited to the HRA that are not income or expenditure in accordance with GAAP		9	6
Capital Expenditure funded by the Housing Revenue Account	8	1,842	1,792
Transfer from the Major Repairs Reserve	10	(4,157)	(3,390)
Net (increase) / decrease before transfers to or from reserves		(1,522)	(799)
Transfers to reserves		236	279
Total movement on Housing Revenue Account for the year		(1,286)	(520)
Housing Revenue Account balance brought forward		(5,688)	(5,168)
Housing Revenue Account balance carried forward		(6,974)	(5,688)

Notes to the Housing Revenue Account

1 Introduction

The Local Government and Housing Act 1989 set the framework within which the HRA operates. The account is 'ringfenced', meaning that authorities do not have discretion to fund any HRA deficits from the General Fund. Transfers from the General Fund can only be made at the direction of the Secretary of State.

2 Gross Rent

This represents income receivable in respect of all dwellings within the HRA, gross of rent rebates and net of rents not payable when properties are empty. As at 31 March 2012, 1.76% of properties were vacant (1.23% at 31 March 2011).

The average rent payable in 2011/12 was £87.78 per week based on 48 payable rent weeks (£81.02 per week on a 52 week basis). The average rent payable in 2010/11 was £81.39 per week based on 48 payable rent weeks (£75.13 per week on a 52 week basis).

3 Housing Revenue Account Subsidy Payable

The Council is required to pay Housing Revenue Account Subsidy to central government.

The Council's HRA subsidy payable for 2011/12 was calculated as follows:

(£000s)	2011/12	2010/11
Management and maintenance	12,061	11,687
Capital charges	495	658
	12,556	12,345
Notional rent	(30,650)	(29,101)
Interest on receipts	(1)	(1)
	(18,095)	(16,757)
Major Repairs Allowance	5,119	5,020
Subsidy Paid in Year	(12,976)	(11,737)
Adjustment to subsidy required in future years	(15)	(2)
Estimated adjustment to subsidy for prior year	2	130
Actual adjustment to subsidy for prior year	10	124
Adjustment for HRA self financing interest	76	0
Negative subsidy included in HRA Summary	(12,903)	(11,485)

4 Asset Values within the HRA

(£000s)	Asset Values		Depreciation	
	31 March 2012	1 April 2011	2011/12	2010/11
Dwellings	491,714	489,598	9,141	8,310
Other Land and Buildings	9,458	7,561	114	80
Infrastructure	953	765	21	20
Investment Properties	4,625	4,297	0	0
Non-current assets held for sale	0	0	0	0
Assets in the course of construction	3,987	829	0	0
	510,737	503,050	9,276	8,410

The value of council dwellings at 1 April 2011, based on vacant possession, was £1,255 million (2010/11: £1,581 million). Vacant possession value is the estimate of the total sum that would be received if all the dwellings were sold on the open market. The balance sheet value is calculated on the basis of rents receivable on existing tenancies. These are less than the rent that would be obtainable on the open market, and the balance sheet value is therefore lower than the vacant possession valuation. The difference between the two values shows the economic cost of providing housing at less than market value.

Net revaluation gains on Property, Plant and Equipment of £3.6 million have been charged to the Comprehensive Income and Expenditure Statement in 2011/12 (net losses of £59.5 million in 2010/11). Remaining valuation movements in the value of property, plant and equipment have been charged to the revaluation reserve.

De-minimis capital expenditure of £46,000 (2010/11 £594,000) and revenue expenditure funded from capital under statute of £0 (2010/11 £1,300) has been written off during 2011/12.

The Council has revised the estimate of the proportion of HRA housing stock values deemed to relate to land. A single rate of 32.5% was previously used for all properties. For 2011/12 the Council has revised the estimate to 31% for houses and bungalows and 22% for flats. It is estimated that this has led to additional depreciation of £589,000.

5 Loan Interest Charges

During 2011/12 authorities managed their debt as a whole and no separate record is kept of loans taken out for HRA purposes. However notional HRA debt is estimated by reference to a calculation called the HRA credit ceiling. The credit ceiling is a measure of net HRA indebtedness which takes account of any new borrowing taken out each year, assumed to be for HRA purposes, and the assumed repayment of existing HRA debt. The loan interest charges met by the HRA are calculated by multiplying the mid-year credit ceiling by the Council's average rate of interest for long-term borrowing.

As noted elsewhere in the Statement of Accounts the Council made an HRA self-financing settlement payment of £213.6 million on 28 March 2012. To meet this payment the Council took out a number of long-term maturity loans with the Public Works Loan Board (PWLb).

Under HRA self-financing the Council has adopted a 'two-pool' approach so that HRA self-financing loans and the resultant interest are directly attributable to the HRA. This has led to interest charges for the period from 28 to 31 March of £82,000 being charged to the HRA.

6 Housing Stock

The Council was responsible for an average stock of 7,325 dwellings during the year. The stock as at 31 March 2012 was as follows:-

	31 March 2012	31 March 2011
Houses & bungalows	3,697	3,702
Flats	3,058	3,060
Sheltered housing units	525	528
Shared ownership properties	40	40
Total	7,320	7,330
The change in stock during the year can be summarised as follows:		
Stock at 1 April	7,330	7,405
Right to buy sales	(12)	(17)
Net shared ownership changes	0	(1)
New properties	2	5
Other changes	0	(62)
Stock at 31 March	7,320	7,330

The majority of the 'Other changes' in 2010/11 (shown above) relate to the decommissioning of sheltered units at Seymour Court and Roman Court. These properties have been transferred to other land and buildings and are therefore no longer valued on the basis of existing use value -social housing at 31 March 2011.

7 Rent Arrears

Rent arrears at 31 March 2012 were £1,518,854 (£1,329,252 at 31 March 2011) and as a proportion of gross rent income have increased from 4.29% in 2010/11 to 4.59% in 2011/12.

At 31 March 2012 a provision for bad debt of £1,232,318 was held in the balance sheet (£1,044,879 at 31 March 2011).

8 Financing of Capital Expenditure

(£000s)	2011/12	2010/11
Capital receipts	3,663	1,036
Major repairs reserve	4,300	4,668
Revenue financing of capital	1,842	1,792
Capital contributions and grants	258	816
	10,063	8,312

Capital expenditure in the year was all in relation to HRA stock apart from £209,000 (£39,000 in 2010/11) which was spent on HRA infrastructure assets, £94,000 on other land and buildings (£48,221 in 2010/11), £35,000 on investment properties (£0 in 2010/11), and £3,229,000 (£565,000 in 2010/11) on assets in the course of construction.

9 Capital Income within the HRA

(£000s)	2011/12	2010/11
Dwellings	2,027	2,876
Land	37	132
	2,064	3,008

10 Major Repairs Reserve (MRR)

(£000s)	2011/12	2010/11
Balance at 1 April	(352)	0
Transfer to MRR during the year	(9,276)	(8,410)
Amount transferred from MRR to HRA	4,157	3,390
HRA capital expenditure on housing charged to MRR	4,300	4,668
Balance at 31 March	(1,171)	(352)

11 Contributions from the Pensions Reserve

The Housing Revenue Account is charged with an attributable share of current service costs in line with IAS19. The difference between this cost and employer contributions payable is then appropriated from the pensions reserve so that the overall amount to be met from rent and government subsidy reflects employer contributions payable by the Council.

12 HRA self-financing settlement payment

The Council made a settlement payment to central government in respect of self-financing of the HRA in March 2012.

Additional Financial Statements and Information

Collection Fund

This shows the transactions in relation to the collection of Council Tax and National Non-Domestic Rates (NNDR). The account shows how the amounts collected have been distributed to Cambridgeshire County Council, Police and Fire Authorities and to the City Council's General Fund as well as to the NNDR Pool.

(£000s)	Notes	2011/12	2010/11
Income and Expenditure Account	1		
Income			
Council Tax	2	(58,183)	(57,963)
National Non-Domestic rates	3	(88,062)	(79,261)
Contributions towards previous year's estimated Collection Fund deficit			
Cambridge City Council		(42)	0
Cambridgeshire County Council		(262)	0
Cambridgeshire Police Authority		(42)	0
Cambridgeshire Fire Authority		(14)	0
		(146,605)	(137,224)
Expenditure			
Precepts and demands:			
Cambridge City Council		6,786	6,697
Cambridgeshire County Council		42,685	42,126
Cambridgeshire Police Authority		6,908	6,817
Cambridgeshire Fire Authority		2,358	2,327
Allowable costs of NNDR collection		233	238
Payment to NNDR Pool	3	87,829	79,023
Provision for non-payment of Council Tax	4	469	357
		147,268	137,585
(Surplus)/Deficit for the Year	5	663	361
(Surplus)/Deficit as at 1 April		721	360
Deficit as at 31 March	5	1,384	721

Additional Financial Statements and Information

Notes to the Collection Fund

1 General

This statement shows the transactions of the Collection Fund, a statutory fund separate from the General Fund of the Council. The Collection Fund accounts for income relating to Council Tax and NNDR on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. The costs of collection are accounted for in the General Fund.

2 Council Tax

Under the arrangements for Council Tax, each domestic property within the Council's area is assigned to one of eight 'valuation bands' (A to H) based on the estimated price it would have achieved if it had been sold at 1 April 1991. The Council Tax is set for band D properties and the tax for other bands is calculated as a proportion of the band D tax. The band D Council Tax for the year ended 31 March 2012 was set at £1,441.78, made up as follows:

(£s)	2011/12	2010/11
Cambridge City Council	166.57	166.57
Cambridgeshire County Council	1,047.78	1,047.78
Cambridgeshire Police Authority	169.56	169.56
Cambridge Fire Authority	57.87	57.87
Total	1,441.78	1,441.78

The following table shows the calculation of the Council Tax Base for 2011/12 (used to determine the tax needed at Band D to finance spending).

Council Tax Base 2011/12

Valuation Band	Total number of dwelling on the Valuation List	Total Equivalent Dwellings (after discounts, exemptions etc)	Ratio to Band D	Band D Equivalents
A	2,835	2,136	6/9	1,424
B	9,408	7,523	7/9	5,851
C	17,370	14,936	8/9	13,277
D	8,445	7,169	9/9	7,169
E	4,739	4,077	11/9	4,983
F	3,047	2,634	13/9	3,805
G	2,828	2,291	15/9	3,818
H	447	247	18/9	494
Total	49,119	41,013		40,821

Additional Financial Statements and Information

The income of £58.18 million in 2011/12 was receivable from the following sources:

(£000s)	2011/12	2010/11
Billed to Council Tax payers	51,977	51,660
Transfer from General Fund - Council Tax benefits	6,180	6,282
Ministry of Defence Contributions in Lieu	26	21
	58,183	57,963

3 National Non-Domestic Rates Income

Under the arrangements for business rates, the council collects non-domestic rates for its area, based on local rateable values multiplied by a nationally set business rate. This amount, less certain allowances and other deductions, is paid into the NNDR Pool, which pays back to authorities a share of the pool based on a standard amount per head of population.

The local rateable value as at 31 March 2012 was £257,462,261 (£258,788,456 at 31 March 2011) and the Uniform Business Rate in 2011/12 was set by the government at 43.3p (2010/11, 41.4p).

4 Provision for Non-Payment of Council Tax

A contribution of £469,315 (£357,723 in 2010/11) was made to a provision for bad debts. During 2011/12, £283,637 of irrecoverable debts were written off (2010/11 £103,147).

5 Collection Fund Surpluses and Deficits

The deficit of £1,383,787 at 31 March 2012 (£721,208 deficit at 31 March 2011), which related to Council Tax, will be recovered in subsequent financial years from Cambridgeshire County Council, Cambridgeshire Police and Fire Authorities and the Council in proportion to their shares of the total Council Tax raised.

The total Collection Fund deficit is therefore shared as follows:

(£000s)	31 March 2012	31 March 2011
Cambridge City Council	158	83
Cambridgeshire County Council	1,007	524
Cambridgeshire Police Authority	163	85
Cambridgeshire Fire Authority	56	29
	1,384	721

**Statement of Accounting Policies and Glossary of
Financial Terms and Abbreviations**

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

Statement of Accounting Policies

1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2011/12 financial year and its position at the year-end of 31 March 2012. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 and the Service Reporting Code of Practice 2011/12, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Where the Council is acting as an agent for another party (e.g. in the collection of NNDR and council tax), income and expenditure are recognised only to the extent that commission is receivable by the Council for the agency services rendered or the Council incurs expenses directly on its own behalf in rendering the services.

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 30 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

4 Changes in Accounting Policies and Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Changes in accounting estimates are accounted for prospectively, ie, in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service

The Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This provision, known as Minimum Revenue Provision (MRP), is equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two. No MRP is currently charged as the debt acquired in relation to HRA self-financing is outside the scope of this regime.

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6 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave and paid sick leave, flexi-leave and time off in lieu for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the remuneration rates applicable in the following financial year. Any accrual made is required under statute to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Council is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners.

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme, administered by Cambridgeshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Cambridgeshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.5% (based on the iBoxx Sterling Corporates over 15 year index).

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- The assets of the Cambridgeshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value
- The change in the net pensions liability is analysed into seven components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
 - Expected return on assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
 - Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited/credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve
 - Contributions paid to the Cambridge City Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows than as benefits are earned by employees.

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7 Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes of the nature of the events and their estimated financial effect

Events taking place after the date of authorisation for issue are not reflected in the Statement of Account.

8 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the account.

9 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

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10 Financial Assets

Financial assets are classified into two types:

- Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- Available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

The Council currently only has assets classified as 'loans and receivables.'

Loans and receivables are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

The Council has made interest-free loans for private sector housing improvements (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a change made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

11 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and

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- The grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

12 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licence) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase (research expenditure is not capitalised),

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore

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reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

13 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the first-in first-out (FIFO) costing formula.

14 Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at a cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated, but assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

15 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee and the fair value of the property, plant or equipment at lease inception is above the Council's de-minimis levels of £2,000 for vehicles and £15,000 for other items. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

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The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

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Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease liability (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are paid, the element for the charge for the acquisition of the interest in the property is used to write down the lease asset. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

16 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Service Reporting Code of Practice 2011/12* (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on surplus assets in Property, Plant and Equipment.

These two cost categories are defined in SERCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

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17 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

A de-minimis level of £2,000 has been adopted for vehicles and £15,000 for all other items. Assets that cost less than these limits are classified as revenue, rather than capital expenditure.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- All other assets – fair value, determined the amount that would be paid for the asset in its existing use (existing use – EUV)

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Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a revaluation or impairment loss previously charged to a service.

Where decreases in value are identified, the revaluation loss is accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower end of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale. Housing sold under the Right to Buy legislation is not reclassified as Assets Held for Sale as its primary purpose remains as a dwelling until the point of disposal and it is only considered significantly more likely than probable that a disposal will actually occur on the day of disposal itself.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- Infrastructure – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

18 Heritage Assets

Heritage assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture.

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

Civic Regalia

The collection of civic regalia includes ceremonial maces, chains of office and other civic items. These items are reported in the balance sheet at insurance valuation which is based on market values. These valuations are reviewed regularly to ensure that they are current. These items are deemed to have indeterminate lives and high residual values so the Council does not consider it appropriate to charge depreciation.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, for example where there is physical deterioration, breakage or doubts as to authenticity. Any impairment is recognised and measured in accordance with the Council's general policy on impairment of non-current assets.

The Council does not normally make any purchases or disposals of these items. Further information on the most significant items in the collection can be found on the Council's website.

19 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be

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required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

20 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus/deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and that do not represent usable resources for the Council – these reserves are explained in the relevant policies.

21 Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

22 Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

23 Foreign Exchange Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate on the date that the transaction was effective. Where amounts in foreign currency are outstanding at the year end they are converted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

Glossary of Financial Terms and Abbreviations

Accounting Period

The period of time covered by the accounts, normally 12 months commencing on 1 April for local authorities.

Accruals

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Amortisation

A measure of the consumption of the value of intangible assets, based on the remaining economic life.

Capital Expenditure

Expenditure on new assets such as land and buildings, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

Capital Receipt

Income from the sale of capital assets such as council houses, land or other buildings.

Cash Equivalents

Cash equivalents are investments that mature in 30 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Contingent Liabilities

Potential liabilities which are either dependent on a future event or cannot be reliably estimated.

Creditors

Amounts owed by the Council at 31 March for goods received or services rendered but not yet paid for.

Current Assets

Assets which can be expected to be consumed or realised during the next accounting period.

Current Liabilities

Amounts which will become due or could be called upon during the next accounting period.

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

Debtors

Amounts owed to the Council which are collectable or outstanding at 31 March.

Depreciation

A measure of the consumption of the value of non-current assets, based on the remaining economic life.

Effective rate of interest

The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the balance sheet at initial measurement.

Equity instrument

A contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities (e.g. an equity share in a company.)

Fair Value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

Financial Asset

A right to future economic benefits controlled by the Council. Examples include bank deposits, investments, trade receivables and loans receivable.

Financial Liability

An obligation to transfer economic benefits controlled by the Council. Examples include borrowings, financial guarantees and amounts owed to trade creditors.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Government Grants

Payments by central government towards local council expenditure. They may be specific, for example Housing Benefit subsidy, or general such as Revenue Support Grant.

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

Heritage Assets

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture.

Impairment

The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the balance sheet.

Non-current assets

Assets which can be expected to be of use or benefit the Council in providing its service for more than one accounting period.

Operating Lease

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

Outturn

Refers to actual income and expenditure or balances as opposed to budgeted amounts.

Precepts

The amount which a local council which cannot levy a council tax directly on the public (for example a County Council or Police Authority) requires to be collected on its behalf.

Provisions

Monies set aside for liabilities which are likely to be incurred but where exact amounts or dates are uncertain.

Reserves

Amounts set aside in the accounts for the purpose of meeting particular future expenditure. A distinction is drawn between reserves and provisions which are set up to meet known liabilities.

Revenue Expenditure

Spending on day to day items including employees' pay, premises costs and supplies and services.

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

Revenue Expenditure Funded From Capital Under Statute

Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax.

Revenue Support Grant

Grant paid by central government to a local council towards the costs of its services.

The Code

The Code of Practice on Local Authority Accounting in the United Kingdom 2010/11. This specifies the principals and practices of accounting required to give a 'true and fair' view of the financial position and transactions of a local authority.

Statement of Accounting Policies & Glossary of Financial Terms and Abbreviations

Abbreviations used in the accounts

CIPFA	Chartered Institute of Public Finance and Accountancy
GAAP	Generally Accepted Accounting Practice
HRA	Housing Revenue Account
IAS	International Accounting Standard
IFRS	International Financial Reporting Standard
LAAP	Local Authority Accounting Panel
LGPS	Local Government Pension Scheme
MRP	Minimum Revenue Provision
NNDR	National Non-Domestic Rates
SERCOP	Service Reporting Code of Practice
SOLACE	Society of Local Authority Chief Executives and Senior Managers

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To: Civic Affairs
Report by: Anne Mealia, Information Manager
Civic Affairs 27 June 2012
Wards affected: All

Information Sharing Framework

1. Executive summary

The countywide Leaders/Chairman Group commissioned the Cambridgeshire Public Service Board (CPSB) to develop more efficient and effective ways of sharing information across public sector organisations within Cambridgeshire. This has led to the creation of the Cambridgeshire Information Sharing Framework.

The objective of the framework is to share information where appropriate to improve service delivery or resident outcomes, except where it would be illegal to do so.

The benefits of the Framework are:

- improved transparency around data sharing
- faster and more consistent sharing and improved customer outcomes
- increased understanding of data sharing principles
- to protect partner organisations from allegations of wrongful use of data by documenting any sharing

Supporting guidance, training materials and a public Charter have also been developed as a part of the project and the framework is based on national best practice.

2. Recommendations

The committee is recommended:

- to approve the Information Sharing Framework

3. Background

The countywide Leaders/Chairman Group commissioned the Cambridgeshire Public Service Board (CPSB) to develop more efficient and effective ways of sharing information across public sector organisations within Cambridgeshire to improve customer outcomes and service efficiencies.

This has led to the creation of the Cambridgeshire Information Sharing Framework which sets out a positive approach to sharing information between partners across the county.

The Framework was developed by Cambridge City Council, Cambridgeshire County Council, Huntingdonshire District Council, South Cambridgeshire District Council, East Cambridgeshire District Council, Fenland District Council, Police, NHS Cambridgeshire and Fire Service.

The Framework aims to ensure information sharing is consistent, fair and secure and a template has been developed to document each sharing agreement. In addition, guidance, training materials and a public Charter have been developed as part of the project.

The benefits of the Framework are:

- improved transparency around data sharing
- faster and more consistent sharing and improved customer outcomes
- increased understanding of data sharing principles
- to protect partner organisations from allegations of wrongful use of data by documenting sharing arrangements

The Framework is based on national best practice. The Information Commissioner's Office (ICO) commented very positively on the Framework stating it is in line with their own best practice guidance. It also references a best practice Framework developed by Leicestershire County Council with its partner agencies which are cited by the Local Government Improvement and Development (LGID) and Local Government Association (LGA) as a template for others to use.

During its development, the Information Sharing Framework was subject to a period of consultation within each organisation to ensure it was usable and fit for purpose by practitioners who are sharing information on a regular basis. This engagement has raised the profile of the Framework and contributed to the drafting of the document.

An implementation plan is being developed to ensure the principles of the Framework can be embedded across each organisation within Cambridgeshire

4. Implications

(a) Financial Implications

None

(b) Staffing Implications (if not covered in Consultations Section)

None

(c) Equal Opportunities Implications

None

(d) Environmental Implications

Nil

(e) **Consultation**

Heads of Service were consulted on the framework. Community Development/Community Safety and Safer Communities were consulted in more detail as the services most affected by the Framework.

(f) **Community Safety**

5. Background papers

Information Sharing Framework

6. Appendices

Information Sharing Framework

7. Inspection of papers

To inspect the background papers or if you have a query on the report please contact:

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CAMBRIDGESHIRE INFORMATION SHARING FRAMEWORK



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1. WELCOME

Public sector organisations in Cambridgeshire have worked together to develop this Information Sharing Framework to create a positive culture of sharing information and facilitate more effective data sharing practice across the county with the aim of improving service delivery.

The Framework applies to all information being shared by partner organisations and it will establish the types of data we will share, how we handle data and the legislation which allows us to do so.

The partner organisations involved in developing the Framework are:

- Cambridge City Council
- Cambridgeshire Constabulary
- Cambridgeshire County Council
- Cambridgeshire Fire and Rescue Service
- East Cambridgeshire District Council
- Fenland District Council
- Huntingdonshire District Council
- NHS Cambridgeshire
- South Cambridgeshire District Council

2. INTRODUCTION

This Information Sharing Framework has been developed to ensure that information is being shared appropriately and in line with best practice. The document aims to establish consistent principles and practices to govern any sharing of personal and non-personal information taking place within and between partner organisations across Cambridgeshire. The ethos of the Framework is for partners to share information in all situations to improve service delivery or resident outcomes, except where it would be illegal to do so. **Remember, refusing to share any data can be a risk just as much as the opposite action of sharing too much data.**

This Information Sharing Framework is considered to be the overarching framework for the organisations which sign up to it. Any existing data sharing agreements should ensure that they comply with these principles as and when they are reviewed.

This Framework applies to information shared by partner organisations excluding any information which is already in the public domain. Sharing is not restricted solely to information classified as personal data by the Data Protection Act. This includes the following information:

- a) All information processed by the organisations, including electronically (e.g. computer systems, CCTV, audio etc) or in manual records;
- b) Anonymised, including aggregated data. The considerations, though less stringent, must take into account factors such as commercial or business sensitive data, and the effect of many data sets being applied.

Sharing information between organisations can improve outcomes in service delivery; however, sharing must be undertaken lawfully, respecting the rights of individuals and protecting the security of their information.

It is worth bearing in mind that the legislation in place to protect data is **not** there to create a **barrier** to sharing information. It exists to provide a framework to ensure that any personal and/or sensitive information is shared appropriately.

3. AIMS AND OBJECTIVES

Partner organisations and their officers need to feel confident of their obligations when requested, or requesting, to share information. The Framework aims to ensure compliance and consistency across the county by achieving the following objectives:

- a) Creating a binding Framework to govern working practices and create greater transparency, data security and improved services for users
- b) Offering guidance on how to share information lawfully
- c) Increasing understanding of data sharing principles and legislation
- d) Developing a template for Information Sharing Agreements to make it easier and quicker to formalise information sharing activities, ensuring risks are managed and providing assurance for staff and service users
- e) Establish an efficient and reliable process to share information quickly
- f) To protect partner organisations from allegations of wrongful use of data
- g) To monitor and review information flows

By becoming a partner to this Framework, organisations are making a commitment to:

- a) Apply the Information Commissioner’s Code of Practice’s “Fair Processing” and “Best Practice” standards – refer to the ICO data sharing code of practice and checklists for more detail at: http://www.ico.gov.uk/for_organisations/data_protection/topic_guides/data_sharing.aspx
- b) Adhere to, or demonstrate a commitment to achieving the appropriate compliance with the Data Protection Act;
- c) Develop local Information Sharing Agreements that clearly and transparently demonstrate the reasons for sharing data.

4. GENERAL PRINCIPLES

This Framework recognises and promotes recommended good practice and legal requirements to be followed by all signatory organisations. This framework does not alter existing arrangements already in place for urgent sharing.

Systematic Information Sharing

Systematic information sharing involves routine sharing of data sets between organisations for an agreed purpose. Partner organisations who intend to share information systematically as a result of this Framework should complete an Information Sharing Agreement using the approved template that sits under this Framework to detail the specific purposes of the data sharing activity and have this signed off by your organisations Senior Information Risk Officer (SIRO).

Partner organisations intending to share information, whether ongoing or as part of a time-limited exercise such as a project, should complete an Information Sharing Agreement using the approved template that sits under this Framework to detail the specific purposes of the data sharing activity and the responsibilities of participating organisations.

Ad-hoc Information Sharing

One off or ad hoc information

sharing involves any exceptional sharing activities for a range of purposes which are not covered by routine data sharing arrangements. For ad-hoc activities, an Information Sharing Agreement is not needed. Instead, the ad hoc information sharing checklist in the Guidance should be consulted to decide how to proceed, and advice sought from each organisation’s Information Sharing contact where there is any doubt.

It is also good practice to record any ad-hoc, one-off data sharing activities detailing the circumstances, what information was shared and explaining why the disclosure took place. Remember, only share the minimum amount of data necessary and remove any fields / datasets which are not directly relevant before you share.

This Framework should be used in conjunction with local service level agreements and any other formal agreements between partner organisations, as well as existing Information Sharing Agreements.

All parties signed up to this Framework agree to be responsible for ensuring measures are in place to guarantee the security and integrity of data and that staff are sufficiently trained to understand their responsibilities and comply with the law. This document encourages sharing of data, but does not alter the statutory duties of those organisation signed up to it.

5. DATA SHARING AND THE LAW

Legislation gives information sharing its basis in law. The legislation listed below gives partners a mandate to share information as well as responsibilities for protecting information and preventing improper use. The main items of legislation regarding the use and protection of personal information are listed below and described in further detail in **Appendix B**.

- a) Data Protection Act (1998)
- b) Human Rights Act (1998) Article 8
- c) Civil Contingencies Act (2004)
- d) The Common Law Duty of Confidence
- e) Police Act (1996)
- f) Crime and Disorder Act (1998)
- g) Local Government Act

Partner organisations must also be aware of any other legislation relevant to them when sharing specific information as this is not an exhaustive list of legislation.

The Freedom of Information Act 2000 (FOIA)

In addition to the legislation listed above, the FOIA gives everyone the right to request information held by public authorities and, unless exempt, to be told whether the information is held and be provided with the information.

Most, if not all, public sector bodies involved in data sharing are subject to the FOIA. This requires every public authority to adopt and maintain a publication scheme, committing them to publish information on a proactive and routine basis. In most cases this will include the policies and procedures relating to data sharing, including the details of the organisations with which data is shared and any relevant code of practice.

Any information shared between different partner organisations may be subject to an FOI request. Upon receipt of an FOI request the opinion of the originating party should be sought before decisions are made on whether to provide the information.

6. INFORMATION COVERED BY THIS FRAMEWORK

This Framework covers all information, including personal, sensitive personal and business sensitive data. **Wherever possible, it is recommended that anonymised, aggregate or pseudonymised data is used to minimise the risk of any data protection breaches.** If you are in any doubt over whether you can share data and how to go about doing this, you should consult your organisation's Information Sharing contact, listed in **Appendix A**.

Personal Information

Personal Data refers to any data (manual, electronic, audio, visual and so on) which relates to a living individual (the data subject) who can be identified either from that data, or from any other information which is in the possession of, or is likely to come into the possession of, the data

controller. (For the purposes of this framework, the data controller is the relevant partner organisation.)

Sensitive Personal Information

Sensitive Personal Data covers information which individuals would consider as private and would prefer to keep confidential. Additional conditions have to be met when sharing sensitive personal information. Examples of information considered as sensitive include:

- a) the racial or ethnic origin of the data subject
- b) political opinions
- c) religious, or similarly held beliefs
- d) membership of a trade union
- e) physical or mental health conditions
- f) sexual life
- g) the commission or alleged commission of any crime

Anonymised Information

Any data which is anonymised can usually be shared without consent (subject to certain restrictions regarding health/social care records) provided the identity of the individual cannot be recognised.

However, organisations should ensure that anonymised data, when combined with other information from the same, or different sources, does not produce any information which can identify individuals, either directly or by summation.

There are several approaches to anonymisation and the appropriate approach will depend on the use to be made of the data:

- **Aggregation:** Aggregation of datasets about individuals into summary tables, so there are no longer rows relating to individuals.
- **Anonymisation:** Removal of identifiers in datasets at the level of individuals, so that there is no means to re-establish the link between the data and the individuals concerned.
- **Pseudonymisation:** Replacement of identifiers with alternative meaningless alphanumeric fields and reduction of potential identifiers to a partial form (e.g. year of birth instead of date of birth, partial post codes). If a set of keys is used to generate the alternative identifiers, then records relating to the same individual can be linked across datasets treated in the same way, where research objectives require this.

Business Sensitive Information

Some information may be strategically or business sensitive, for example preparatory work around service redesign. Likewise, direct access to some datasets may need to be controlled because of licensing considerations preventing wider release. The loss, compromise or misuse of this type of information could cause serious damage to the organisation's reputation, or that of partners or lead to litigation.

7. ORGANISATIONAL RESPONSIBILITIES

Each organisation is responsible for ensuring that their organisational and security measures protect the information shared under this Framework.

General responsibilities include:

Ensuring that the information you share is necessary for the purpose for which you are sharing it, is shared only with those people who need it, is accurate and up-to-date, is shared in a timely fashion, and is shared, handled and processed securely. The Information Sharing Agreement provides these prompts before sharing takes place.

Considering the impact decisions to share information may have on the individual, their safety and well-being and on others who may be affected by their actions.

Privacy statements to govern consent for information sharing should be compatible with the aims of this Framework to ensure that information can be shared within the terms of the consent given.

Partner organisations should independently or jointly ensure compliance with any Information Sharing Agreements they are involved in.

Organisations should consider making it a condition of employment that employees will abide by their rules and policies on the protection and use of personal and/or sensitive personal information.

Contracts with external service providers should include a condition that they abide by the relevant partner organisations' rules and on the protection and use of personal and/or sensitive personal information.

Incident reporting procedures should be in place which notify any other partners involved in the event of a breach of confidentiality or incident involving a risk or breach of the security of information.

Ensure that adequate security measures are in place to protect information – see **Section 12 SECURITY** for more information.

Ensure that each Information Sharing Agreement establishes the arrangements for retention and disposal of information for all parties involved, including details of the exact arrangements for the storage and destruction of data where required.

Consent should be freely given and if a data subject withdraws consent to process (i.e. Section 10 DPA) their personal information, other partners must be notified so that they can cease processing this data as soon as possible. Please note: certain exceptions exist which allow processing to continue. Contact your organisation's contact for Information Sharing, listed at **Appendix A** for more information.

Decisions of whether to share information or not and the reasoning behind it should be recorded. If you do decide to share information you should record exactly what data was shared, with whom and for what purpose.

Personal data responsibilities:

Personal data should only be shared for a specific lawful purpose or where appropriate consent has been obtained.

Staff should only be given access to personal data where there is a legitimate need, in order for them to perform their duties in connection with the services they are there to develop, deliver or monitor.

This Framework does not intend to give unrestricted access to information. Other organisations should only be able to access to your data on a justifiable need to know basis and they should only allow relevant members of staff to access the data in order to carry out their duties effectively, access must be removed when it is no longer necessary.

Members of staff who will handle and share data within each organisation, including temporary, bank, contract or volunteer staff should be trained so that they are aware of and comply with their responsibilities and obligations to maintain the security and confidentiality of personal information.

Information sharing must be compliant with relevant legislation as set out in **Appendix B** and with any other conditions partner organisations may attach in the Information Sharing Agreement they sign up to.

Personal data shall not be transferred to a country or territory outside the EEA without an adequate level of protection for the rights and freedoms of the data subject in relation to the processing of personal data. Please note: NHS data cannot be shared outside of the United Kingdom.

Non-personal data responsibilities:

Partner Organisations should not assume that non-personal information is not sensitive and can be freely shared. In particular, anonymised data when combined with data from other sources may lead to individuals being identifiable. If you wish to share a partner organisation's data with a third party you must gain their consent.

Business/commercially sensitive data also requires protection against loss or corruption. The conditions on handling of these types of data will be in respect of the protective mark applied, or otherwise set by the original data owner/controller, and in any case the partner organisation must be informed of any disclosure to a third party.

8. INDIVIDUAL RESPONSIBILITIES

Every individual working for the organisations listed in this Framework is personally responsible for the safekeeping of any information they obtain, handle, use and disclose and must be trained to carry out these duties.

Individuals are obligated to request proof of identity, or take steps to validate the authorisation of another before disclosing any information requested under this Framework and associated Information Sharing Agreements.

Every individual should uphold the general principles of confidentiality, follow the guidelines set out in the **Cambridgeshire Information Sharing Guidance** document and seek advice from their Information Sharing contact, listed in **Appendix A**.

Individuals should be made aware that any violation of privacy or breach of confidentiality is unlawful and a disciplinary matter that could lead to their dismissal, and potentially, criminal proceedings. Partners should ensure that their HR teams support this process through effective induction/refresher training where necessary.

It is good practice to inform people how their data will be shared and exchanged between partner organisations. A public facing Charter in the form of a leaflet will be created in order to assist in explaining the information sharing process.

9. RESTRICTIONS ON USE OF INFORMATION SHARED

All shared information, personal or otherwise, must only be used for the purpose(s) specified at the time of disclosure(s) as defined in relevant Information Sharing Agreements unless obliged under statute or regulation, or under the instructions of a court or as agreed elsewhere. Any further uses made of this data will not be lawful or covered by the Information Sharing Agreement.

Secondary use of non-personal information may be subject to restrictions, i.e. commercial sensitivity or prejudice to others caused by the release of such information. If you wish to share information with a third party you should consult the information's original owner.

Certain information is subject to additional statutory restrictions, for example Criminal Records, HIV and AIDS, Assisted Conception and Abortion, Child Protection. Information about these will be included in relevant Information Sharing Agreements.

For advice on permission to share information you should approach your organisation's contact for Information Sharing, listed in **Appendix A**.

10. CONSENT – APPLIES TO PERSONAL DATA ONLY

The usual way to gain and control consent is through privacy statements or notices. These are written or oral statements given to individuals when information is collected about them and which cover, among other things: who is collecting the information, what will be done with it and who it will be shared with. These should be updated regularly to ensure that they remain relevant for your organisation and cover the information sharing activities you plan to undertake using them. For more detail, see the ICO's Privacy Notices Code of Practice.

Data subjects must have the right to withdraw consent at any time; if consent is withdrawn the organisation in question must inform partners as soon as practicable.

Personal data can be disclosed in certain circumstances without consent. This depends on ['Conditions for Processing'](#) as defined in the Data Protection Act being met. Under the Data Protection Act, in order to disclose personal data at least one condition in schedule two must be met. In order to disclose sensitive personal data at least one condition in both schedules two and three must be met. Contact your Information Sharing point of contact if you are in doubt.

When an organisation has a statutory obligation to disclose personal data the consent of the data subject is not required; but where appropriate the data subject should be informed such an obligation exists. In a case where a partner organisation decides not to disclose some or all of the personal data requested, the requesting authority must be informed.

Consent has to be signified by some communication between the organisation and the Data Subject. If the Data Subject does not respond this cannot necessarily be assumed as implied consent. When using sensitive data, explicit consent must be obtained subject to any existing exemptions. In such cases the data subject's consent must be clear and cover items such as the specific details of processing, the data to be processed and the purpose.

Specific procedures apply where the data subject is either not considered able to give informed consent itself because of either the data subject's age (Fraser Guidelines) or where the data subject has a condition which means they do not have the capacity to give informed consent. Refer to the relevant partner organisation's policy on capacity to give consent under these circumstances.

Under certain circumstances disclosures of information to another organisation may be justified when a relevant statutory exemption is met; these include:

- the prevention and detection of crime
- the capture or prosecution of offenders
- the assessment of collection of tax or duty

In cases where statutory exemptions do not apply you may still need to disclose personal information for safeguarding purposes if sharing the data would be in the individuals' best interests.

11. INDEMNITY

Each partner organisation will keep each of the other partners fully indemnified against any and all costs, expenses and claims arising out of any breach of this agreement and in particular, but without limitation, the unauthorised or unlawful access, loss, theft, use, destruction or disclosure by the offending partner or its subcontractors, employees, agents or any other person within the control of the offending partner of any personal data obtained in connection with this agreement.

12. SECURITY

It is assumed that each partner organisation has achieved or will aim to work towards information security standards such as ISO 27001, compliance with the NHS Connecting for Health Information Governance Toolkit or will adhere to a similar level of compatible security.

Partner organisations are encouraged to have an Information Security Policy in place to set out the minimum standards of security they require. Where partners do not have a specific policy in place the following principles should be followed:

- a) Ensure that unauthorised staff and other individuals are prevented from gaining access to personal data.
- b) Ensure visitors are received and supervised at all times in areas where personal data is stored.
- c) Ensure computer systems containing personal data are password protected.
- d) Passwords must be treated as private to the individual and must not be disclosed to others.
- e) The level of security should depend on the type of data held, but ensure that only those who need to use the data have access.
- f) Do not leave your workstation/PC signed on when you are not using it.
- g) Lock away disks, tapes or printouts when not in use.
- h) Ensure all new software has been authorised and disks are virus-checked prior to loading onto your PC.
- i) Exercise caution in what is sent via email and to whom it is sent; and only transmit personal data by email where agreed compatible security arrangements are in place with partners (See **Appendix D: Government Secure Domains**).
- j) Ensure if information is taken from system/s or network that appropriate security measures have been undertaken (i.e. encryption).
- k) Ensure the secure disposal of information (electronic/paper)
- l) Check that the intended recipient of faxes, emails and letters containing personal data are aware the information is being sent and can ensure security on delivery.
- m) Ensure your paper files are stored in secure locations and only accessed by those who need to use them.
- n) Do not disclose personal data to anyone other than the Data Subject unless you have the Data Subject's consent, or it is a registered disclosure, required by law, or permitted by a Data Protection Act 1998 exemption.
- o) Do not leave confidential information on public display in any form. Clear your desk at the end of each day and lock sensitive material away safely.

Each partner signing this Framework agrees to adhere to these standards of security. Should additional security arrangements be required, these should be set out in individual Information Sharing Agreements as required.

It is the responsibility of the organisation which discloses personal data to make sure that it will continue to be protected by adequate security by any other organisations that access it by including clearly stated requirements in Information Sharing Agreements. Once the information has been received by the partner organisation they will have their own legal duties with respect to this information.

In the event of a security breach in which information received from another party is compromised, the originator will be notified at the earliest opportunity.

It is accepted that not all partners will have security classification in place, however, it is recommended that signatories to information sharing agreements: (i) protectively mark the materials they share to indicate the level of sensitivity, and (ii) align the protective marking classification they use with that used by Central Government

http://interim.cabinetoffice.gov.uk/media/207318/hmg_security_policy.pdf.

Participants in the Government Connect project will already be using this classification as it is a requirement for use of GCSx email accounts. Restricted, Protect, and Unclassified are the main markings relevant to information held by local authorities.

Information Sharing Agreements should be periodically reviewed to ensure that security arrangements are appropriate and effective.

13. INFORMATION QUALITY

Information shared should be complete, accurate and up-to-date to ensure all partners are assured that the information can be used for the purposes for which they require it. Organisations should also make any partners they share information with aware of their rules on data retention and whether these will apply to the data being shared.

Organisations are expected to ensure that personal and sensitive personal data they hold is processed in accordance with Data Protection Act principles see **Appendix B**.

14. TRAINING

Training must be provided for staff in all partner organisations who will have any duties handling or sharing information so that they can undertake their duties confidently, efficiently and lawfully. Each partner organisation must provide training and responsibility for this cannot be passed on to another organisation, although delivery of training can be passed with that third parties consent. To minimise the costs and ensure a consistent approach to training it is advised that staff participating in a specific Information Sharing Agreement receive core training that has been jointly developed and is delivered by all parties who are sharing information under this agreement.

15. REVIEW ARRANGEMENTS

It is recommended that a cross-county Information Governance Monitoring Group is established and meets at least annually; with membership to be comprised of the specialist signatories who act as each organisation's Information Sharing Point of Contact. The responsibilities of this group will be to:

- Review information governance procedures to establish whether they are still effective and working in practice.
- Monitor the effectiveness of the Information Sharing Framework and associated documents and update the contents when appropriate.
- Share best practice among partner organisations and update guidance to reflect this where necessary.
- Build a culture of information sharing between partner organisations by proactively communicating the aims of the framework
- Promote and implement education/training practices designed to encourage behaviour change in relation to information sharing.

16. APPENDIX A: SIGNATORIES AND CONTACT INFORMATION

Organisation	Chief Executive / Other	Signature	Date	Information Sharing Point of Contact	Telephone	Email

TION

Your ability to share information is subject to a number of legal constraints and other considerations such as specific statutory prohibitions on sharing, copyright restrictions or a duty of confidence. If you wish to share information, you must consider whether you have the legal power or ability to do so. This is likely to depend on the nature of the information in question and on who you are, because your legal status affects your ability to share information.

Most public sector organisations derive their powers from statute. Before starting data sharing activities you should identify the relevant legislation for your organisation which should define the organisation’s functions and the powers you may exercise in order to achieve your organisation’s objectives. Broadly speaking, there are three ways an organisation may share data:

- **Express obligations** – where a public body is legally obliged to share particular information with a named organisation.
- **Express powers** – often designed to permit disclosure of information for certain purposes. Express statutory obligations and powers to share information are often referred to as “gateways”.
- **Implied powers** – often legislation regulating public bodies’ activities is silent on data sharing. In these circumstances it may be possible to rely upon implied powers to share information derived from express provisions in legislation; as express powers may allow organisations to do other things that are reasonably incidental to those which are expressly permitted.

Whatever the source of an organisation’s power to share information, you must check that the power covers the disclosure in question – otherwise you must not share the information unless, in the particular circumstances, there is an overriding public interest in a disclosure taking place.

a) Data Protection Act (1998) (DPA)

The DPA governs the standards for processing personal data, including the collection, use of and disclosure of information. The legislation requires that data controllers meet certain obligations and it gives individuals certain rights with regard to their own personal data. The main standard for processing personal data is compliance with the 8 DPA principles listed below:

- “Personal data shall be processed fairly and lawfully and, in particular, shall not be processed unless-(a) at least one of the conditions in Schedule 2 is met, and (b) in the case of sensitive personal data, at least one of the conditions in Schedule 3 is also met”.
- “Personal data shall be obtained only for one or more specified and lawful purposes, and shall not be further processed in any manner incompatible with that purpose or those purposes”.
- “Personal data shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed”.
- “Personal data shall be accurate and, where necessary, kept up to date”.

- v. “Personal data processed for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes”.
- vi. “Personal data shall be processed in accordance with the rights of data subjects under this Act”.
- vii. “Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data”.
- viii. “Personal data shall not be transferred to a country or territory outside the European Economic Area unless that country or territory ensures an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal data”.

b) Human Rights Act (1998) Article 8 (HRA)

Article 8 of the Convention, gives everyone the right to respect for his private and family life, home and correspondence, and is especially relevant when sharing personal data. Article 8 is not an absolute right - public authorities are permitted to interfere with it when it is lawful and proportionate to do so.

It is advisable to seek specialist advice if the disclosure or data sharing arrangement you are proposing engages Article 8 or any HRA right. If you disclose or share personal data only in ways compliant with the DPA, the disclosure of that information is likely to comply with the HRA. Personal data is normally exempt under the HRA.

c) Civil Contingencies Act (2004) (CCA)

In emergencies it may be in the interests of vulnerable people affected for personal data to be shared with emergency responders as defined in the CCA 2004. Sharing personal information will assist emergency responders perform statutory duties. The CCA 2004 1(1) defines an emergency as “an event or situation which threatens serious damage to human welfare and/or the environment or war or terrorism which threatens damage to security”. The principles and legislative provisions related to information sharing apply to the planning, response and recovery phases of emergencies.

d) The Common Law Duty of Confidence

The duty of confidence falls within common law as opposed to statutory law and derives from cases considered by the courts. There are three categories of exception:

- Where there is a legal compulsion to disclose.
- Where there is an overriding duty to the public.
- Where the individual to whom the information relates consented.

Partners should consider which of these conditions are the most relevant for the purposes of an agreement. The guidance from the Information Commissioner states that because decisions to disclose ‘in the public interest’ involve the exercise of judgement it is important that they are taken at an appropriate level and that procedures are developed for taking the decisions.

e) Police Act (1996) (PA)

Section 30(1) of the PA gives constables all the powers and privileges of a constable throughout England and Wales. Section 30(5) defines these powers as powers under any enactment when ever passed or made. These powers include the investigating and detecting of crime, apprehension and prosecution of offenders, protection of life and property and maintenance of law and order. Under the Police Reform Act 2002, the Chief Constable can delegate certain powers to police staff.

f) Crime and Disorder Act (1998) (CDA)

Section 115 of the CDA confers a power on any ‘relevant authority’ to exchange information which is ‘necessary’ or ‘expedient’ to help implement the provisions of the Act which includes contributing to local strategies to reduce crime and disorder.

Section 17 CDA requires that all Local Authorities (LAs) consider crime and disorder reduction while exercising their duties. Sections 5 and 6 of the CDA impose a general duty upon local authorities to formulate and implement a strategy for the reduction of crime and disorder in its area.

g) Local Government Act (2000) (LGA)

The main power specific to LAs is section 2 LGA (2000) – the power of "well-being". This enables LAs to do anything to promote social, economic, or social well-being in their area provided the act is not specifically forbidden by other statute. In addition S111 LGA (1972) enables LAs to do anything conducive or incidental to the discharge of any of its functions, providing it has specific statutory authority to carry out those main functions in the first place. The above are general powers for LAs but LAs have statutory powers relating to specific activities and these should be referred to as appropriate in any Information Sharing Agreements.

18. APPENDIX C: GLOSSARY OF TERMS

Anonymised information – information from which no individual can be identified.

Consent – The Information Commissioner’s legal guidance to the Data Protection Act refers to the Directive, which defines consent as “...any freely given specific and informed indication of his wishes by which the data subject signifies his agreement to personal data relating to him being processed.”

Data controller – a person who (alone, jointly or in common with other persons) determines the purposes for which and the manner in which personal data is processed.

Data processor – any person (other than an employee of the data controller) who processes the data on behalf of the data controller.

Data Protection Act 1998 (DPA) – the main UK legislation which governs the handling and protection of information relating to living people.

Data sharing – the disclosure of data from one or more organisations to a third party organisation(s), or the sharing of data within an organisation. Sharing can take the form of systematic, routine data sharing where the same data sets are shared between the same organisations for an established purpose; and exceptional, one off decisions to share data for a range of purposes.

Data sharing agreements/Frameworks – set out a common set of rules to be adopted by the various organisations involved in a data sharing operation.

Duty of confidentiality – everyone has a duty under common law to safeguard personal information.

Personal data – data which relate to a living individual who can be identified—

- a) from those data, or
- b) from those data and other information which is in the possession of, or is likely to come into the possession of, the data controller, and includes any expression of opinion about the individual and any indication of the intentions of the data controller or any other person in respect of the individual.

Privacy impact assessment (PIA) – is a comprehensive process for determining the privacy, confidentiality and security risks associated with the collection, use and disclosure of personal data.

Processing of data – in relation to information or data, means obtaining, recording or holding the information or data or carrying out any operation or set of operations on the information or data, including—

- a) organisation, adaptation or alteration of the information,
- b) retrieval, consultation or use of the information,
- c) disclosure of information by transmission, dissemination or other methods
- d) alignment, combination, blocking, erasure or destruction of the information.

Sensitive personal data – personal data consisting of information as to—

- a) the racial or ethnic origin of the data subject,
- b) his political opinions,
- c) his religious beliefs or other beliefs of a similar nature,
- d) whether he is a member of a trade union (within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992),
- e) his physical or mental health or condition,
- f) his sexual life,
- g) the commission or alleged commission by him of any offence, or
- h) any proceedings for any offence committed or alleged to have been committed by him, the disposal of such proceedings or the sentence of any court in such proceedings.

19. APPENDIX D: GOVERNMENT SECURE DOMAINS

Domains that are secure when used **end to end** for the exchange of data are:

x.gsi.gov.uk
gsi.gov.uk
gse.gov.uk
gsx.gov.uk
.police.uk
.pnn.police.uk
.cjsm.net
.scn.gov.uk
.gcsx.gov.uk
.mod.uk
.nhs.net

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CAMBRIDGE CITY COUNCIL

REPORT OF: Director, Customer & Community Services

TO: Civic Affairs Committee 27/6/2012

WARDS: None directly affected

ANNUAL COMPLAINTS REPORT 2011-12

1 INTRODUCTION

- 1.1 The Council has been recording the number of complaints received by each department and how they were dealt with, for a number of years. Regular complaints monitoring is recognised as good practice in customer service, and by looking at data across the Council we can monitor our performance and see where we are doing well and where there is room for improvement.
- 1.2 Civic Affairs Committee is asked for any comments that it wishes before it is published. The report will be considered at Civic Affairs on 27th June 2012.

2. RECOMMENDATIONS

- 2.1 Civic Affairs to:
Consider the draft Annual Complaints Report for 2011-12, shown at Appendix A, and approve for publication on the Council's website.

3. BACKGROUND

- 3.1 The City Council has been recording information about complaints for the last ten years. In 2011-12 we received 377 complaints a 35 % decrease on the previous year. There was a decrease in the number of complaints in all departments. The decrease in complaints was probably the result in the increased use of email that has allowed greater distinction between requests for service and genuine complaints.

- 3.2 The highest number of similar complaints was around missed bins. There were also a number of complaints for the Corn Exchange sound system.
- 3.3 Last year there were regular complaints about the time the Council took to do things like process benefit claims and undertake repairs. There were also complaints across a number of departments that the Council sometimes failed to communicate decisions and instructions clearly. Whilst there are still some complaints of this nature they are less common and departments do seem to have taken positive steps to improve these aspects of performance.
- 3.4 In January 2007 we reduced our target time to answer 100% of complaints to seven days. In 2011-12 we achieved a figure of 92%. This is a rise of 43% from the previous year. Where we are unable to respond fully within seven days we acknowledge receipt of the complaint and tell the complainant when they can expect a full response.
- 3.5 In 2003 the Council's Standards Committee asked officers to start recording how complaints are received. In 2011-12 more complaints were received via email than by letter, with 48% of complaints received by e-mail and 26% by letter. The CCC online complaints form has proved a popular method of reporting of complaints. This allows for complaints to be recorded for action immediately through the customer service centre.
- 3.6 The number of compliments is continuing to rise year on year with 541 compliments for 2011-12 up 15% on the 2010-11 total of 461.
- 3.7 A summary of the FOI performance is to be sent around to all those managers and members who are on the weekly FOI distribution list.
- 3.8 During 2011-12 18 complaints were fully investigated by the ICI. 10 were for the Customer & Community Services, 5 for Environment and 3 for Resources departments respectively. 4 were upheld, 2 partly upheld, one resolved through mediation, one outcome was unknown and 10 were not in the complainants favour.

- 3.9 In 2011-12, the Local Government Ombudsman received 20 enquiries and complaints but only 9 decisions were made.
- 3.10 In 2011-12 the average number of days taken to respond to the LGO's first enquiry was 27.5 days which is inside of the Ombudsman's Office's target response time of 28 days and is an improvement on our average response time of 33.5 days in 2010-11.
- 3.11 Councillors must adhere to a specific Code of Conduct whenever they are conducting Council business, representing the council or conducting the business of the office to which they were elected. During 2011-12, we received no complaints alleging that councillors had breached the Code of Conduct. The Standards Committee dealt with one complaint that was made in 2010-11.
- 3.12 The complaint was that a councillor should not have asked for a planning application to be decided by an area committee, in the light of an alleged personal interest in the application.
- 3.13 An assessment sub-committee of the Standards Committee referred the complaint for investigation by the Independent Complaints Investigator. The Independent Complaints Investigator carried out an investigation into the complaint. Her report concluded that the councillor had not breached the Code of Conduct for Councillors. She found that the councillor had a personal, but not prejudicial, interest in the application by reason of his association with his neighbour. However, the Code of Conduct did not oblige the councillor to declare this interest when asking for the application to be considered by the Area Committee. The Independent Complaints Investigator considered that the appropriate (good practice) course would have been to advise the complainant, the objectors and Council officers of his personal interest and to hand the conduct of the matter over to another ward councillor. The Committee accepted the Investigator's findings and recommended that training in the Council's Planning Code of Good Practice be offered to all councillors.
- 3.14 As well as complaints we also receive many positive comments about the Council's services and staff. A section on compliments is included in the Annual Complaints Report because knowing where things are working well and are

appreciated is as important as knowing where things are not working.

- 3.15 Subject to approval by Civic Affairs on 27th June, officers will then finalise and publish the report on the Council's website with hard copies being made available on request.

4. CONSULTATIONS

The Annual Complaints report is compiled by Customer & Community Services. Data on complaints and compliments is collected quarterly by a designated complaints coordinator within each department and collated annually by Customer Services.

5. IMPLICATIONS

(a) **Financial Implications**

The time and resources spent on responding to complaints and Freedom of Information requests is a not insignificant cost to the Council. Our aim should be to get things right first time as often as we can and to ensure that as much information as possible is available on our website so that people can access the information they require for themselves.

(b) **Staffing Implications**

None

(c) **Equal Opportunities Implications**

Analysis and action taken as a result of complaints has an important role to play in ensuring that our services are accessible to all those who wish or need to use them and, that as far as possible, we are able to respond flexibly to the differing needs of our citizens and visitors.

(d) **Environmental Implications**

None

(e) **Community Safety**

None

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

Departmental Quarterly monitoring reports – June '11, September '11, December '11, March '12

To inspect these documents contact Chris Bolton on extension 8603. The author and contact officer for queries on the report is Chris Bolton on extension 8603.

Report file: N:\Strategy & Partnerships\Performance\COMPLAINTS,COMPLIMENTS,FOI\2011-12 Annual Complaints Report\Covering Report to Civic Affairs FINAL 27 June.doc

Date originated: 19 June 2012

Date of last revision: 19 June 2012

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Annual Complaints Report 2011-2012

Cambridge City Council

CAMBRIDGE CITY COUNCIL'S ANNUAL COMPLAINTS REPORT 2011-2012

Every year we publish an Annual Complaints Report, which gives an overview of all the complaints the Council has received and how we have dealt with them (we do not publish names or other personal details of people who have complained).

A summary of the Freedom of Information performance was sent to all those who are on the weekly FOI distribution list.

Why we produce this report

We want to learn from our mistakes so that we can improve our services

We want to encourage people who have cause to complain to make comments and suggestions to help us make these improvements.

We want to show you how we've responded to complaints and what we've done to try and put things right.

We want to publicise and explain our complaints process.

Our Complaints Procedure

When should I make a complaint?

You should complain to us if:

- You are unhappy about something we have or haven't done.
- You are not satisfied with the way a member of staff has treated you.
- You are not happy with the way a councillor has treated you.
- You want to complain for any other reason.

How do I make a complaint?

We publish a 'How to Complain Leaflet' which is available on our website at <http://www.cambridge.gov.uk/complaints> or you can ask for a paper copy from our reception points.

Details of how to make a complaint and how the Council will put things right for you are also published in our service guarantees.

You can make a complaint by letter or email, telephone or face-to-face, or you can use our on-line complaints form.

We keep a book for complaints and suggestions at our reception points so that we can record customers' complaints and suggestions.

We aim to deal with your complaint quickly and efficiently. Our target response time is seven working days. If we need longer to respond, we will tell you why and keep you informed of progress during our investigation. We will also tell you who is dealing with your complaint.

We will apologise when we have made mistakes, try and put things right as soon as possible and make sure we do better next time.

If you are not happy with the response to your complaint you can ask for your complaint to be passed to a service manager.

There are some things we can't change because we are legally required to do them or because they concern services provided by other organisations. In these cases we will always explain why we can't change things and tell you who else you can contact if you are still unhappy.

Each of our departments has a complaints co-ordinator who keeps details of all complaints for their service areas. Managers review the complaints regularly and decide whether they need to change things to prevent any problems from happening again.

If you have any questions about how to complain, please contact our Customer Service Centre, phone 01223 457000, fax 01223 457982, Typetalk 18001 01223 45700 or e-mail enquiries@cambridge.gov.uk

The Independent Complaints Investigator

If you have not received a reply to your complaint within seven days or you are not satisfied with the way we have dealt with your complaint, you can ask for it to be referred to the Head of the relevant service. If you are still dissatisfied with the reply you can refer the complaint to the Independent Complaints Investigator who will investigate your complaint for you.

The Independent Complaints Investigator is not an employee of the Council but is paid by the Council on a contract to investigate complaints. This ensures that the role can be independent of the Council's departments.

The Independent Complaints Investigator investigates complaints to see if they are justified and acts on the complainant's behalf to try and find a way of resolving the issues raised. They aim to acknowledge each complaint within seven days and let the complainant know a date by which they can expect a full response. They will also arrange a confidential interview at a convenient time and place if it is required.

The Independent Complaints Investigator's role is not intended to be a substitute for handling complaints effectively within departments. It is intended to complement our complaints procedures and ensure consistency throughout the Council. Cambridge City Council is one of the few councils to operate this service.

The Local Government Ombudsman

If you are still not satisfied with the way your complaint has been handled you can contact the Local Government Ombudsman's office. The Local Government Ombudsman investigates complaints of injustice arising from maladministration by local authorities and certain other bodies. The Local Government Ombudsman can be contacted on 0300 0610614 or by visiting www.lgo.org.uk.

Complaints to the City Council in 2011-2012

How many complaints were received?

We received 377 complaints in 2011-12. This was a 35% decrease over the 576 received in the previous year. Over the last 5 years complaints have fallen by 50%.

The filtering of complaints through the customer service centre and the increased use of email, has allowed a greater distinction between requests for service and genuine complaints over the years and this has been reflected in the final totals.

Year	Chief Exec's	Environment	Resources	Customer & Community	Totals	% Change
2011-12	0	65	40	272	377	-35
2010-11	8	81	56	431	576	-30
2009-10	21	168	61	577	827	+5
2008-09	8	169	36	576	789	-5
2007-08	8	199	40	500	747	

How were complaints received?

In 2011-12 more complaints were received via email than by letter, with 48% of complaints received by e-mail and 26% by letter.

The CCC online complaints form went live this year and has proved a popular method of reporting of complaints. This allows for complaints to be actioned immediately through the customer service centre.

Year	Face to Face %	Letter %	Email %	Telephone %	Other (GovMetric, Comment Cards %)	Total %
2011-12	2	26	48	6	18	100

2010-11	1	24	56	4	15	100
2009-10	4	34	47	11	4	100
2008-09	5	37	40	14	4	100
2007-08	2	56	29	10	3	100

Are there any trends and what have we changed as a result of the complaints?

Each council department reviews the complaints and compliments that it receives on at least a quarterly basis.

This enables services to identify if there are any trends in the types of complaints being made or the services that complaints are being made about. As a result changes may be made to services and how they are provided. Examples of the sorts of changes arising from complaints made over the past year are shown below:

Environment

Planning

There were complaints surrounding the decisions made by planning officers and the amount of time taken to make decisions and where people who were not consulted on a planning application felt that they should have been.

The online planning portal supports self-monitoring of applications by allowing customers to create a personalized account that sends automatic notifications of new applications within their area and changes in status to applications and it is hoped that this will reduce complaints from applicants about the delay in or lack of communication about progress on planning applications.

Refuse & Environment

Complaint trends included bins not being emptied in particular. The remedial actions were to empty the bins and residents informed the reason for the not being emptied.

Resources

Repairs and Maintenance

The bulk of complaints related to day-to-day repairs and problems with the contractor.

In the cases of bad practice or snags the contractor Apollo and operatives made good the jobs.

There were some complaints regarding miscommunication between operative and residents. In these cases appointments were re-scheduled or a case officer appointed

Other complaints related to staff attitudes and the Lion Yard walkway.

A complaint was made about attitude of a member of staff following an enquiry into a vacant commercial property.

The manager spoke to the member of staff in question and apologised to the complainant as they felt they were not dealt with professionally.

A complaint about Lion Yard walkway being locked on Easter Sunday was made, contrary to the walkway agreement between the City Council and the Barclay's representatives.

Our officer forwarded the complaint to Aberdeen Asset Management who responded stating that it was an oversight by the newly appointed centre manager and that it shouldn't happen again.

Customer & Community Services

Arts & Recreation

The main complaint trend was that of the sound quality at the Corn Exchange. The Arts & Recreation department aim to resolve this via investment in a new sound system in 2012-13.

Folk Festival

There were seventy-one comments/complaints during event. The main trends including overcrowding (twenty -six), price of beer and the quality of the shop.

This year capacity has been reduced to help overcrowding & Stage 1 has been moved back a little.

Customer Services

The majority of complaints were due to longer face to face waiting times earlier in the year and disagreement with policy decisions in particular Homelink.

Customer service advisors have undertaken soft skills training / conflict resolution training (communication skills, conflict resolution) to handle such occurrences.

Community Development

Community Development had eight complaints in 2011-12 but there were no trends or service changes related to these complaints.

City Homes

Apply for your garage on line

A customer complained that they did not know where the garages were in the City and did not know why we did not have garage applications forms that could be completed on line.

Information on garages was hard to find on the website and directed you to the Customer Service Centre to make an enquiry.

Therefore, we have now improved the website. There is a link directly from the home page to a garage website that provides an interactive map to show garage sites, and you can now also download an application form.

Being part of the decision making process

Residents were concerned that grants awarded for community projects did not have a resident group providing their recommendations on whether or not applications should be approved or refused.

The Head of City Homes is keen to have residents involved in the decision making process. Therefore, applications are now sent first to the Housing Regulation Panel (a group of tenant and leaseholder volunteers who scrutinise Housing Services) for their recommendations before being presented to the City Homes Management Team.

Home-Link

Home-Link's complaints over the last year have generally followed a similar pattern, mostly regarding applicants' banding status or the fact that they are not being housed. There have also been a number where overcrowding and living conditions in the property have formed a part of the overall complaint.

The Council is working with sub-regional partners to develop the Home-Link system. A new targeted housing options feature on the website went live in September 2011 and provides personalised information for individuals seeking housing options assistance.

We are also about to launch a new private sector module on the Home-Link system, which will provide more information for customers on private rented accommodation available across the 7 local authority districts.

Housing Options and Advice

Much of the correspondence that is logged as complaints tends to be correspondence in support of a homelessness/housing application.

In these cases the complainant is updated on where we are at with the case.

Some of the complaints related to temporary accommodation that is considered to be unsuitable, notably bed and breakfast in Peterborough.

In these cases the team explain the position with temporary accommodation generally and check that the Housing Advisor has followed the process for identifying alternative temporary accommodation.

In the past year we have identified two new sources of B&B, which are more suitable than some of the other B&B's we have traditionally used and we will continue to work on alternative solutions for emergency accommodation within Cambridge City.

Revenues & Benefits

The vast majority of complaints Revenue & Benefit Services receive are one-offs and are usually not system changing. If there are any trends/bad working practices then these are looked at and reviewed if necessary. Complaints are put right and customers are reminded/ informed of the change.

However, during 2011-12 we did amend the Direct Debit form on the Council website following a complaint concerning the coloured background. Regarding Council Tax discounts we also undertake reviews on a regular basis to make sure the correct discounts/ exemptions are being awarded. A National Fraud Initiative has been undertaken to identify those who have been incorrectly claiming Single Person Discount. In the near future another initiative will be driven forward with neighbouring authorities to identify further incorrectly claimed discounts.

How many complaints did we respond to on time?

In 2007 we reduced our target time to answer 100% of complaints from ten working days to seven working days. This is a challenging target, particularly where complaints are complex and need input from several departments or external agencies.

The figures for 2011-12 show an increase in performance from last year with the number of complaints responded to on time rising from 49% to 92%.

Year	Chief Exec's %	Environment %	Resources %	Customer & Community %	Totals %	% Change
2011-12	NA	80	73	97	92	+43
2010-11	38	78	43	68	49	-41
2009-10	62	77	90	91	90	-3
2008-09	100	85	92	96	93	+12
2007-08	50	79	73	80	81	

Compliments to the City Council in 2011-2012

As an organisation we get many positive comments about our staff and the services we provide. Knowing where things are working well and are appreciated is as important as knowing where things are not working, so we keep a record of the compliments we receive as well as the complaints.

The number of compliments is continuing to rise year on year with 541 compliments for 2011-12 up 15% on the 2010-11 total of 461.

How many compliments were received?

Year	Chief Exec's	Environment	Resources	Customer & Community	Totals	% Change
2011-12	0	7	3	531	541	+15
2010-11	6	35	12	408	461	+7
2009-10	2	121	Not recorded	308	431	+6
2008-09	0	86	Not recorded	321	407	+19
2007-08	1	149	28	153	331	

Here are examples of some compliments we have received:

City Homes

- **Rent Enquiries** *'Very helpful and pleasant'*

Arts & Recreation

- **Folk Festival** '79 compliments - festival overall (32), The Den stage, line-up & good organization were the trends'

Revenues & Benefits

- **Benefits** " Very Friendly lady to talk to"
- **Local Taxation** 'The advisor was very helpful. Very thorough explanations for complex matter, for which I am most grateful.'

Customer Services

- **Customer Services** " The lady on the front desk was very helpful in answering my queries.'
- **Customer Services** " I was very impressed with the overall service and help provided.'

Freedom of Information Requests

A summary of the FOI performance is to be sent around to all those managers and members who are on the weekly FOI distribution list.

Role of the Independent Complaints Investigator

Your right to have a complaint reviewed by an independent person is an essential part of our complaints procedure.

If you are not satisfied with the way any of our departments deal with your complaint, you can ask the Independent Complaints Investigator (ICI) to review your concerns. Because the ICI operates independently of our departments, they can give an objective overview of a department's handling of your complaint.

Sometimes a department will refer a complaint to the ICI. This happens when they feel that an impartial review will help them to resolve a problem.

The ICI will not always carry out a formal investigation of a complaint. Sometimes they will find a solution by talking to the complainant and the departments.

The ICI reviews each complaint to find out whether we did anything wrong, such as:

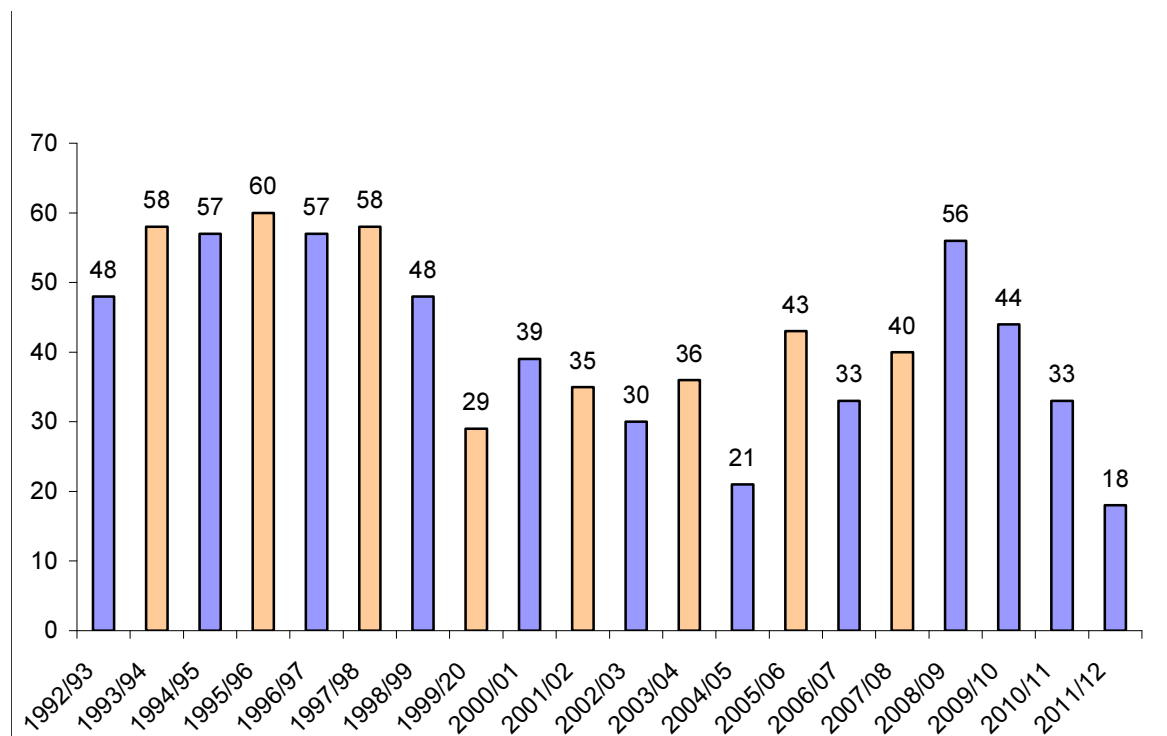
- We took a long time to do something
- We did not follow our own rules or the law
- We broke a promise to do something
- We treated someone unfairly
- We gave someone wrong or misleading information; or
- We did not make a decision in the correct way.

Sometimes, the ICI will look at a complaint about several issues. They might find that they agree with some parts of the complaint but not others. In these circumstances they will report that they have partly agreed with the complaint.

How many complaints did the Independent Complaints Investigator deal with in 2011-12?

During 2011-12 18 complaints were fully investigated by the ICI. 10 were for the Customer & Community Services, 5 for Environment and 3 for Resources departments respectively. 4 were upheld, 2 partly upheld, one resolved through mediation, one outcome was unknown and 10 were not in the complainants favour.

Complaints to the ICI are recorded against the department that has taken the lead in dealing with the complaint, but they often involve more than one department or service.



Outcome of Investigations in 2011-12

	CEX	Customer & Community Services	Environment	Resources	Total
Complaints received by ICI		10	5	3	18
Agreed with complainant		3	1	1	5
Not agreed		7	3		10
Partly agreed			1	1	2
Not suitable for the ICI				1	1

If you would like more details about the Independent Complaints Investigation Service please see our web page www.cambridge.gov.uk/complaints, call 01223 457000 or pick up a leaflet at the Customer Services Centre at Mandela House.

The Local Government Ombudsman

If you are still not satisfied with the way your complaint has been handled you can contact the Local Government Ombudsman's office. The Local Government Ombudsman investigates complaints and determines if there has been any injustice arising from maladministration. The Local Government Ombudsman issues a letter to all councils by the end of June each year stating how many complaints they have received and the decisions they have made about them.

How many complaints did the Local Government Ombudsman deal with in 2011-12?

Enquiries & Complaints Received	Benefits & Tax	Corporate & Other Services	Environmental Services & Public Protection & regulation	Highways and Transport	Housing	Planning & Development	Total
Advice given	0	0	2	1	1	0	4
Premature complaints	1	1	3	2	3	3	13
Forwarded to Investigative Team (New)	1	1	0	0	0	1	3
Total	2	2	5	3	4	4	20

Since April 2008 the LGO Advice Team has been the single point of contact for all enquiries and new complaints. The advisors provide comprehensive information and advice to callers at the first point of contact with a full explanation of the process and possible outcomes. This enables callers to make a more informed decision about whether putting their complaint to the LGO Investigative Team is the right course of action.

Investigative team - Decisions

Not Investigated			Investigated			Report	Total
No Power to investigate	No reason to use exceptional power to investigate	Investigation not justified & Other	Not enough evidence of fault	No or minor injustice & Other	Injustice remedied during enquiries		
1	1	0	0	2	5	0	9

Although in 2011-12 the Local Government Ombudsman received 20 enquiries and complaints, only 9 decisions were made.

In 2011-12 the average number of days taken to respond to the LGO's first enquiry was 27.5 days which is inside of the Ombudsman's Office's target response time of 28 days and is an improvement on our average response time of 33.5 days in 2010-11.

Complaints under the Councillors' Code of Conduct

Councillors must adhere to a specific Code of Conduct whenever they are conducting Council business, representing the Council or conducting the business of the office to which they were elected. The purpose of the Code of Conduct is to ensure high standards of ethics and conduct are maintained and that Councillors treat everybody in an equal capacity and with respect, ensuring at all times that the integrity of the Council is not compromised in any way.

The Government is making significant changes to the standards regime for councilors and has abolished the Standards Board. The Council will shortly have to adopt a new Code of Conduct for councilors and will need to introduce a local system for considering complaints.

Complaints about councillors are considered locally by the Council's own Standards Committee. The Council's Standards Committee is made up of six councillors and three independent members of the public.

During 2011-12, the Council received no complaints that councillors had breached the Code of Conduct. The Standards Committee dealt with one complaint that was made in 2010-11.

The complaint was that a councillor should not have asked for a planning application to be decided by an area committee, in the light of an alleged personal interest in the application.

An assessment sub-committee of the Standards Committee referred the complaint for investigation by the Independent Complaints Investigator. The Independent Complaints Investigator carried out an investigation into the complaint. Her report concluded that the councilor had not breached the Code of Conduct for Councillors. She found that the councilor had a personal, but not prejudicial, interest in the application by reason of his association with his neighbour. However, the Code of Conduct did not oblige the councilor to declare this interest when asking for the application to be considered by the Area Committee. The Independent Complaints Investigator considered that the appropriate (good practice) course would have been to advise the complainant, the objectors and Council officers of his personal interest and to hand the conduct of the matter over to another ward councillor. The Committee accepted the Investigator's findings and recommended that training in the Council's Planning Code of Good Practice be offered to all councilors.

To find out more about the Council's Code of Conduct and how to make a complaint about a councillor go to <http://www.cambridge.gov.uk/ccm/content/contact-us/how-to-complain-about-a-councillor.en> or contact the Council's Monitoring Officer, Simon Pugh (simon.pugh@cambridge.gov.uk).

The Council's Whistle blowing Policy

The Council sets equally high standards of conduct for its own employees. The Council will not tolerate malpractice or wrongdoing in the provision of its services. All officers have a responsibility to report any serious concerns about bad practice or behaviour, in any aspect of the Council's work. This is encouraged through the 'Whistleblowing' policy that aims to provide a sensitive and confidential route for officers to step forward and voice their concerns without fear of reprisal.

An overview of the actions and results from 'Whistleblowing' is presented to the Council's Standards Committee in an Annual Report on our Prevention of Fraud and Corruption policy.

Departments 2011-12

Chief Executive's Department

- Corporate Strategy

Resources Department

- Accounting Services
- Human Resources
- Internal Audit
- Repairs and Maintenance
- ICT Client and Information Management
- Property Services
- Legal Services

Environment Department

- Planning
- Refuse and Environment
- Specialist Services
- Tourism and City Centre Management
- Streets and Open Spaces

Customer and Community Services Department

- Arts and Recreation
- City Homes
- Community Development
- Customer Service
- Strategic Housing
- Revenue and Benefits

CAMBRIDGE CITY COUNCIL

REPORT OF: Returning Officer

TO: Civic Affairs Committee

27/6/2012

WARDS: None directly affected

A REVIEW OF THE LOCAL ELECTIONS HELD ON 3 MAY 2012

1. INTRODUCTION

The purpose of this report is to review the preparation and run-up to the local elections held on 3 May 2012, and the events that occurred on the day itself, including the count. This is an opportunity for the Committee (and the Members of the Council in general) to feedback to the Returning Officer (the Council's Chief Executive) on any issues that would inform the preparation and running of future elections.

2. RECOMMENDATION

That the Committee notes the issues raised in the report, and gives feedback on any matters concerning the running of the elections which it wishes the Returning Officer to consider further in planning and running future elections.

3. PREPARATION

Project planning

- 3.1 Since 2010, an Election Project Team, chaired by the Electoral Services Manager, and comprising officers from across the Council has been tasked with leading on the known service requirements to run a successful election. This met from December 2011 and dealt primarily with operational issues. An Election Steering Group, comprising the Returning Officer, Head of Legal Services, Head of Corporate Strategy, Democratic Services Manager and Electoral Services Manager met monthly from December. Its role was to monitor progress against the project plan, statutory electoral timetables and consider any ad-hoc matters.

Member briefing

- 3.2 A briefing on the preparation for the elections was offered for members of the Council prior to Civic Affairs Committee on 21 March. The local party agents had been briefed earlier (9 February) which had been appreciated and will be repeated next year.

Communication

- 3.3 Regular updates to the website and the prominence given to electoral news on the homepage was improved upon having listened to feedback from the committee last June e.g we made it clearer on deadline dates for registering, applying for proxy votes.
- 3.4 There were regular press releases notifying key milestones. Coverage in the local newspaper was good, aided by the support of comprehensive information (and photo opportunities) from the officers in corporate marketing.

Correspondence

- 3.5 The Customer Service Centre received 703 telephone calls during April this year (compared to 901 over the same period in 2011). A further 450 were received directly into the Electoral Services office. The Electoral Services office received 433 election related e-mails this year, compared with 595 in 2011.

Training

- 3.6 The Returning Officer required every person working at a polling station to receive training on the basis that if they did not attend the training they would not be employed. We held 3 training sessions for Presiding Officer and 4 sessions for poll clerks using training information provided by the Electoral Commission and adapted to local circumstances and using case studies from 2011 as learning points. This year, the Presiding Officer training was more detailed and the sessions were longer, to ensure Presiding Officers were completely aware of their duties and the procedures involved.

4. POSTAL VOTING

Issue of postal votes

- 4.1 As in 2011, postal vote packs were issued in-house and 100% were handed over to Royal Mail for delivery on Friday 20 April, two days

after the application deadline. The total number of postal vote packs issued was 11,857. The total number re-issued because of being spoilt, lost or not received was 17, compared to 27 in 2011.

Opening of postal votes

- 4.2 Unlike 2011, postal votes were not opened daily as the volumes returned were not expected to require it. 68.7% of postal votes were returned for inclusion in the count (75.9% in 2011).
- 4.3 Signature and date of birth checking was carried out for 100% of returned postal votes and 2.5% were rejected due to either an invalid or missing signature/date of birth. (1.9% in 2011).
- 4.4 The Council approved a budget bid in February for a FREEPOST address for use by the public and local parties to return postal vote and other registration forms to Electoral Services.

5. POLLING DAY

Polling stations

- 5.1 Three out of 32 polling stations were at different locations from 2011. We reverted to the 2010 locations in all three cases (Fisher Hall in Market/Newnham, Selwyn Diamond in Newnham and Panton Street in Trumpington). As in previous years, each location is checked for suitability of access and advice was sought from the Council's Access Officer. No negative comments from electors have been received about any location. The Poll Cards this year, for the first time, included a location map of the polling station.
- 5.2 At the Referendum in 2011, because of specific directives from the Electoral Commission we had four additional polling stations compared to 2010. This year, the Returning Officer was able to use local knowledge and experience of both 2011 and the parliamentary election in 2010 and decided upon 43 stations and staffing was reduced to 43 Presiding Officers (from 46) and 98 poll clerks (from 109).

Inspectors

- 5.3 For a second year, we engaged four Polling Station Inspectors, who were responsible for checking all the polling stations at least twice during the course of the day. This was in addition to the Returning Officer visiting all polling stations (with the Mayor and Mayoress).

There were no reported problems with queues, either during the day or at close of poll.

6. THE COUNT

- 6.1 This was the first city council only election to be counted since 2008 and it was a good opportunity to organise things differently in an attempt at an earlier finish. Staffing was increased from 4 to 6 counters per ward. Because of the extra staff and extra space required, the Small Hall was used to count five of the 14 wards, with a Deputy Returning Officer overseeing proceedings in that hall. The final declaration was much earlier than in many years. Years when there are two sets of elections will continue to pose challenges for achieving an early declaration of results because of the requirement to verify both sets of ballot boxes to ensure stray votes are not in the wrong box. There is no room in the halls for more counting staff so when there is a double election this would mean that the same number of counting staff would be managing a third set of counting on the night, which will inevitably slow the overall process down.
- 6.2 We used coloured slips when counting into favour, which helped those observing and our count staff to better organise the ballot papers.
- 6.3 The Returning Officer needs to maintain the secrecy and security of the count, but there is also a duty to facilitate the attendance of the established media. For the first time, a request was received from a member of the public (a local blogger) to attend to observe and the Returning Officer used her discretion to permit attendance in the public gallery alongside the media.
- 6.4 The wi-fi connection in the count venue went down towards the end of the evening. This was not satisfactory for the many media and other observers present. Officers have already given instructions to ensure that improvements are made to the coverage in the Halls. In addition, the speaker system did not work in the Small Hall so the Returning Officer's announcements had to be made by the DRO in the Small Hall.

7. STAFFING

- 7.1 The staff who run polling stations and count the ballot papers are volunteers who opt to take on this role. They are paid for their time. Some staff are employed by the City Council in other roles, but not all

are. Staffing continues to be a challenge although we had fewer drop out at late notice compared to 2011.

7.2 As in previous years, stand-by polling station staff were provided with training and were on call from 6 am polling day. In the event, the stand-by PO and one stand-by PC were required to replace staff at the last minute.

8. COMPLAINTS/COMPLIMENTS

8.1 We received three complaints from the public following the election concerning:

- Unhelpful staff at a polling station – the staff member concerned has been spoken to. They were ‘on loan’ from another authority’s election staff pool and will not be used again.
- An elector who could not vote as he was not registered wanted to know the rules and procedures – information was provided and the elector has accepted the situation and thanked officers for the response.
- A number of elderly electors who turned up at a polling station but could not vote as the Presiding Officer was unable to work the disabled lift. An engineer was called and it was fixed within an hour of being reported to the elections office. Those affected were advised but chose not to return. The Democratic Services Manager spoke to the care home the following day to apologise.

8.2 We received two complaints from party agents prior to polling day. The first related to a complaint from the Cambridge Socialists that a Liberal Democrat leaflet circulating in Romsey did not make clear it was an election communication. The Returning Officer advised that the election communication was legally compliant, as it made clear who it was published by and for whom. The Returning Officer did pass the complaint to the Liberal Democrat party agent for noting. The second complaint was from the Labour Party agent and related to an article by Romsey County Councillor Bourke (Liberal Democrat) in a community newsletter delivered and made available in the Petersfield and Romsey area in April. The newsletter was edited by a local group, but grant aided by the city council. As a result of this complaint, the Head of Community Development is reviewing grant conditions to make sure instructions are clear when grants are awarded for community newsletters or publicity.

- 8.3 After the election, compliments from the party agents were received about how the whole process had been managed by the Returning Officer and Electoral Services team.
- 8.4 Two Presiding Officers have given feedback concerning some of the signage provided at their stations, which will be addressed for the PCC elections on 15 November.

9. POLICE AND CRIME COMMISSIONER ELECTION 15 NOVEMBER

- 9.1 There are a number of matters still to be clarified by the Government regarding the elections taking place in England (except London) and Wales on 15 November. We are planning based on what we know already and this involves:
- An earlier electoral canvass which is required so the Register of Electors can be published on 15 October. We are working with the colleges to ensure an earlier publication does not impact on student registration.
 - Working with the Police Authority Returning Officer (East Cambridgeshire's Chief Executive) on the planning for the election and the count. The first stage of the count (verification) will be carried out by the individual authorities across Cambridgeshire at their local count venues, but the second stage (counting into favour) will be centralised at one location in East Cambs.

10. IMPLICATIONS

- (a) **Financial Implications** - none
- (b) **Staffing Implications** – An additional full time post was approved by Council in the Medium Term Strategy, following consideration by this committee and approval by the Executive Councillor for Customer Services & Resources. The post was filled in December 2011 and it has made a noticeable positive impact in the capacity of the electoral service.
- (c) **Equal Opportunities Implications** - Equality Impact Assessment not conducted – this is an information report. Each Presiding Officer is asked to complete a survey of the electoral process/the polling station etc. which is provided by SCOPE. Any information received helps in the planning for the future and ensures our elections comply with accessibility requirements.
- (d) **Environmental Implications** - none
- (e) **Community Safety** - none

BACKGROUND PAPERS: There were no background papers used in the preparation of this report.

The contact officer for queries on the report is Gary Clift 01223 457011
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Report file:

Date originated: 19 June 2012

Date of last revision: 19 June 2012

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