



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

Report by: Strategic Director: David Edwards

Relevant scrutiny committee: Strategy & Resources
23/01/2017
Scrutiny Committee

Wards affected: All Wards

SHARED INTERNAL AUDIT SERVICES

Key Decision

1. Executive summary

- 1.1 Cambridge City Council and South Cambridgeshire District Council 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 Internal Audit Service between the Councils and details the activity to create it.
- 1.3 The full business case was presented to the previous Strategy and Resources Committee (October 2106) for a 3 way Shared Internal Audit Service with South Cambridgeshire District Council and Huntingdonshire District Council. Cambridge City Council and South Cambridgeshire District Council approved the recommendation for a 3 way shared service. Huntingdonshire District Council Cabinet decided to defer the decision on joining the shared service. It is understood this deferral would be for a significant time period and therefore the option of a two way service has been brought forward. Should Huntingdonshire District Council wish to join the service in the future this would be in the context of joining an established service.
- 1.4 Peterborough City Council has indicated that they wish to conclude the current management arrangements in place for Cambridge City Council and South Cambridgeshire District Council due to new ways of working and therefore this is a further driver for the implementation of the Shared Internal Audit Service.

- 1.5 Additional budget provision of £20k (split £15.8k from Cambridge City Council and £4.2k from South Cambridgeshire District Council) is required for 2017/18 to cover the transition costs.

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 Shared Internal Audit Service in accordance with the business case.
- 2.2 To approve a budget of £15.8k for 2017/18 to cover the transition costs for the service which will be met from the business transformation budget.

3. Background

- 3.1 Peterborough City Council has indicated that they wish to conclude the current management arrangements in place for Cambridge City Council and South Cambridgeshire District Council due to new ways of working.
- 3.2 The business case for the establishment of the Shared Internal Audit Service 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
 - Increased potential for audit services to be offered commercially
- 3.3 Discussions have also taken place with Huntingdonshire District Council over the Shared Internal Audit service covering all three authorities; however, the Cabinet at Huntingdonshire District Council has decided to defer joining the service at this stage.
- 3.4 The 2016/17 budget allocation only partly funds the Head of Service post. This is due to the fact that the previous Head of Service costs were split across three authorities. With two authorities in the Shared Audit Partnership transitional funding of £20k will be required for 2017/18. The budget will then return to the current level for 2018/19.
- 3.5 It is proposed that Cambridge City Council will act as the employing authority for the Shared Internal Audit Service.

- 3.6 A new joint lead post will be created to lead the implementation of the Shared Internal Audit Service. The Shared Internal Audit Service will be created by the TUPE transfer of 1 staff member from South Cambridgeshire District Council to Cambridge City Council; this is proposed to happen in 2017/18 once the new joint lead is in post. The opening staffing level will be six. A review will then be undertaken of the rest of the staffing structure and ways of working as part of developing the Audit Plan and meeting the budget for 2018/19.
- 3.7 The Shared Internal Audit Service would have an opening staffing budget of circa £280k combining the 16/17 staffing budgets for each of the two current audit service operations. The ratio of the budget contribution at start up is Cambridge City Council 79% and South Cambridgeshire District Council 21%. This ratio forms the basis of potential saving distribution and additional cost incurred, if any.
- 3.8 The focus is on providing a shared management arrangement with the termination of Peterborough City Councils current management arrangements.
- 3.9 The work to develop the attached business case has been undertaken by a project group consisting of audit staff from the two Councils.
- 3.10 The work of the Shared Internal Audit Service will be driven by its Audit Plan which will be agreed with the two client Councils. The Audit Plan will identify what has to be delivered and establish the means for measuring and assuring its performance. Cambridge City Council will act as a client of its services. The Audit Plan 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 Audit Plan will be a key element of the operational plan for the Shared Internal Audit Service.

4. Implications

(a) Financial Implications

Additional budget provision of £20k (split £15.8k from Cambridge City Council and £4.2k from South Cambridgeshire District Council is required for 2017/18 to cover the transition costs.

(b) Staffing Implications

Cambridge City Council will become the Employing Authority for the Shared Audit Service. As such, identified Audit staff in South Cambridgeshire District Council will transfer under TUPE to Cambridge City Council on the go-live date. Formal consultation with staff, Unions will take place during February/March 2017 in accordance with each Councils policy on consultation. The

consultation will be in respect of the proposed TUPE arrangements and new joint lead post.

(c) **Equality and Poverty Implications**

An Equalities Impact Assessment has been carried out and 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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