



To: The Leader and Executive Councillor for Strategy and Transformation: Councillor Lewis Herbert

Report by: Strategic Director

Relevant scrutiny committee: Strategy & Resources  
10/10/2016  
Scrutiny Committee

Wards affected: Abbey Arbury Castle Cherry Hinton Coleridge  
East Chesterton King's Hedges Market Newnham  
Petersfield Queen Edith's Romsey Trumpington  
West Chesterton

## **SHARED INTERNAL AUDIT SERVICES**

### **Key Decision**

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## **1. Executive summary**

- 1.1 Cambridge City Council (CCC), Huntingdonshire District Council (HDC) and South Cambridgeshire District Council (SCDC) have agreed to work in partnership to deliver shared services and have agreed general principles to underpin the approach.
- 1.2 This report provides the business case to establish a Shared Audit Service (SAS) between the Councils and details the activity to create it.

## **2. Recommendations**

The Executive Councillor is recommended:

- 2.1 To approve the Business Case and delegate authority to the Strategic Director to make decisions and to take steps which are necessary, conducive or incidental to the establishment of the SAS in accordance with the business case.

## **3. Background**

- 3.1 The business case for the establishment of the SAS can be found at Appendix A to this report. The rationale for its establishment is that it

will provide the opportunity to deliver a more resilient and responsive service resulting in:

- Improved audit coverage that is of high quality.
- Increased productivity
- Improved career opportunities for staff
- Increased potential for audit services to be offered commercially

3.2 It is proposed that SCDC will act as the employing authority for the SAS; its scope is solely internal audit services.

3.3 A new joint lead post will be created to lead the implementation of the SAS. The SAS will be created by the TUPE transfer of 9 staff from HDC (4), CCC (5) to SCDC; this is proposed to happen in 2017/18 once the new joint lead is in post. The opening staffing level of the SAS will be 10. A review will then be undertaken of the rest of the staffing structure.

3.4 The SAS would have an opening staffing budget of circa £425k combining the 16/17 staffing budgets for each of the 3 current audit service operations. The ratio of the budget contribution at start up is CCC 47%, SCDC 13%, and HDC 40%. This ratio forms the basis of saving distribution and additional cost incurred, if any, such as redundancy, pay protection etc.

3.5 Savings of £51.9k have been targeted for 17/18; the equivalent of a reduction of 11% of the net revenue budget, the City Council's share of the savings is £24k.

3.6 Set up costs of £25k have been identified; the City Councils contribution will be £11k which will be funded from its Transformation Fund.

3.7 The work to develop the attached business case has been undertaken by a project group consisting of audit staff from each of the three Councils.

3.8 The work of the SAS will be driven by its Audit Plan (AP) agreed with the three client Councils. The AP will identify what has to be delivered and establish the means for measuring and assuring its performance. CCC will act as a client of its services. The AP will be agreed on an annual basis. With regard to the City Council's element this will be via the usual process, that being, by approval of the Civic Affairs Committee. The AP will be a key element of the operational plan for the SAS.

## **4. Implications**

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

The SAS has a minimum saving target of 11% of net revenue budget.

### **(b) Staffing Implications** (if not covered in Consultations Section)

SCDC will become the Lead Authority for the SAS. As such, identified Audit staff in HDC and CCC will transfer under TUPE to SCDC on the go-live date. Formal consultation with staff, Unions (and in addition Staff Council at HDC) will take place during October / November in accordance with each Councils policy on consultation. The consultation will be in respect of the proposed TUPE arrangements and new Senior Audit Manager post.

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

An Equalities Impact Assessment (EQIA) has been carried out. The EQIA will be reviewed at all key stages including when the implementation papers are ready and after consultations have taken place.

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

Low Positive Impact.

Reduction in accommodation and energy use associated will have a positive impact. Potential negative impact from increased travel will be mitigated by increased mobile and remote working.

### **(e) Procurement**

None

### **(f) Consultation and Communication**

This will be conducted in accordance with the Councils agreed policy.

### **(g) Community Safety**

This will be conducted in accordance with the Council's agreed policy.

## **5. Background papers**

Strategy and Resources Shared Services Report – 20 October 2014.

## **6. Appendices**

Appendix A – Shared Audit Service Business Case  
Equalities Impact Assessment

## **7. Inspection of papers**

To inspect the background papers or if you have a query on the report please contact:

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