



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

## **AUDIT & GOVERNANCE COMMITTEE**

**Date: Friday, 27 September 2019**

**Democratic Services**  
Dermot Pearson  
Interim Monitoring Officer

**10:00 AM**

The Incubator  
Alconbury Weald  
Cambridgeshire  
PE28 4WX

**Cambridgeshire County Council  
Kreis Viersen Room, Shire Hall, Castle Hill, Cambridge,  
CB3 0AP**

### **AGENDA**

**Open to Public and Press**

**1 Apologies for Absence**

**2 Declarations of Interest**

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests.

**3 Audit & Governance Minutes- 19th July 2019**

**5 - 16**

**4 Chairs Announcements**

<b>5</b>	<b>Audit Results Report &amp; SoA</b>	<b>17 - 62</b>
<b>6</b>	<b>CA Board Summary Report</b>	<b>63 - 74</b>
<b>7</b>	<b>Transport Acceleration and Risk Report</b>	<b>75 - 80</b>
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<b>9</b>	<b>Risk Register &amp; Performance Update</b>	<b>89 - 100</b>
<b>10</b>	<b>Governance Review Report</b>	<b>101 - 130</b>
<b>11</b>	<b>Internal Audit - Progress Report</b>	<b>131 - 138</b>
<b>12</b>	<b>Report on FOI, Whistleblowing &amp; Fraud</b>	<b>139 - 182</b>
<b>13</b>	<b>MTFP + Business Plan Report</b>	<b>183 - 214</b>
<b>14</b>	<b>Response to NAO consultation</b>	<b>215 - 218</b>
<b>15</b>	<b>Work Programme Cover Report</b>	<b>219 - 228</b>
<b>16</b>	<b>Date of next meeting:</b> 13th December 2019 - 10 am - Council Chamber, Cambourne	

The Audit & Governance Committee comprises the following members:

John Pye

Councillor Ian Benney

Councillor David Brown

Councillor Mike Davey

Councillor Mark Goldsack

Councillor Tony Mason

Councillor Mac McGuire

Councillor Nick Sandford

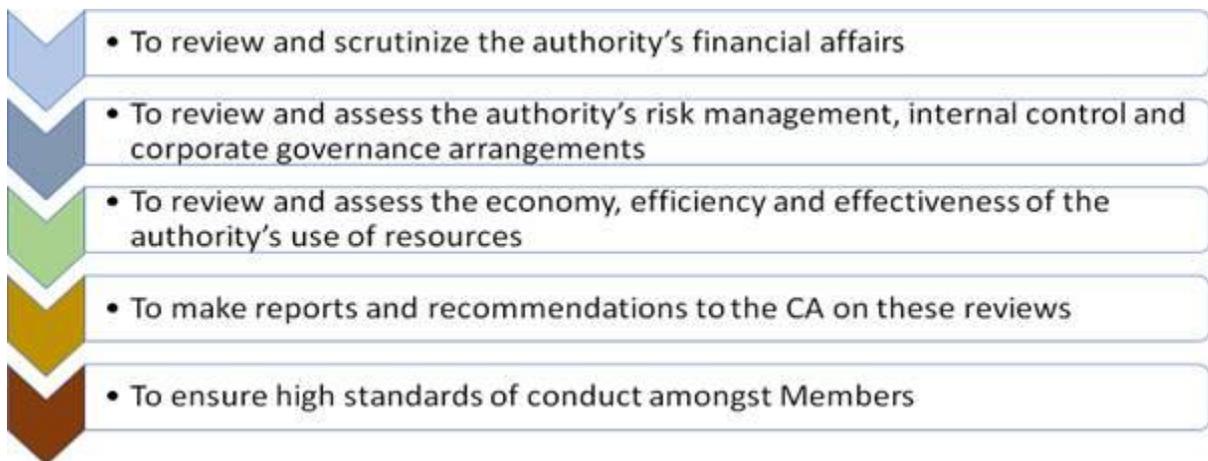
*For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact*

Clerk Name: Emma Powley

Clerk Telephone:

Clerk Email: [Emma.Powley@cambridgeshirepeterborough-ca.gov.uk](mailto:Emma.Powley@cambridgeshirepeterborough-ca.gov.uk)

### **The Audit and Governance Committee Role.**



The Combined Authority is committed to open government and members of the public are welcome to attend Committee meetings. It supports the principle of transparency and encourages filming, recording and taking photographs at meetings that are open to the public. It also welcomes the use of social networking and micro-blogging websites (such as Twitter and Facebook) to communicate with people about what is happening, as it happens.





**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

# **CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY – DRAFT MINUTES**

## **AUDIT AND GOVERNANCE COMMITTEE: MINUTES**

**Date:** 19<sup>th</sup> July 2019

**Time:** 10am

**Location:** Fenland District Council

**Present:**

Mr J Pye  
Cllr Mac McGuire  
Cllr Ian Benney  
Cllr Mike Davey  
Cllr David Brown  
Cllr Kevin Price  
Cllr Goldsack  
Cllr Sandford

Chairman  
Huntingdonshire District Council  
Cambridge City Council  
Cambridgeshire County Council  
East Cambs District Council  
Cambridge City Council  
Cambridgeshire County Council  
Peterborough City Council

**Officers:**

John Hill  
Dermot Pearson  
Emma Powley  
Jon Alsop  
Martin Jaynes  
Steve Crabtree

Chief Executive  
Interim Monitoring Officer  
Interim Scrutiny Officer  
Chief Finance Officer (S73 Officer)  
HR Manager  
Group Internal Auditor (Peterborough City Council)  
Audit Manager (External Auditors) – Ernst & Young

Dan Cooke

### **1. APOLOGIES AND DECLARATIONS OF INTERESTS**

- 1.1 Apologies were received from Councillor Lillis - substituted by Councillor Sandford.

## **2. DECLARATION OF INTEREST**

- 2.1 Councillor Davey declared a personal, non-pecuniary interest as his wife is an Assistant Director at Peterborough City Council and Cambridgeshire County Council in Housing matters.

## **3. MINUTES OF THE MEETING HELD ON THE 31<sup>st</sup> MAY 2019.**

- 3.1 The minutes of the meeting held on the 31<sup>st</sup> May 2019 were agreed and signed by the Chair with an adjustment to the spelling of the word East, which in the minutes read 'Eats'.

## **4. CHAIR'S ANNOUNCEMENTS**

- 4.1 The Chair asked the Committee if they were content with the start time of 10am for the current cycle of Committees and if they were happy to hold the meetings on a rotational basis around the Constituent Councils.

Members agreed that they wished to continue as it currently operates.

- 4.2 The Chair asked John Hill to clarify the positions of the joint Chief Executive Officers.

- 4.3 John Hill explained that he was the joint CEO for the Combined Authority, together with Kim Sawyer and East Cambs District Council and noted that whilst it was unusual for there to be a joint CEO position, it was not unique and noted that it enabled the CEOs flexibility should they have a conflict of interest. He further noted that there was emphasis on continuity and permanency for both staff and Councillors and stated that he would circulate information to members to provide them with clarity on each area that their respective roles covered.

## **5. AUDIT AND GOVERNANCE – VALUE FOR MONEY**

- 5.1 The S73 officer elaborated on a report informing the Committee on the Authority's approach to delivering value for money (vfm). It was explained that in the 2018/19 audit plan, the external auditors stated their requirement to consider whether the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness on its use of resources, which is known as the auditor's 'value for money'. This report was intended to show how the Combined Authority delivers value for money in practice. The S73 officer referred to 2 key documents used to ensure vfm - the Assurance Framework and the Monitoring and Evaluation Framework.

- 5.2 It was explained that for new projects/programmes, the detailed consideration of whether vfm was represented through the development of a Project Initiation Document (PID).

- 5.3 In response to questions asked, the Chief Finance Officer explained that the monitoring and evaluation process was clearly set out in the monitoring and evaluation framework. He further informed the Committee that every project embarked on by the Combined Authority was subject to senior officer scrutiny. Subsequently, officers would provide the Board with updates and forecasts

and that any potential overspend would be highlighted and any additional spend having to be agreed by the Board.

- 5.4 The Committee discussed the following:
- a) Has the VfM criteria changed and how do the Combined Authority define Vfm to the public?
  - b) What stakeholder involvement is there and what information is the available on the Return of Investments (RoI)?
  - c) What methodology is being followed with regards to Project Initiation Documents (PIDs) and are RoIs and vfm statements produced?
  - d) Have there been any gateway reviews carried out to provide opportunities to explore lessons learned?
  - e) Could a completed project be scrutinised to examine the vfm and retrospective monitoring of the project be subject to a case study?
  - f) If a scheme is approved but costs significantly increase, how will this be dealt with, specifically if it becomes necessary to abandon it?

- 5.5 The Chief Executive suggested that he produce a timeline of the implementation of a significant project carried out by the Combined Authority to include key priorities and report back to a future Audit and Governance Committee with a proposed case study and time line.

**RESOLVED:**

That the Committee noted the Combined Authority's approach to delivering value for money.

**6. ANNUAL AUDIT INTERNAL OPINION**

- 6.1 The Internal Auditor elaborated on their annual report which provided details of the delivery and performance of Internal Audit during 2018-19 against the agreed audit plan. Based on all the areas of work undertaken the Internal Auditor was able to provide an opinion of the soundness of the control environment in place to minimise risk to the Combined Authority at that time. This was seen as reasonable assurance. It was reiterated that this could only be judged on the works undertaken and not the whole organisation.
- 6.2 It was explained that the areas covered as part of the internal audit included Corporate Governance, Local Enterprise Partnership Governance and a significant piece of work undertaken was the auditing of the Adult Education Budget (AEB), following further devolution of central government services to the Combined Authority.
- 6.3 The Internal Auditor stated that they had looked at how the loan of £6.5m to East Cambridgeshire Trading Company had been made and an update report would be provided at the next Audit and Governance meeting.

- 6.4 The Internal Auditor explained that the Public Sector Internal Audit Standards (PSIAS) states that the Chief Audit Executive should report any issues considered particularly relevant to the preparation of the Annual Governance Statement which included consideration of any significant risk of governance issues and control failures which arise; The internal auditors were unable to provide any assurance on Human Resources (Recruitment and Selection).
- 6.5 It was reported that, there had been some delays in responding to questions asked by the Internal Auditors but that problem had now been resolved.

**RESOLVED:**

That the Audit and Governance Committee considered and endorsed the Annual Report and Opinion from Internal Audit for the year ended 31<sup>st</sup> March 2019.

At this juncture of the meeting, the Chair proposed that agenda Item 7 – Final Statement of Accounts and Item 9 – EY Audit of Accounts be taken together.

The Committee agreed.

**7. STATEMENT OF ACCOUNTS & EY AUDIT OF ACCOUNTS 2019**

- 7.1 The Head of Finance elaborated on his report and explained that the draft Statement of Accounts had been presented to the Audit and Governance Committee on the 31<sup>st</sup> May 2019 and published on the Combined Authority's website. The accounts had since been subject to external audit and it had been anticipated that Ernst and Young would have completed their work in time for this meeting. However, the external audit of the accounts was still in progress owing to resource issues experienced by Ernst and Young.
- 7.2 Members' attention was drawn to additional recommendations that had been tabled before them.
- 7.3 The External Auditor apologised to the Committee and to the Combined Authority for having failed to complete their audit. It was explained that the failure was largely due to resource issues and, despite having hoped to finish on time, Ernst and Young had been unable to deliver the audit by the agreed deadline.
- 7.4 Members of the Committee voiced their concerns and raised the following issues:
- That as a result of the delay by Ernst and Young, the Combined Authority may be perceived poorly, even though it was not their responsibility.
  - There could be implications from the delay to the accounts being fully audited. The failure to deliver by EY also posed governance issues and concerns.
  - Should exploring the option of alternative external auditors be considered? Several constituent councils were in a similar position due to the failure to deliver by Ernst and Young. What were the financial implications for the Combined Authority?

It was explained that the external auditors were very close to finishing their audit and that they would provide a robust and sound audit. The External Auditor continued to report that there were other Public Sector Audit Appointments auditors who were experiencing similar issues to Ernst and Young and that they wanted to continue to work with the Combined Authority and produce a good quality audit.

**RESOLVED:**

- 1) That the Chief Executive circulate the draft statutory notice to the members of the Audit and Governance Committee prior to publication.
- 2) That the Chief Executive liaise with all affected constituent Councils and send a letter to government expressing their dissatisfaction with the auditors performance and the impacts this has had on each Council.
- 3) That the Chair of the Audit and Governance Committee write to the Partner leading the Ernst and Young Government and Public Sector Assurance team expressing the Committee's concern and seeking assurance that the situation would not be repeated.
- 4) That the Committee receive and approve, in principle, the final Statement of Accounts.
- 5) That the Committee agree to the additional recommendations tabled as below:
  - a) Note that the Combined Authority's external auditors are not able to guarantee that they will have completed their audit of the accounts for 2018/19 before the statutory deadline of 31 July 2019 for the publication of the statement of accounts together with any certificate or opinion from the external auditors.
  - b) Note that if it is not possible to publish the statement of accounts on time the law requires the Combined Authority to publish as soon as reasonably practicable on or after the deadline a notice stating that it has not been able to publish the statement of accounts and its reasons for this.
  - c) Authorise the Chief Finance Officer in consultation with the Chair of Audit and Governance Committee, as and when the final Audit Opinion is provided by the external auditors, to make any minor amendments to the statement of accounts arising from the final Audit Opinion and to authorise the Chief Finance Officer and Chair of Audit and Governance to then sign and publish the statement of accounts together with any certificate or opinion from the external auditors.

- d) In the event that amendments arising from the final Audit Opinion would constitute a “material adjustment” to the final accounts as defined in the external auditors final audit plan a further report would be brought to Committee at the next meeting.
- 6) That the Committee receive and approve the Annual Governance Statement 2018/19 as included within the statement of accounts.

**8. DRAFT ANNUAL REPORT OF THE CHAIR OF AUDIT AND GOVERNANCE COMMITTEE 2018/19 & SELF ASSESSMENT**

- 8.1 The Chair submitted his report and elaborated thereon noting that the report demonstrated the work carried out by the Committee over the municipal year 2018/19 for the Committee to approve to the Combined Authority Board.
- 8.2 Members agreed that any information included in the report relating to the 31<sup>st</sup> May 2019 Audit and Governance Committee be expunged from the report.

**RESOLVED:**

That the draft Annual Report of the Chair or Audit and Governance Committee be submitted to the Combined Authority Board with the above amendment.

**10. HR UPDATE**

- 10.1 The Chair of the Committee stated that at a previous meeting of the Audit and Governance Committee meeting, the Combined Authority’s Internal Auditors had given Human Resources a ‘no assurance’ status. Having identified this risk, the HR Manager had been invited to update members of the Committee on progress made.
- 10.2 The HR Manager reported that an HR advisor had recently been recruited. It was noted that the HR Manager reported directly to the Chief Executive, which demonstrated the level of commitment of the Combined Authority to address the issues experienced in relation to HR functions.
- 10.3 It was noted that policies and procedures that had previously not been visible had been placed in a central area and that there had been an amalgamation of information from the LEP and Peterborough City Council. The HR Manager explained that there had been a significant recruitment drive which had seen 17 of the 30 vacant posts filled.
- 10.4 The Chair commented that he was encouraged to see the progress that had been made. The Committee welcomed a key objective was the introduction of a forum that would focus on employee engagement and satisfaction.
- 10.5 The Chief Executive explained that whilst there were a number of Interims in post, the senior management structure was now in place and a permanent Head of Transport had been recruited.

**RESOLVED:**

That the Committee noted the updated information provided by the HR Manager.

## **11. TREASURY MANAGEMENT REPORT**

- 11.1 The Head of Finance elaborated on a report and noted that the Treasury Management in the Public Services: Code of Practice 2011 recommends that Members receive regular reports on the Authority's Treasury Manager. It was reported that the Combined Authority had been through a procurement exercise to employ its own specialist Treasury Management advisors; a preferred supplier having been identified, soon to engage in a contract with the Authority.

### **RESOLVED:**

That the Committee reviewed the actual performance for the year to 31<sup>st</sup> March 2019, against the adopted prudential and treasury indicators.

## **12. WORK PROGRAMME**

- 12.1 The Committee received a report and the draft Work Programme and calendar of working programme items for the year.
- 12.2 The Committee agreed to the following additions to the work programme:
- a) The Chief Officer of the Business Board to provide an update on the priorities and objectives of the Business Board.
  - b) An Annual Report on Performance, Fols, Fraud, Whistleblowing and Complaints to be produced for review.

The meeting concluded at: 12.03pm



**Audit and Governance Committee Action Sheet**

Date	Action	Officer	Delegated officer	Completed
19 <sup>th</sup> July 2019				
	Chief Finance Officer to prepare a briefing note on the combined Authority's policy documents relating to the rules and regulations adhered to in the national policies, followed also by CIPFA.	Jon Alsop		Completed 19/07/2019
	Transport Team be invited to a future meeting of the Committee to deliver a presentation on the accelerated delivery process including information on risk management.	Chris Twigg	P Raynes & R Potter invited to attend Sept meeting (22/07/2019)	September 2019
	Annual Internal Audit Report would be considered at the next meeting	Emma Powley		Completed 19/07/2019
	Statement report on Value for Money (VfM) to be considered, including 'benefit-cost-ratio')	Jon Alsop		Completed 19/07/2019
	It was agreed that the HR Manager would attend a future meeting to brief the Committee on the work undertaken to address the concerns identified by Internal Audit.	Martin Jeynes		Completed 19/07/2019
	Business Board Governance Arrangements – brief presentation from the MO (at the next Committee	Dermot Pearson		Completed 19/07/2019

	pre-meet) to elaborate on the Committee's role in reviewing the Business Board			
	Assurance Framework – to be reported every 6 months. To be presented at Committee - 13 <sup>th</sup> Dec 2019.	Emma Powley		Ongoing
	Information clarifying the roles of each of the joint CEO's be produced and circulated to members.	John Hill (CEO)		
	Chief Officer of Business Board to provide an update on the priorities and objectives of the Business Board.	John T Hill		September 2019
	Report on Fols, Fraud, Whistleblowing and Complaints be produced for review.	Monitoring Officer/Emma Powley		Ongoing
	Performance report be produced	Paul Raynes		September 2019
	Timeline of the implementation of a significant project carried out be reported back with a proposed case study and time line.	John Hill		December 2019
	Chief Executive circulate the draft statutory notice to the members of the Audit and Governance Committee prior to publication.	John Hill		Completed
	Chief Executive liaise with all affected constituent Councils and send a letter to government expressing their dissatisfaction with the auditor's performance and the impacts this has had on each Council.	John Hill		Completed

	Chair to write to the Partner leading the Ernst and Young Government and Public Sector Assurance team expressing the Committee's concern and seeking assurance that the situation would not be repeated	Chair		Completed
	Treasury Management Strategy Update	Rob Emery		September 2019





<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 5</b>
<b>27 SEPTEMBER 2018</b>	<b>PUBLIC REPORT</b>

## **AUDIT RESULTS REPORT AND STATEMENT OF ACCOUNTS 2018/19**

### **1.0 PURPOSE**

- 1.1. The purpose of this report is for the Audit and Governance Committee to:
- (a) Receive the audit results report from the external auditors, Ernst and Young LLP (EY) for the year ended 31 March 2019

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Officer:</b>	<b>Jon Alsop – Head of Finance (S73)</b>
The Audit and Governance Committee is recommended to:	
(a) Receive the audit results report for the year ended 31 March 2019	

### **2.0 BACKGROUND**

#### **Approval of the Statement of Accounts 2018/19**

- 2.1. According to their Terms of Reference, the Audit and Governance Committee shall:
- No. 3.13 - Consider the annual external audit of the Combined Authority's accounts, including the Annual Audit Letter, assessing the implications and monitoring managers' responses to concerns.*
- No. 3.15 - Consider any issues arising from the External Auditor's audit of the accounts.*
- 2.2. At its meeting held on 29 March 2019, the Audit and Governance Committee agreed the Audit plan as presented to it by Ernst and Young LLP (EY). The plan outlined the proposed audit approach and scope for the 2018/19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of

Responsibilities (PSAA) Ltd, auditing standards and other professional requirements.

- 2.3. The draft Statement of Accounts for the year ended 31 March 2019 were then presented to the Audit and Governance Committee on 31 May 2019.
- 2.4. The draft Statement of Accounts, together with the draft Narrative Report and draft Annual Governance Statement were then signed by Noel O'Neill, the Interim Chief Finance Officer on 31 May, and published in draft form on the Combined Authority's website together with the notice of the exercise of public rights by the due date.
- 2.5. At the meeting held on 19<sup>th</sup> July 2019, the Committee was informed that EY had not been able to complete their audit work due to resource issues. As a consequence, the Combined Authority were not able to publish final audited accounts by the 31<sup>st</sup> July deadline.
- 2.6. The Committee were informed that in the event of a local authority not being able to publish by the 31<sup>st</sup> July deadline, the law requires the authority to publish, as soon as reasonably practicable on or after the deadline, a notice stating that it has not been able to publish the statement of accounts and its reasons for this.
- 2.7. Members of the Committee raised concerns about potential reputational and other risks caused as a result of failure to publish by the due date.
- 2.8. The Committee agreed the following actions:
  - (a) That the Chair of the Committee would write to the lead Partner at EY responsible for the audit expressing concern at EY's failure to complete the audit by the due date of 31<sup>st</sup> July, and asking for an assurance that the Combined Authority would not be faced with the same situation next year.
  - (b) That the Chief Executive of the Combined Authority should write to the body with the statutory duty to appoint external auditors and to monitor compliance with the terms of their appointment (PSAA), setting out the concerns of the Committee and asking to know what actions have been and will be taken to ensure that there will be no repeat of these issues in future years.
- 2.9. The lead partner for EY has since replied to the Chair stating that: "We are confident that our ongoing focus on recruitment alongside our actions on staff retention, will enable us to deliver your 2019/20 audit in line with your expectations."
- 2.10. According to PSAA, the number of delayed audit opinions in local government has risen sharply this year from 13% in 2017/18 to more than 40% in 2018/19. PSAA have acknowledged the challenge to address the need for improvement urgently and will be working with MHCLG's review team "to address these issues and ensure that a sound system and framework for local audit can be relied upon for the long term."

- 2.11. At the 19th July meeting, the Committee also resolved to:
- (a) Authorise the Chief Finance Officer in consultation with the Chair of the Committee, as and when the final Audit Opinion is provided by the external auditors, to make any minor amendments to the statement of accounts arising from the final Audit Opinion and to authorise the Chief Finance Officer and Chair of Audit and Governance to then sign and publish the statement of accounts together with any certificate or opinion from the external auditors.
  - (b) In the event that amendments arising from the final Audit Opinion would constitute a “material adjustment” to the final accounts as defined in the external auditor’s final audit plan a further report is to be brought to Committee.
- 2.12. EY have now completed their audit, and the audit results report relating to the Combined Authority’s financial statements for 2018/19 provided by EY, is shown at appendix A. The report confirms that EY expects to issue an unqualified audit opinion on the financial statements and have no matters to report on the Combined Authority’s arrangements to secure economy, efficiency and effectiveness in the use of resources.
- 2.13. There are no material adjustments to the final audited financial statements that had not been included in the version that the Committee was presented with at the July meeting.

### **Management Letter of Representation**

- 2.14. The Chief Finance Officer (S73) is required to make representations on behalf of the Combined Authority in a number of areas in relation to the preparation of the Statement of Accounts. EY also require this letter to be signed by the Chair of the Audit and Governance Committee. The draft letter is attached at Appendix B.

## **3.0 FINANCIAL IMPLICATIONS**

- 3.1. The final audit fee for 2018/19 is £35,350. This is made up as follows:
- Planned code work - £26,950
  - Value for money risks - £1,000
  - Review of the severance of the Chief Executive - £1,000
  - Significant Risk – incorrect capitalisation of revenue expenditure – £1,500
  - Business Board transfer - £2,400

## **4.0 LEGAL IMPLICATIONS**

- 4.1. None.

## **5.0 SIGNIFICANT IMPLICATIONS**

5.1. None.

## 6.0 APPENDICES

6.1. Appendix A – Audit Results Report for the year ended 31 March 2019

6.2. Appendix B – Management representation letter

<u>Source Documents</u>	<u>Location</u>
None	

# **Cambridgeshire and Peterborough Combined Authority Audit results report**

Year ended 31 March 2019

17 September 2019

17 September 2019



Dear Audit & Governance Committee Members

We are pleased to attach our audit results report for the forthcoming meeting of the Audit & Governance Committee. This report summarises our audit conclusion in relation to the audit of Cambridgeshire and Peterborough Combined Authority (the Authority) for 2018/19. This report is an update from the report presented to the Audit and Governance Committee on 19 July 2019.

We confirm that we expect to issue an unqualified audit opinion on the financial statements in the form at Section 4 of this report. We also have no matters to report on your arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the use of the Audit and Governance Committee, other members of the Authority, and senior management. It should not be used for any other purpose or given to any other party without obtaining our written consent.

We would like to thank your staff for their patience and help during the engagement.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Governance Committee meeting on 27 September 2019.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. Patel'.

Suresh Patel

Associate Partner

For and on behalf of Ernst & Young LLP

Encl

# Contents



Public Sector Audit Appointments Ltd (PSAA) have issued a 'Statement of responsibilities of auditors and audited bodies'. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psa.co.uk](http://www.psa.co.uk)). This Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The 'Terms of Appointment (updated April 2018)' issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



# 01 Executive Summary

## Executive Summary

### Scope update

In our Final Audit Plan presented to the March 2019 Audit and Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- ▶ Changes in materiality - We updated our planning materiality assessment using the draft statement of accounts and have also reconsidered our risk assessment. Based on our materiality measure of 2% of gross expenditure on provision of services, we have updated our overall materiality assessment to £1.423 million (audit plan – £1.99 million). This results in updated performance materiality, at 75% of overall materiality, of £1.069 million, and an updated threshold for reporting misstatements of £0.071 million.

### Status of the audit

Our audit of the Authority's financial statements for the year ended 31 March 2019 is now complete. We have performed the procedures outlined in our Audit Plan.

The final procedures required to complete the audit are:

- Review of the Authority's contracts register (we are waiting to receive a copy);
- Review of the final version of the financial statements;
- Complete a subsequent events review;
- Review the signed management letter of representation; and
- Present this final version of the Audit Results Report.

### Audit differences

Our audit identified no unadjusted audit differences and one significant adjustment which was identified by management after the preparation of the draft accounts. This relates to an adjustment of £0.881 million between REFCUS and Other expenditure (i.e. recoding some other expenditure that qualified as REFCUS back to REFCUS). We provide details in Section 5 of this report.

## Executive Summary

### Areas of audit focus

Our audit plan identified key areas of focus for our audit of the Authority's financial statements. In total we identified two significant risks and three areas of audit focus. We summarise below our findings.

Significant risk	Findings & conclusions
Misstatements due to fraud or error - management override	We have completed our testing of journals, sought evidence of bias in material estimates and remained alert to unusual transactions. We have found no indications that management have overridden controls to deliver a desired financial outturn.
Misstatements due to fraud or error - incorrect treatment of capital expenditure as revenue	We have completed our testing of a sample of capital expenditure, including Revenue Expenditure Funded from Capital Under Statute (REFCUS) to verify that revenue costs have not been inappropriately treated as capital. We have also verified that adjustments between the accounting basis and funding basis have been correctly made in accordance with the Code, and reflected appropriately in the Authority's Movement in Reserves Statement (the MiRS). We have found no indications that management have overridden controls to deliver a desired financial outturn.

Area of audit focus	Findings & conclusions
New accounting standards	We have considered management's impact assessment and are satisfied that the Authority has implemented the new standards appropriately.
Severance payment to outgoing Chief Executive	We completed our review of the severance payment and reported our findings to the March 2019 Audit and Governance Committee. We were satisfied that proper processes had been followed.
Governance and Financial arrangements for the Business Board	We are satisfied with the way the Authority has accounted for the Business Board in the statement of accounts.

This report sets out our observations and conclusions on the above matters, and any others identified, in the "Areas of Audit Focus" section of this report. We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues; and
- ▶ You agree with the resolution of the issues; and there are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to your attention.

# Executive Summary

## Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls. From our audit we have not identified any significant deficiencies in the in Authority's internal controls.

## Value for money

We have considered your arrangements to take informed decisions; deploy resources in a sustainable manner; and work with partners and other third parties. In our Final Audit Plan we identified four significant risks. We have included in Section 6 the detailed work we carried out in response to these risks. We include a summary below.

VFM risk	Outcome	VFM risk	Outcome
1. Proper arrangements - In the 2017/18 VFM conclusion we reported that some expected arrangements needed to be operating throughout the year	We have revisited the proper arrangements put in place during 2017/18 and obtained evidence that the Authority has embedded expected arrangements during 2018/19.	3. Risk of accelerated delivery of projects	We have not identified any projects where during 2018/19 delivery processes have been accelerated. We have no matters to report.
2. Governance & Financial Arrangements for The Business Board	We have reviewed the documented arrangements put in place by the Authority to ensure effective governance of the Business Board. We have no matters to report.	4. Robustness of the budget and MTFS	We have reviewed the findings of the independent external review and found them to be consistent with our own review of the budget and MTFS.

## Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.  
 We are not required to carry out any procedures on the Authority's Whole of Governance Accounts (WGA) submission as the Authority falls below the National Audit Office (NAO) threshold.

## Independence

We have no matters relating to our Independence to bring to your attention. Section 08 includes our update.



02

## Areas of Audit Focus



## Areas of Audit Focus

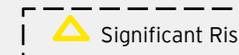
### Significant risk

#### Risk of misstatements due to fraud or error – management override of controls

##### What is the risk?

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

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.



##### What did we do and what judgements did we focus on?

We performed the following audit procedures:

- ▶ Identified fraud risks during the planning stages.
- ▶ Enquired of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Tested journals at year-end to ensure that there were no unexpected or unusual postings.
- ▶ Reviewed accounting estimates for evidence of management bias.
- ▶ Looked for and investigated any unusual transactions.

We used our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale. We specifically reviewed any elements where judgement could influence the financial position or performance of the Authority in a more positive or more favourable way.

##### What are our conclusions?

We did not identify any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied or management bias. We did not identify any other transactions during our audit which appeared unusual or outside the normal course of business.



## Areas of Audit Focus

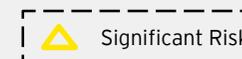
### Significant risk

#### Misstatements due to fraud or error - the incorrect capitalisation of revenue expenditure and REFCUS

##### What is the risk?

The Authority has a revenue budget it needs to operate within. Manipulating expenditure is a key way to achieve this objective.

We consider the risk applies to capitalisation of revenue expenditure and revenue expenditure funded from capital under statute (REFCUS). Management could manipulate revenue expenditure by incorrectly capitalising expenditure which is revenue in nature and should be charged to the comprehensive income and expenditure account.



##### What judgements are we focused on?

We identified a risk of expenditure misstatement due to fraud or error that could affect the income and expenditure accounts.

We focused on the Authority's judgement that an item is capital expenditure in nature and the judgement that expenditure treated as REFCUS is associated to an asset not owned by the Authority.

##### What did we do?

Our approach focused on:

- ▶ Testing a sample of capital expenditure, including Revenue Expenditure Funded from Capital Under Statute (REFCUS) to verify that revenue costs have not been inappropriately treated as capital.
- ▶ Verifying adjustments between the accounting basis and funding basis have been correctly made in accordance with the Code, and reflected appropriately in the Authority's Movement in Reserves Statement (the MiRS).

##### What are our conclusions?

Our audit procedures concluded that:

- ▶ The sample of capital expenditure, including Revenue Expenditure Funded from Capital Under Statute (REFCUS) have not been inappropriately treated as capital.
- ▶ Adjustments between the accounting basis and funding basis have been correctly made in accordance with the Code, and reflected appropriately in the Authority's Movement in Reserves Statement (the MiRS).



## Areas of Audit Focus

### New accounting standards

The Code requires the Authority to comply with the requirements of two new accounting standards for 2018/19 and make preparations for another new standard for 2020/21. These standards are:

- IFRS 9 - Financial instruments
- IFRS 15 - Revenue from contracts
- IFRS 16 - Leases

There is an inherent risk in relation to implementing new accounting standards and carrying out a sufficient assessment and evaluation.

Standard	Audit Findings
IFRS 9 - Financial Instruments	Our audit procedures for financial instruments did not identify any audit issues.
IFRS 15 - Revenue from Contracts	Our audit procedures for revenue from contracts did not identify any audit issues.
IFRS 16 - Leases	The Authority will need to consider the operating leases it currently holds for implementation in 2020/21.

In addition, changes have been made to the CIPFA/LAASAC Code for 2019/20, as noted below:

- The revised IASB Conceptual Framework for Financial Reporting (Conceptual Framework), the main elements being (2019/20 Code Cpt 2.1 refers);
  - new definitions of assets, liabilities, income and expenses
  - updates for the inclusion of the recognition process and criteria and new provisions on de-recognition
  - enhanced guidance on measurement bases
- Guidance in the treatment of the Apprenticeship Levy (2019/20 Code Cpt 2.11 refers)
- Updated guidance on IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation & LOBOs (2019/20 Code Cpt 2.11 refers)
- Clarifications for the disclosure requirements with respect to interests in entities within the scope of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (2019/20 Code Cpt 9 refers).

### Severance payment to the outgoing Chief Executive

In March 2019 we reviewed the relevant information from the Authority's Monitoring Officer including legal advice and the rationale for the calculation and composition of the severance payment. We reported to the Committee that we had no issues to report.

We have carried a review of the related disclosure in the 2018/19 statement of accounts and have no further matters to report.

### Governance and accountability arrangements for The Business Board

We performed a number of substantive audit procedures and have confirmed that the financial transactions of The Business Board are included correctly in the statement of accounts of the Authority. We have no matters to report.



# 03 Audit Report



# Audit Report

## Our draft opinion on the financial statements

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY

#### Opinion

We have audited the financial statements of Cambridgeshire & Peterborough Combined Authority for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, the related notes 1 to 46, and the Statement of Accounting Policies.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of Cambridgeshire & Peterborough Combined Authority as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



# Audit Report

## Our draft opinion on the financial statements

### Other information

The other information comprises the information included in the Statement of Accounts 2018/19, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the C&AG in November 2017, we are satisfied that, in all significant respects, Cambridgeshire & Peterborough Combined Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.



# Audit Report

## Our draft opinion on the financial statements

### Responsibility of the Chief Financial Officer

As explained more fully in the Statement of Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether Cambridgeshire & Peterborough Combined Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The C&AG determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Cambridgeshire & Peterborough Combined Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.



# Audit Report

## Our draft opinion on the financial statements

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Cambridgeshire & Peterborough Combined Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## Use of our report

This report is made solely to the members of Cambridgeshire & Peterborough Combined Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Suresh Patel (Key Audit Partner)*  
*Ernst & Young LLP (Local Auditor)*  
*Cambridge*  
*27 September 2019*



# 04 Audit Differences



## Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

### Summary of adjusted differences

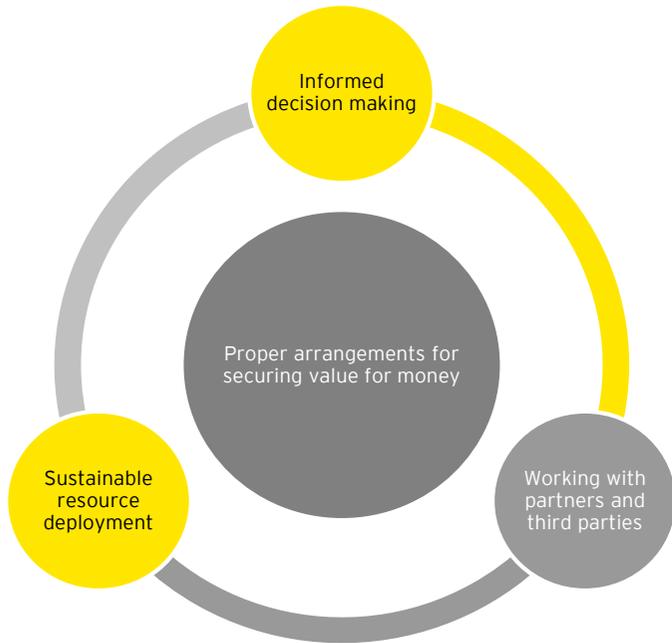
To date there is one adjusted difference, identified by management after they prepared the draft accounts. It relates to an adjustment of £0.881 million between REFCUS and Other expenditure (i.e. recoding some other expenditure that qualified as REFCUS back to REFCUS).

There were a small number of immaterial amendments made to the financial statements since the draft were published on 31 May 2019. None of these amendments are considered significant enough to bring to the attention of the Audit and Governance Committee.



05

# Value for Money Risks



## Background

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2018/19 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

## Overall conclusion

In our Final Audit Plan of March 2019 we identified four significant risks around these arrangements. The tables below present our findings in response to those risks.

Overall we have no matters to include in the auditor's report about your arrangements to secure economy, efficiency and effectiveness in your use of resources.



## Value for Money Risks

We are only required to determine whether there are any risks that we consider significant within the Code of Audit Practice, where risk is defined as: *“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”*

Our risk assessment supports the planning of enough work to deliver a safe conclusion on your arrangements to secure value for money, and enables us to determine the nature and extent of any further work needed. If we do not identify a significant risk we do not need to carry out further work.

We present below the findings of our work in response to the risks areas in our audit plan as well as the additional risk identified since then.

<b>What is the significant value for money risk?</b>	<b>What arrangements did the risk affect?</b>	<b>What are our findings?</b>
<p><b><u>1. Proper arrangements</u></b></p> <p>In 2017/18 we concluded that the Authority had the relevant proper arrangements in place to secure effective use of its resources. However, we reported that in light of the relatively short time since the Authority was established, there were aspects of the Authority’s arrangements that had only been put into place at the end of the financial year. For 2018/19 we will revisit those arrangements to seek assurance from the Authority that they are not only in place but also demonstrating the outcomes that they have been designed to deliver.</p>	<ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Deploying resources in a sustainable manner</li> <li>• Working with partners and other third parties</li> </ul>	<p>We have reviewed minutes of board and committee meetings, obtained a significant volume of policy documents, held discussions with management and considered the work of internal audit. We have obtained sufficient evidence from the Authority to demonstrate that the proper arrangements put in place during 2017/18 are now operating as designed.</p>
<p><b><u>2. Governance &amp; Financial arrangements for The Business Board (TBB)</u></b></p> <p>The Authority established TBB on 1 April 2018. It needs to ensure that the arrangements enable it to secure effective use of its resources.</p>	<ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Deploying resources in a sustainable manner</li> <li>• Working with partners and other third parties</li> </ul>	<p>We have reviewed the minutes of the TBB meetings throughout the year and considered accompanying policy documents. We have also held discussions with management in respect of the governance and financial activity of TBB.</p> <p>We have obtained evidence that the Authority has put in place adequate arrangements in respect of the use of resources in relation to TBB.</p>

## Value for Money Risks

What is the significant value for money risk?	What arrangements did the risk affect?	What are our findings?
<p><b><u>3. Accelerated delivery processes</u></b></p> <p>At the time of drafting the March 2019 Final Audit Plan there was a risk that the Authority was seeking to accelerate delivery processes to increase the speed of project activity.</p>	<ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Deploying resources in a sustainable manner</li> <li>• Working with partners and other third parties</li> </ul>	<p>We made enquiries to management about the acceleration of delivery processes for projects. Management stated that no projects during 2018/19 had been accelerated through the relevant governance and approval processes.</p> <p>We also reviewed board and committee papers for any evidence that delivery processes were being accelerated. We found no such evidence.</p> <p>As a result, we have not carried out any specific procedures in relation to this risk.</p>
<p><b><u>4. Robustness of the budget and the Medium Term Financial Strategy (MTFS)</u></b></p> <p>In late 2018 Members raised concerns over the robustness of the budget and the MTFS. As a result, the joint Chief Executives commissioned an independent external review of these items.</p>	<ul style="list-style-type: none"> <li>• Informed decision making</li> <li>• Deploying resources in a sustainable manner</li> </ul>	<p>We have reviewed the findings of the independent external review and compared it to our own understanding of the Authority's 2018/19 budget and MTFS.</p> <p>We have not identified any matters which we deem necessary to report to the Audit and Governance Committee or management.</p>



## 06 Other reporting issues

## Other reporting issues

### Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2018/19 with the audited financial statements. We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2018/19 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the latest version of the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

### Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.



07

# Assessment of Control Environment



# Assessment of Control Environment

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## Financial controls

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

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



08

# Independence

## Confirmation

We confirm that there are no changes in our assessment of independence since our confirmation in our audit plan dated 11 March 2019.

We complied with the FRC Ethical Standards and the requirements of the PSAA's Terms of Appointment. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter which you should review, as well as us. It is important that you and your Audit and Governance Committee consider the facts known to you and come to a view. If you would like to discuss any matters concerning our independence, we will be pleased to do this at the meeting of the Audit and Governance Committee on 27 September 2019.

We confirm we have not undertaken any non-audit work outside the NAO Code requirements in relation to our work.

## Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, and its directors and senior management and its affiliates, including all services provided by us and our network to your Authority, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats. There are no relationships from 1 April 2018 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

### Services provided by Ernst & Young

The table overleaf includes a summary of the fees that you have paid to us in the year ended 31 March 2019 in line with the disclosures set out in FRC Ethical Standard and in statute.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

## Fee analysis

As part of our reporting on our independence, we set out below a summary of the fees paid for the year ended 31 March 2019.

We confirm that we have not undertaken non-audit work outside the NAO Code requirements. We have adopted the necessary safeguards in completing this work and complied with Auditor Guidance Note 1 issued by the NAO.

	Final fee 2018/19	Planned fee 2018/19	Scale fee 2018/19	Final Fee 2017/18
		£	£	£
Planned Code work	26,950	26,950	26,950	35,000
Additional Code work:				
• Capital accounting issues	-	-	-	1,700
• VFM risks*	3,500*	3,500	-	2,000
• CEO severance*	1,000*	1,000	-	-
• Significant risk - incorrect capitalisation of revenue expenditure and REFCUS	1,500*			
• Area of focus - Business Board transfer	2,400*			
<b>Total Code work*</b>	<b>35,350</b>	<b>31,450</b>	<b>26,950</b>	<b>38,700</b>

*All fees exclude VAT*

\* We have performed additional work as a result of the risks identified in this audit results report. We reported planned fees in March 2019 and have confirmed the final fee with the Chief Financial Officer on completion of the audit. Any additional fee is subject to agreement with PSAA. We will then report the confirmed fees to the Audit & Governance Committee at a later date.



# 09 Appendices

## Appendix A

# Required communications with the Audit and Governance Committee

There are certain communications that we must provide to the audit committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

 Our Reporting to you		
Required communications	 What is reported?	  When and where
Terms of engagement	Confirmation by the Audit & Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Final Audit Plan - March 2019
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Final Audit Plan - March 2019
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit Results Report - July & September 2019

## Appendix A

		 Our Reporting to you
<b>Required communications</b>	 <b>What is reported?</b>	  <b>When and where</b>
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	No conditions or events were identified, either individually or together to raise any doubt about the Authority's ability to continue for the 12 months from the date of our report
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit Results Report - July & September 2019
Subsequent events	<ul style="list-style-type: none"> <li>▶ Enquiry of the Audit &amp; Governance Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial</li> </ul>	
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the Audit &amp; Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements.</li> </ol> </li> <li>▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>▶ Any other matters related to fraud, relevant to Audit &amp; Governance Committee responsibility.</li> </ul>	Audit Results Report - July & September 2019

## Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures, Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the Authority</li> </ul>	Audit Results Report - July & September 2019
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2016:</p> <ul style="list-style-type: none"> <li>▶ Relationships between EY, the company and senior management, its affiliates and its connected parties</li> <li>▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence</li> <li>▶ Related safeguards</li> <li>▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees</li> <li>▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit</li> </ul>	Final Audit Plan - March 2019 and Audit Results Report - July & September 2019

# Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
	<ul style="list-style-type: none"> <li>▶ Details of any inconsistencies between the Ethical Standard and Authority's policy for the provision of non-audit services, and any apparent breach of that policy</li> <li>▶ Details of any contingent fee arrangements for non-audit services</li> <li>▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard</li> <li>▶ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence</li> </ul>	
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit &amp; Governance committee may be aware of</li> </ul>	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit.</li> </ul>	Audit Results Report - July & September 2019

## Appendix A

		Our Reporting to you
Required communications	 What is reported?	 When and where
Written representations	<ul style="list-style-type: none"> <li>▶ Written representations we are requesting from management and/or those charged with governance</li> </ul>	Audit Results Report - July & September 2019
Material inconsistencies or misstatements	<ul style="list-style-type: none"> <li>▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	Audit Results Report - July & September 2019
Auditors report	<ul style="list-style-type: none"> <li>▶ Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit Results Report - July & September 2019
Fee Reporting	<ul style="list-style-type: none"> <li>▶ Breakdown of fee information when the audit plan is agreed</li> <li>▶ Breakdown of fee information at the completion of the audit</li> <li>▶ Any non-audit work</li> </ul>	Final Audit Plan - March 2019 and Audit Results Report - July & September 2019

# Management representation letter

## Management Rep Letter

[To be prepared on the entity's letterhead]

27 September 2019

Suresh Patel  
Executive Director  
Ernst & Young LLP  
1 More London Place  
London  
SE1 1AF

Dear Suresh

This letter of representations is provided in connection with your audit of the financial statements of Cambridgeshire & Peterborough Combined Authority ("the Authority") for the year ended 31 March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Cambridgeshire & Peterborough Combined Authority as of 31 March 2019 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.

There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

### B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - involving financial statements;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
  - involving management, or employees who have significant roles in internal controls, or others; or
  - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

# Management representation letter (continued)

## Management Rep Letter

### C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Authority Board and Audit & Governance and Overview & Scrutiny committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 19 July 2019.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

### D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We confirm there are no liabilities relating to litigation and claims, both actual and contingent, which require disclosure in the financial statements.

### E. Subsequent Events

1. We confirm there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

### F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

### G. Transfer of Greater Cambridgeshire Greater Peterborough Local Enterprise Partnership

1. We confirm that all balances have been transferred over from the Greater Cambridgeshire Greater Peterborough Local Enterprise Partnership (LEP) correctly and the balances in the financial statements represent the true position of the LEP at the time of transfer.

### H. Accelerate Management Deliver Processes

1. We confirm that we have not accelerated risk management processes for any projects during 2018/19.

Yours faithfully,

\_\_\_\_\_  
Chief Financial Officer

Date .....

\_\_\_\_\_  
Chair of the Audit & Governance Committee

Date .....

## EY | Assurance | Tax | Transactions | Advisory

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ED None

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27 September 2019

Suresh Patel  
Executive Director  
Ernst & Young LLP  
1 More London Place  
London  
SE1 1AF



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

Dear Suresh

This letter of representations is provided in connection with your audit of the financial statements of Cambridgeshire & Peterborough Combined Authority (“the Authority”) for the year ended 31 March 2019. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Cambridgeshire & Peterborough Combined Authority as of 31 March 2019 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

#### **A. Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, that are free from material misstatement, whether due to fraud or error.

There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

## **B. Non-compliance with law and regulations, including fraud**

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
  - involving financial statements;
  - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
  - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
  - involving management, or employees who have significant roles in internal controls, or others; or
  - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

## **C. Information Provided and Completeness of Information and Transactions**

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
  3. We have made available to you all minutes of the meetings of the Authority Board and Audit & Governance and Overview & Scrutiny committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 27 September 2019.
  4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
  5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
  6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

#### **D. Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We confirm there are no liabilities relating to litigation and claims, both actual and contingent, which require disclosure in the financial statements.

#### **E. Subsequent Events**

1. We confirm there have been no events subsequent to period end which require

adjustment of or disclosure in the financial statements or notes thereto.

**F. Other information**

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

**G. Transfer of Greater Cambridgeshire Greater Peterborough Local Enterprise Partnership**

1. We confirm that all balances have been transferred over from the Greater Cambridgeshire Greater Peterborough Local Enterprise Partnership (LEP) correctly and the balances in the financial statements represent the true position of the LEP at the time of transfer.

**H. Accelerate Management Delivery Processes**

1. We confirm that we have not accelerated risk management processes for any projects during 2018/19.

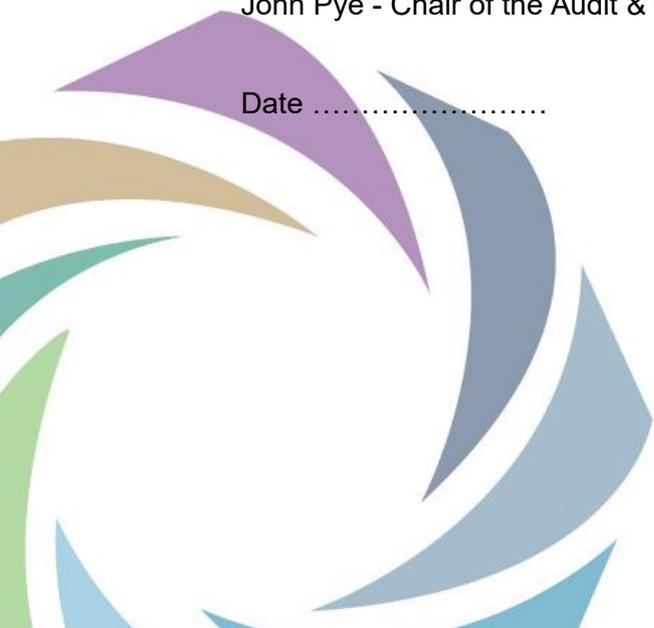
Yours faithfully,

\_\_\_\_\_  
Jon Alsop - Chief Financial Officer

Date .....

\_\_\_\_\_  
John Pye - Chair of the Audit & Governance Committee

Date .....





<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM: 6</b>
<b>27<sup>th</sup> September 2019</b>	<b>PUBLIC REPORT</b>

## **CA BOARD UPDATE**

### **1.0 PURPOSE**

- 1.1 To provide the Committee with the decision summary of the Combined Authority Board meeting held on the 31<sup>st</sup> July 2019.

<b><u>DECISION REQUIRED</u></b>
<b>Lead Officer: Dermot Pearson – Interim Monitoring Officer</b>
That the Committee:  a) Notes the decision summary from the Combined Authority Board meeting held on the 31 July 2019.

### **2.0 BACKGROUND**

- 2.1 The Combined Authority Board last met on the 31<sup>st</sup> July 2019. A decision summary is produced and circulated to the relevant Constituent Councils to update them on the progress and decisions made by the Board at each meeting.
- 2.2 In order to update the Audit and Governance Committee, the decision summary from the Board on the above date has been appended to the report for noting.

### **3.0 FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications

### **4.0 LEGAL IMPLICATION**

- 4.1 There are no legal implications

**5.0 EQUALITIES IMPLICATION**

5.1 None

**6.0 APPENDICES**

6.1 Appendix 1- Decision Summary from the Combined Authority Board (31<sup>st</sup> July 2019)

<u>Source Documents</u>	<u>Location</u>
None	



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

## **CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY BOARD - Decision Summary**

**Meeting:** 31 July 2019

**Agenda/Minutes:** [Cambridgeshire and Peterborough Combined Authority Board - 31st July 2019](#)

<b>Item</b>	<b>Topic</b>	<b>Decision</b>
	<b>Part 1 – Governance Items</b>	
1.1	Announcements, Apologies and Declarations of Interest	Apologies were received from Councillor C Boden (substituted by Councillor J French), Councillor L Herbert (substituted by Councillor M Sargeant) and Mr A Adams.  No declarations of interest were made.
1.2	Minutes – 26th June 2019	The minutes of the meeting on 26th June 2019 were confirmed as an accurate record and signed by the Mayor.
1.3	Petitions	None received.

1.4	Public Questions	None received.
1.5	Forward Plan	It was resolved to note and comment on the Forward Plan.
1.6	Executive Committees – Change in Membership	<p>The Board reviewed the changes in membership on the Transport and Infrastructure, Housing and Communities, and Skills Committees.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> <li>a) Approve the change of lead member on the Transport and Infrastructure Committee for Fenland District Council from Councillor Chris Boden to Councillor Chris Seaton and the substitute member to Councillor Chris Boden.</li> <li>b) Approve the substitute member on the Housing and Communities Committee for Fenland District Council from Councillor David Oliver to Councillor Sam Hoy.</li> <li>c) Approve the change of lead member on the Skills Committee for Huntingdonshire District Council from Councillor Graham Bull to Councillor Jon Neish.</li> <li>d) Note the substitute member on the Skills Committee for East Cambridgeshire District Council was Councillor Anna Bailey.</li> </ul>
1.7	Business Board Allowances	<p>The Board was asked to decide if the Business Board should adopt a Member Allowance Scheme based on the recommendations made by the Independent Remuneration Panel.</p> <p>It was resolved to:</p>

		<ul style="list-style-type: none"> <li>a) Consider recommendations relating to the Business Board Scheme of Allowances from the Independent Remuneration Panel;</li> <li>b) Approve the adoption of a Member Allowance Scheme for the Business Board as proposed, including members of the Business Board being eligible to claim mileage for travel to and from meetings of the Business Board;</li> <li>c) Approve the alternative levels of remuneration as set out under the proposed scheme within the Financial Implications section of this report; and</li> <li>e) Approve the backdating of the Member Allowance Scheme to 24 September 2018.</li> </ul>
	<b>Part 2 – Finance</b>	
2.1	Budget Monitor Update	<p>The Board received a report providing an update of the 2019/20 forecast outturn position against the Boards approved budget for the year.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> <li>a) Note the updated financial position of the Combined Authority for the year.</li> <li>b) Note the status of the audit of the 2018/19 statement of accounts</li> </ul>

	<b>Part 3- Combined Authority Matters</b>	
3.1.1	£100m Affordable Housing Programme - Scheme Approvals: July 2019 – Werrington, Peterborough	<p>The Board considered a report detailing one scheme for approval of grant funding in the context of the overall investment pipeline for the Combined Authority's £100m programme.</p> <p>It was resolved to:</p> <p style="padding-left: 40px;">Commit grant funding of £3,845,600 from the £100m Affordable Housing Programme to deliver 88 new affordable homes at a site in Werrington, Peterborough.</p>
3.1.2	£100m Affordable Housing Programme - Scheme Approvals Crowland Road, Eye Green, Peterborough.	<p>The Board considered a report detailing one scheme for approval of grant funding in the context of the overall investment pipeline for the Combined Authority's £100m programme.</p> <p>It was resolved to:</p> <p style="padding-left: 40px;">Commit grant funding of £875,000 from the £100m Affordable Housing Programme to deliver 25 new affordable homes at a site in Crowland Road, Eye Green, Peterborough.</p>
3.1.3	£100m Affordable Housing Programme - Scheme Approvals Drake Avenue, Peterborough	<p>The Board considered a report detailing one scheme for approval of grant funding in the context of the overall investment pipeline for the Combined Authority's £100m programme.</p> <p>It was resolved to:</p> <p style="padding-left: 40px;">Commit grant funding of £1,430,154 from the £100m Affordable Housing Programme to deliver 33 new affordable homes at a site in Drake Avenue, Peterborough.</p>

3.2	Housing Development Company – Approval of Shareholder Agreement	<p>The Board received a report requesting approval of the Shareholder agreement, Articles of Association and the composition of the Board of Directors for Angle Holdings Limited and Angle Developments Limited.</p> <p>It was resolved to:</p> <ul style="list-style-type: none"> <li>a) Approve the Shareholder Agreement as detailed in Appendix 1;</li> <li>b) Approve Angle Holding Limited Articles of Association as detailed in Appendix 2;</li> <li>c) Approve Angle Developments Limited Articles of Association as detailed in Appendix 3;</li> <li>d) Approve the composition of Angle Holdings Limited Board of Directors as set out in paragraph 2.6;</li> <li>e) Approve the composition of Angle Development Limited Board of Directors as set out in paragraph 2.8.</li> </ul> <p>Furthermore, in order to implement a)-c), authorise and approve:</p> <ul style="list-style-type: none"> <li>f) The Chief Executive and the senior legal officer to complete the necessary legal documentation to implement the above; and</li> <li>g) The Monitoring Officer to amend the Constitution.</li> </ul>
3.3	Cambridge Autonomous Metro – July 2019	<p>The Board considered a report outlining the proposed approach to the governance, funding and client side delivery arrangement for overseeing the production of the Outline Business Case (OBC) for the CAM Metro.</p> <p>It was resolved to:</p>

		<p>a) Approve the increased allocation of £780,000 in 19/20 and £965,000 in 20/21 for the CAM OBC to be funded from the Feasibility studies non-capital budgets including re-profiling from 20/21 to 19/20</p> <p>b) Note the establishment of a Partnership Board with the terms of reference set out at Appendix A</p> <p>c) Note the proposed client-side project management structure</p>
3.4	A428 Black Cat to Caxton Gibbet Consultation Response	<p>The Board was provided with a report requesting approval on the proposed response to the A428 Black Cat to Caxton Gibbet consultation.</p> <p>It was resolved to approve the proposed consultation response attached at Appendix A, subject to the revisions requested by Board members.</p>
3.5	St Neots Masterplan – Phase 1 Delivery	<p>The Board was provided with a report seeking approval to allocate £403k of revenue from Non-Transport Feasibility Programme line to deliver the Combined Authority funding commitments.</p> <p>It was resolved to:</p> <p>a) Approve the allocation of £403k from the non-transport feasibility budget within the Medium-Term Financial Plan to meet programme commitments as part of the £4.1m package of Combined Authority funding approved by the Board in June 2018 to deliver the first phase of the St Neots Masterplan for Growth.</p> <p>b) Approve the re-profiling of the capital expenditure in the Medium Term Financial Plan (MTFP) to match the updated forecast from the delivery partner.</p>

3.6	A Vision for Nature	The Board received a report providing information on the 'Vision for Nature'..  It was resolved to endorse the Vision for Nature.
	<b>By Recommendation to the Combined Authority</b>	
	<b>Part 4 – Business Board Recommendations to the Combined Authority</b>	
4.1	Growth Deal Project Proposals July 2019 – Local Growth Fund Programme Update.	The Board received a report requesting that it consider and approve the following Business Board recommendations.  It was resolved to:  a) Approve the submission of the Growth Deal monitoring report to Government to end Q1 2019/20.  b) Approve the proposed creation of a Capital Growth Grant scheme for small businesses using Local Growth Fund (LGF) and approve a £3m pilot programme and for Officers to run a procurement for a provider to deliver the pilot programme.
4.2	Review of Business Board Constitution	The Board received a report requesting that it approve the following amendments to the Business Board Constitution.  It was resolved by a two thirds majority to:  a) Approve the amendments to the Constitution set out in Appendix 1 and the additional revisions requested during the meeting.

		<p>b) Authorise the Monitoring Officer to make any consequential changes to the Combined Authority Constitution.</p>
4.3	Alconbury Enterprise Zone Memorandum of Understanding and Enterprise Zone Programme Governance	<p>The Board received a report requesting that it approve the following recommendations.</p> <p>It was resolved to:</p> <p>a) Approve the Alconbury Enterprise Zone Memorandum of Understanding between CPCA and Huntingdonshire District Council, subject to the removal of the following words at the end of paragraph 6.1.2 “including towards meeting the community and infrastructure demands of the Alconbury Weald development” and to instruct the Director of Business and Skills to negotiate with Huntingdonshire District Council and the Interim Chair of the Business Board to remove the wording; and</p> <p>b) Approval to adopt the proposed Enterprise Zone Programme Terms of Reference and associated governance.</p>
	<b>Part 5 – Skills Committee recommendations to the Combined Authority Board</b>	
5.1	University of Peterborough – Transitional Funding	<p>The Board considered a report requesting approval for transitional funding of University Centre Peterborough (UCP) to continue working on the project until the bidding process begins on 1<sup>st</sup> August 2019.</p> <p>It was resolved to:</p> <p>a) Note the findings of the request from University Centre Peterborough to continue to fund the activity for the University of Peterborough up until the 1st August 2019.</p>

		b) Approve the release of £148,304 from the Skills Strategy Implementation budget for 2019/20 to support University Centre Peterborough through the transitional phase.
	<b>Part 6 - Date of next meeting</b>	
6.1		Wednesday 25th September 2019: Kreis Viersen Room, Shire Hall, Cambridge, CB3 0AP.







<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 7</b>
<b>DATE OF MEETING: 27 SEPTEMBER 2019</b>	<b>PUBLIC REPORT</b>

## Transport Team - Accelerated Delivery and Risk

### 1.0 PURPOSE

- 1.1. Members of the A&G committee requested an assessment of the impact on the Combined Authority's risk management of the accelerated delivery approach set out in the July 2018 Board paper entitled "Delivering the Mayoral Transport Strategy".

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Officer:</b>	<b>Name and Title of CA Officer</b>
The Audit and Governance Committee is recommended to:  1. Note officers' assessment of the impact of the accelerated delivery strategy on project risk, and the wider measures put in place by the Authority to manage project risk.	

### 2.0 BACKGROUND

- 2.1. The Combined Authority Board of 25 July 1028 endorsed a report detailing the Mayoral Transport Strategy and within that an approach to accelerating projects.
- 2.2. Members of the A&G Committee expressed concerns that accelerating projects in the way set out in the paper could increase the Combined Authority's risk profile.
- 2.3. The table below sets out an officer assessment of the impact on individual project risk profiles of work to date to accelerate delivery.

Scheme	Progress	Risk Impact
A47 Dualling	Change of strategy at SOBC / OAR stage from a four-section assessment to full route assessment. To accelerate delivery by in excess of predicted 5 years. But equally to influence Highways England to consider the proposal within their future programme which at this point was not the case.	This approach resulted in an agreement with Highways England to collaboratively review the SOBC work to their PCF stage 0 standards, estimated cost for this work £6m, our approach and the early work we had conducted enabled this cost to be reduced by £4.7m. The outcome of this work will provide greater certainty of actions required in future stages to enable the delivery of this much needed improvement.
CAM	Completion of the SOBC and Collaborative working with Greater Cambridge Partnership, in relation to surface routes and tunnel section integrated works	The SOBC provided a viable for case for the tunnelling approach and has enabled progression to OBC stage. CA & GCP Collaboration with the creation of Programme Board, has enabled a collaborative approach to delivery with the GCP surface routes & CA tunnelling. The collaborative approach has enabled a single voice when promoting this scheme to government with meetings across Treasury, DfT and MHCLG
A10	Strategic Outline Case completed, with procurement underway for Strategic Outline Business case for Dualling and Junction improvements. Also MRN submissions for central government funding for both elements.	The initial strategic outline case work has defined more clearly the elements to progress, which has enabled producing a strong case for central government funding via the MRN financing route. It has provided certainty for the progression of the Strategic Outline Business Case for the Dualling and Junctions improvement work, with greater clarity around estimated total scheme costs.
Soham Station	Completion of GRIP 3 stage. Production of Implementation Agreement & Submission to CA Board Sept 19 for funding approval to deliver GRIP 4 to 8	The completion of GRIP 3, creates greater certainty on delivery viability. Collaboration with Network Rail, has enabled negotiations for the proposed delivery of a GRIP 4 to 8 procurement with a break at GRIP 4, dependent on consents. This approach to full funding approval for stages 4-8, reduces the delivery programme by a minimum of 6

	<p>stages to start works on site September 2020, an acceleration of 9 months.</p>	<p>months due to reduced procurement at the end of GRIP4. The risks to delivery are subsequently clearer and have a reducing recuing probability.</p>
Ely Area Rail Improvements	<p>This project is being delivered collaboratively with the CA as one of three funding partners, working closely with Dft and NR as the delivery partner. The SOBC is being developed with regular programme boards to discuss progress, challenges and opportunities.</p>	<p>The programme board, has enabled a clarity of success criteria for each partner, the board includes Passenger Train &amp; Freight operators, as well as DfT and NR. The significant road and rail challenges at Ely are discussed at length and solutions are sought to enable the improved flow and increased capacity of both road and rail movements, with minimal impact on residents and users. As the SOBC progresses and delivers outcomes, it will become clearer what is needed at this location and at what cost.</p>
Wisbech Access Strategy	<p>Preliminary design completion. Entering into detailed design. £10.5m secured from Growth deal to deliver this collection of road interventions by 31/03/2021</p>	<p>The preliminary design work has created clarity around the challenges and opportunities for delivery. As a result it became clear the Phase 2, was not viable on the proposed route and was subsequently removed from programme at this point to focus on Phase 1 delivery. The probability and impact of risk is developing across each individual intervention enabling the project delivery team to establish a defined delivery programme and improved cost estimate</p>
Wisbech Rail	<p>A submission to CA Board received approval to develop a GRIP 3 Light study, to develop a single option solution of either heavy rail or an alternative. To establish a station location, a crossings solution, a cost estimate against potential benefits.</p>	<p>The paper proposed a study at a cost of £1.5m which was a reduction of 50% on original budget. The study was to be delivered in a significantly reduced time, by producing reports along the theme of the NR GRIP 3 process. The emphasis is on creating engineering solution certainty to enable future funding decisions. The report is due to finalise in spring 2020.</p>
A505 Study	<p>The A505 study was delayed whilst the CA undertook its prioritisation exercise for budgetary control in early 2019.</p>	<p>The delays due to prioritisation, have enabled this to now be properly funded for delivery of this vital study for south Cambridgeshire along the A505 corridor and its association with the M11, A1307 and access to the Granta Park and wider</p>

	The scheme has now been established within the programme and is in procurement for appointment of a PRE SOBC study supplier.	residential and business communities within this important area. The study will develop clarity of solutions to the current and future movement of people and products around this already congested area with significant growth ambition.
Cambridge South Station	A collaborative approach between CA & GCP working with DfT and NR is enabling the development of an SOBC for the creation of a permanent Station and two, three or Four track solution at Cambridge South serving the Biomedical campus and surrounding communities. In addition a study for an Interim Station solution is underway to establish the viability of an early two track solution.	The collaborative approach of CA, GCP, DfT and NR in the development of the permanent solution is enabling clarity of the challenges and opportunities as they develop and the ability to consider risk and impact dynamically to consider mitigations. The Interim solution study, will identify the viability of service provision under current constraints of existing and future timetable and the broad estimated costs associated with the provision of a temporary station solution and the cost impacts on future permanent solutions. This approach will create greater clarity for funding decisions and programme.

- 2.4. Since the July 2018 Board paper, the Combined Authority has also taken a number of other steps to improve the way in which project risk is managed. These include:
- (a) Establishing a Programme Management Office to bring together and standardise the management of projects
  - (b) Introducing mandatory guidance that imposes common project management practices, based on PRINCE2 best practice, across the organisation, including project initiation, approval, change control, milestone, budget and risk reporting
  - (c) Mandatory risk reporting on each individual project, and the creation of a risk register for the overall transport portfolio

- (d) Introducing regular standardised reporting of project status to the Combined Authority Board
- (e) Carrying out a project prioritisation exercise to focus resources
- (f) Restructuring the transport team to move away from interim consultancy support to a structure of permanent employees.

2.5. In the spirit of continuous improvement, the arrangements for project reporting and the guidance on project management are kept under review and will be updated from time to time.

### **3.0 FINANCIAL IMPLICATIONS**

3.1. No Financial Implications

### **4.0 LEGAL IMPLICATIONS**

4.1. No Legal Implications

### **5.0 SIGNIFICANT IMPLICATIONS**

5.1. No significant implications

### **6.0 APPENDICES**

6.1. No Appendices





<b>AUDIT &amp; GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 8</b>
<b>27<sup>th</sup> September 2019</b>	<b>PUBLIC REPORT</b>

## **UPDATE ON THE PRIORITIES AND OBJECTIVES OF THE BUSINESS BOARD**

### **PURPOSE**

- 1.1. To provide Committee Members with an update on the priorities and objectives of the Business Board

<b><u>RECOMMENDATION</u></b>	
<b>Lead Officer:</b>	<b>John T Hill – Director of Business &amp; Skills</b>
The Audit & Governance Committee are recommended to note the priorities and objectives of the Business Board	

### **2.0 BACKGROUND**

- 2.1. The Business Board is the newly formed Local Enterprise Partnership for Cambridgeshire and Peterborough. It replaces the previous Greater Cambridge, Greater Peterborough Local Enterprise Partnership (GCGP LEP)
- 2.2. The Business Board was constituted in September 2018. Its accountable body is the Cambridgeshire and Peterborough Combined Authority.
- 2.3. The Business Board gives commerce a strong voice in strategy development and decision making relating to the Combined Authority. It is committed to advising the Combined Authority with its 2030 Ambition to become a leading place in the world to live, learn and work. It ensures that a clear business perspective is brought forward as the Combined Authority seeks to be at the frontier of accelerating delivery and securing new investment models, with and across Government, the private sector and the local area.
- 2.4. Its priorities and objectives are set out in the following sections.

### **3.0 IMPLEMENTATION OF THE LOCAL INDUSTRIAL STRATEGY**

3.1. The Business Board supports the Combined Authority's vision to double our economy, with the **specific goals**;

- (a) To scale growth further to benefit the whole area, building on Cambridge's World class assets to create INCLUSIVE growth across our economy
- (b) To deliver a shared growth ambition across the OxCam Arc to become a global economy able to rival those of Toronto, Boston, Helsinki and Seoul

3.2. Its **strategic approach** in achieving this is to:

- (a) **Improve the long-term capacity for growth in Greater Cambridge** to support the expansion of this innovation powerhouse and, crucially, reduce the risk of any stalling in the long-term high growth rates that have been enjoyed for several decades.
- (b) **Increase sustainability and broaden the base of local economic growth**, by identifying opportunities for high growth companies to accelerate business growth where there is greater absorptive capacity, beyond the current bottlenecks to growth in Greater Cambridge.
- (c) **Do this by expanding and building upon the clusters and networks** that have enabled Cambridge to become a global leader in innovative growth, creating an economy-wide business support eco-system to promote inclusive business growth

3.3. Its **key interventions** to deliver this strategy include:

- (a) **A growth coaching service** targeted towards our highest potential medium sized businesses to accelerate growth in the businesses already here and provide them with capital growth finance;
- (b) **An inward investment service** to target and attract firms to relocate here to raise productivity and provide higher value jobs;
- (c) **Innovation Launchpads** to increase the number of higher value businesses and jobs, by replicating across the economy, the support infrastructure, incubators and product innovation common in Cambridge;
- (d) **Improved adult education** to raise mid-level skills, in the north and east of the economy, to improve productivity and support business growth there;
- (e) **A levy marketplace and skills brokerage** to recover and scale apprenticeship levels to better meet business needs
- (f) **A new university for Peterborough** to fill the higher-level skills gap in the north and east and enable business growth, especially in higher value jobs.

#### 4.0 A BUSINESS GROWTH SERVICE

4.1. A vehicle for delivery of a number of the key interventions, is the Business Growth Service, illustrated within the strategic portfolio of interventions below in the darker blue.



4.2. This Business Growth Service has been developed in consultation with officers in the seven local authorities, in order to tailor the services to the specific needs of the three sub-economies. The results of this consultation process have identified the importance of several key features in how the Business Growth Service should be delivered, including that;

- (a) Firms should be engaged into all the services available through a “single front door” to avoid business leaders being contacted multiple times by sales teams promoting different services;
- (b) Firms should be provided with an integrated offer and not be required to navigate new and existing services in a piecemeal manner. The offer should be in the form of a bespoke package able to meet diverse customer needs, over each firm’s growth journey;
- (c) Firms should be provided with growth funding alongside growth advice to coinvest in innovation, relocation and the capital costs of growth;
- (d) Firms in each sub-economy should experience the service in a manner appropriate to the sectors and firms present and their differing needs. Appendix 1 shows how each service is tailored to meet these needs.

## **5.0 INVESTING THE LOCAL GROWTH FUND TO DELIVER THE LIS**

5.1. An important tool for mobilising many elements of the LIS Delivery Plan, is the Local Growth Fund, currently containing over £50m of capital. A call for proposals is live and seeks projects from the constituent local authorities, businesses and skills providers to co-invest in creating important elements of the LIS Delivery Plan, such as;

- (a) Innovation Launchpads in our cities and towns to better develop and commercialise new ideas to create business growth and increased exports;
- (b) New products and processes in the Agri-Tech Sector;
- (c) New employment space, incubators and scale-up accelerators for firms.

## **6.0 DELIVERING A UNIVERSITY FOR PETERBOROUGH**

6.1. Peterborough has been recognised for many years as a cold spot for Higher Education and the Business Board is keen to find ways to partner with the Combined Authority, Peterborough City Council and an innovative and inspirational Academic Partner to work towards a new independent University for Peterborough.

6.2. Planned to be open for its first cohort of 2,000 students in September 2022, the new University will have:

- (a) A substantial positive economic impact on Peterborough City and the surrounding region such that investment in the new University will generate direct, indirect and induced impacts across a wide range of industries, supply chains and the wider consumer economy;
- (b) A positive regenerative effect to support the transformation of Peterborough itself into a regional centre, improving the experience of all citizens and visitors to the area;
- (c) A transformational effect on the life-chances and well-being of the population of Peterborough, raising aspirations and providing innovative forms of learning;

## **7.0 PLAYING OUR PART IN THE DEVELOPMENT OF THE OXCAM ARC**

7.1. The Business Board has recognised the economic opportunity presented by the Arc as significant, but also that it will not happen by itself. Realising the ambition of the Arc will take concerted and coordinated work by both central government and the local areas to ensure that the Arc becomes a UK economic asset of global standing over the coming decades, whilst retaining and improving a high-quality natural environment for future generations.

7.2. Our Local Industrial Strategy sets out how the Business Board will work with the three LEPs on three priority areas:

7.3. **The development of a single innovation ecosystem**, led by the universities to connect the numerous knowledge assets to deliver higher R&D investment, UK leadership in transformative technologies, and a continued post-EU Exit future as a global centre for research, including:

- (a) Collaborating more intensely across the Arc, identifying and delivering joint R&D projects and providing a pipeline of talent;
- (b) Developing a network of 'Living Laboratories' that both trial technologies Arc and address the Grand Challenges.
- (c) Channelling foreign investment into the knowledge assets and projects that will make the biggest impact on Arc-wide and UK growth.

7.4. **The development of an effective skills ecosystem**, better able to offer communities' access to higher-paid employment and businesses access to the workforce they need to achieve a doubling in our economy, including:

- (a) Working more effectively with local employers to increase apprenticeship uptake across the Arc, supporting employers to optimise use of their Apprenticeship Levy to drive social mobility;
- (b) Working more effectively with local employers to tailor the role of T-Levels using local labour market intelligence;
- (c) Establishing an Arc-wide skills marketplace, connecting businesses with skills providers and people to generate more apprenticeships, STEM skills, T-Levels and technical degrees.

7.5. **The development of a world-leading ecosystem for high-growth businesses** that effectively removes the barriers to growth, particularly in accessing the support firms need to scale-up rapidly, securing the right finance and access to the right commercial premises to grow, including:

- (a) Supporting firms to commercialise technologies, grow to scale, and export more;
- (b) Developing a Global Growth Network of internationally-focused businesses, scale-ups and sectoral clusters, able to foster a breakthrough growth region and a driver for the UK economy.
- (c) Establishing an Arc-wide growth support marketplace that targets the firms that can deliver the biggest shift in growth, productivity and exports across our cities and towns.

## 8.0 APPENDIX 1

### 8.1. Sub-Economy customisation of the Business Growth Service

	Greater Peterborough	The Fens	Greater Cambridge
<b>Growth Coaching Service</b>	<p>Customer focus towards a mix of firms as follows: Size focus: 70% &lt;10 emp; 20% 10-50 emp; 10% &gt;50 emp Sector focus: Logistics, Construction, food and drink, Business Services, Digital, Environmental. Connectivity with proposed Manufacturing Network for improved access to firms Need deliver partners with strong coach connections, sales processes growth barrier diagnostic software</p> <p>Hunts: Sector focus - precision technology, digital, paper and packaging, metal and composite materials manufacturing industries, logistics and e-commerce. Specific support for business in internationalisation and accessing new markets, as well as leadership and management training for SMEs in priority sectors esp if delivered at IMET Building sustainable support networks through coached firms becoming mentors to other firms, and collaborate to build shared capability supply chains in local clusters.</p>	<p>Customer focus: Consider adopting a lower growth threshold for firms in fens Emphasise network building amongst firms and better connecting them into District Councils Focus specifically on Agri-Food Sector Supply Chains</p>	<p>Sector focus: Life Sciences, Digital, Adv Manufacturing Size focus: strong emphasis on micro businesses Recognition of different needs between city and rural firms Strong use of existing business networks inside Cambridge, with clarity for the customer on what is already available and what value the proposed services add to existing support. Careful monitoring of take-up with ability to flex and adapt services and growth ambition thresholds of customers. Need delivery partner, familiar with supply chain growth models such as those used in collaborative R&amp;D, AMSCI Sharing in Growth programme and U.S. models such as the Illumina Accelerator</p>
<b>Inward Investment Service</b>	<p>Sector focus: Logistics relocations from Midlands, Prof Services, HMG &amp; NGOs from London, Global foreign direct investors from US &amp; EU</p> <p>Hunts: Single front door sales team must include sector specialists in priority sectors with cross cutting expertise to support on skills (including upskilling) and attracting inward investment. Need to design campaigns to link into Dept for International Trade embassies and posts, in investor markets (countries) most relevant to each sub-economies' priority sectors. Focused Account Management onto existing on-patch inward investors with capability to expand. Targeted Scale-Up Relocation Packages for firms attracted from contiguous economies, incl south to LSCC and west to OxCam, along with Cambridge firms looking to scale-up, where cost of space and labour is key in robotics, medical diagnostics and manufacturing. Connectivity into DIT high value campaigns in sector-market combinations for current and future sectors.</p>	<p>Targeted Scale-Up Relocation Packages for firms attracted from contiguous economies, along with Cambridge firms looking to scale-up, where cost of space and labour is becoming key to operational efficiency. Creation of bespoke packages of support for firms relocating into the Fens, including partnerships with developers to support expansion of business space availability.</p>	<p>Connectivity with local networks and services such as Cambridge &amp; Linking wider scale-up support elements with inward locating firms and connecting them into clusters and networks Need to operate links with Dept for International Trade with single front door Target investors on to enterprise zone, new towns and new employment sites Packages for South Cambs sites for businesses moving out of Cambridge</p>
<b>Skills Brokerage Service</b>	<p>Connectivity with local networks and services such as Opp Peterborough Sector focus: food and drink, Logistics, Eng, Manufacturing Development of shared sector academies with Launchpad and capital grants Skills focus: Sales, business management, social media marketing, digital</p> <p>Hunts: Connectivity with local networks and services such as EDGE, using the proposed services to add value to, and expand EDGE activity.</p>	<p>Development of apprenticeship courses to better meet business needs, both now and into the future, including STEM. Develop stronger links with CITB on modern method construction Need delivery partner with ability to navigate business needs and educational attainment between local partners, FE/HE providers</p>	<p>Connectivity with local services such as the current GCP-led skills brokerage Development of apprenticeship courses based on CPEIR, Rand &amp; Regeneris research. Importance of Levy marketplace becoming efficient and spreading apprenticeships across sector clusters and supply chains, using strategic FE and independent providers. Developing employment centres such as Waterbeach brokerage Focus on to SMEs, especially those in Life Sciences in second cycle of growth.</p>
<b>Capital Growth Grant</b>	<p>Target customers already supported with advisory, coaching and skills services focusing on investments in the range of £50-£150k grant size</p> <p>Hunts: Grants and loans for rapid growth companies which often struggle to secure finance for newer bigger premises as their financial track record is not long enough. Funding an integrated approach between capital growth grants and firms involved in Launchpads, esp around IMET</p>	<p>Integrate with partners like CBRE to scale employment space investment. Coordinate individual investments to agglomerate into potential Wisbech and Charteris Enterprise Park Projects. Focus onto move-on accommodation particularly Wisbech</p>	<p>Create evaluation processes that focus investment onto firms caught up in a market failure, acting as an investor/lender of last resort, to avoid duplication with a currently buoyant angel equity investor market. Connect capital growth grants to firms supported by launchpad, especially those in new towns.</p>
<b>Innovate &amp; Relocate Grant</b>	<p>Better linking Peterborough manufactures with Cambridge-based new product development consultants, using new and innovation grants to support collaborations. Target contract manufacturers for first own-product development, and traditional firms needing next generation offers.</p> <p>Hunts: focus grants to support innovation and product development onto priority sectors</p>	<p>Create Off-Plan Demand to link with Property Developers</p>	<p>Link firms receiving innovation grants with R&amp;D grant proposal authoring experts in partner organisations such as TWI, ARU, IFM, UoC and Make UK Need delivery partner with experience in proposal writing at high success levels in both UK and EU</p>
<b>Service Integration</b>	<p>Essential for a single front door and fully integrate offering to all customers for all services, create bespoke packages to attract in local firms, relocators, investors and employment site developers Require an integrating partner with experience in &gt;£20m consortium management, tools and techniques - Track record in delivering 100s-pa SME engagements and 1,000s of jobs outcomes</p>		

<b>Source Documents</b>	<b>Location</b>





<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 9</b>
<b>27<sup>th</sup> SEPTEMBER 2019</b>	<b>PUBLIC REPORT</b>

## **PERFORMANCE UPDATE AND CORPORATE RISK REGISTER REVIEW**

### **1.0 PURPOSE**

- 1.1 The Audit and Governance Committee's terms of reference include monitoring the Combined Authority's risk and performance management arrangements including reviewing the risk register, progress with mitigating actions and assurances.
- 1.2 This report provides the Committee with an update on the performance reporting processes that are in place for the Combined Authority and includes an update on the performance reporting arrangements presented to the Combined Authority Board meeting
- 1.3 In the interests of good governance, the Committee is requested to review the Combined Authority Corporate Risk Register and suggest any changes they would like to put forward as a recommendation to the Board.

<b><u>RECOMMENDATIONS</u></b>
<b>Lead Officer: Dermot Pearson, Interim Legal Counsel and Monitoring Officer</b>
<p>The Audit and Governance Committee are recommended to:</p> <ol style="list-style-type: none"><li>(a) Note the Performance Reporting processes that are in place for the Combined Authority;</li><li>(b) Note the Performance Reporting Dashboard that is presented to the Board on a quarterly basis and recommend any proposed changes [Appendix 1];</li><li>(c) Review the Combined Authority's Corporate Risk register [Appendix 2]; and</li><li>(d) Recommend any proposed changes to the Corporate Risk Register to be reported to the next Board meeting for approval.</li></ol>

## **2.0 BACKGROUND**

### **Monthly Performance Reporting Process**

- 2.1. In May 2018, standard management processes were implemented across the Combined Authority, and monthly highlight reports were introduced for all Directorates. These are completed for live projects and provide an update on milestones, budget and risks, along with a RAG rating to highlight the overall status.
- 2.2. Once submitted, these highlight reports are used to populate two monthly reports, the first of which is a Performance Dashboard of all projects and is reviewed by the Project Management Office. A second, similar report is also created for projects rated red or amber and this exception report is also reviewed internally by the Senior Management Team. This report forms the basis of detailed discussions/scrutiny of management action to address issues.
- 2.3. A 10-Point Guide to Project Management was also created in March 2019 and distributed across the organisation. This document contains key information that Project Managers require for delivering successful Combined Authority projects, including how to initiate and close a project.
- 2.4. During the September All-Staff meeting, an overview to project management was presented, detailing the key developments and further improvements. This includes the roll out of MS Project.

### **Performance Reporting to the Combined Authority Board**

- 2.5. As agreed at the October 2018 meeting, the Combined Authority Board receives an update on Performance Reporting once a quarter. This includes a delivery dashboard, with detail on the following:
  - Updated data on the following key metrics:
    - Increase of GVA in the area;
    - Total number of houses built;
    - Number of affordable houses built;
    - Jobs growth;
    - Number of apprenticeships;
    - Number of residents living within 30 minutes of a major employment center.
  - An overview on the top priority projects from the portfolio of live projects, with ratings on a Red/Amber/Green (RAG) scale; and
  - Information on movement across the whole programme, plus a total of all projects with a Red rating.
- 2.6. An example of the latest delivery dashboard submitted to the September Combined Authority Board meeting is attached at Appendix 1.

- 2.7. In addition to the delivery dashboard, the exception report is shared with Board Members as a confidential appendix. Board Members can request more information on these projects as they so wish.
- 2.8. To align with sharing the exception report with Board Members, Critical Friend clinic sessions are arranged internally with members of the Project Management Office. This provides an opportunity for Combined Authority officers and Directors to review the data in these reports in further detail.
- 2.9. Work is being undertaken to improve the reporting of key performance indicators, with amended templates for both the highlight reports and performance dashboards being created. Updated versions of these reports will be released in the late Autumn.

### **Corporate Risk Register**

- 2.10. The Corporate Risk Register is populated by reference to individual project risk assessments and over-arching corporate risks.
- 2.11. The Corporate Risk Register is reviewed monthly by Directors, any risks which arise or which become more significant between the monthly meeting are escalated to the next Director's meeting.
- 2.12. The same risk register template and terminology are used by all Project Managers during the reporting process for each project. Any risks that score over the agreed threshold on an individual project register will then also appear on the main risk register so that it can be monitored accordingly.
- 2.13. The Corporate Risk Register was last presented to Committee at its meeting in May 2019. Since then three risks have been removed from the Register:
  - "Adult Education Budget not ready in time"
    - The AEB has now been devolved to the Combined Authority.
  - "Resource planning and financial management"
    - The Combined Authority approved a Medium Term Financial Plan in January 2019 and the Business plan sets out programmes, timetables and outcomes.
  - "Progress on University of Peterborough stalls"
    - There is a robust Action Plan and an external Project Management Team have been engaged
- 2.14. Three additional risks have been added to the Register:
  - "Failure of CPCA grant-funded organisations to deliver"
  - "Potential Impact of Brexit"
  - "Achievement of First Gateway Review"

The five-yearly Gateway Reviews involve an independent panel assessing the impact of the Combined Authority's investments on economic growth.

2.15. The number of risks with risk ratings of “Very High” has reduced from four to two since May. This due to the removal of the entries for the Adult Education Budget and the University of Peterborough from the Register. “Funding of ambitious programmes” and “Financial Capacity in the Organisation” both retain a risk rating of “Very High”.

### **3.0 FINANCIAL IMPLICATIONS**

3.1. All of the work has been carried out in-house, therefore there are no significant financial implications to this activity.

### **4.0 LEGAL IMPLICATIONS**

4.1 The keeping of a corporate risk register is part of the process of appropriately identifying and managing risk within the Combined Authority. The keeping of a Corporate Risk Register is a requirement of the Assurance Framework.

### **5.0 APPENDICES**

5.1. Appendix 1 – Performance Reporting Dashboard [September 2019]  
Appendix 2 - The Corporate Risk Register (including Scoring Matrix)

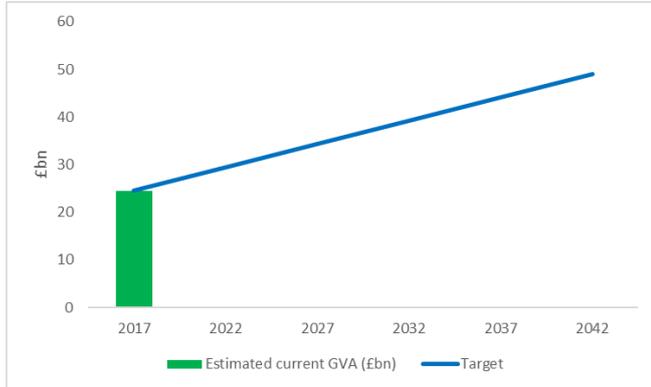
<b><u>Background Documents</u></b>	<b><u>Location</u></b>
Not applicable	



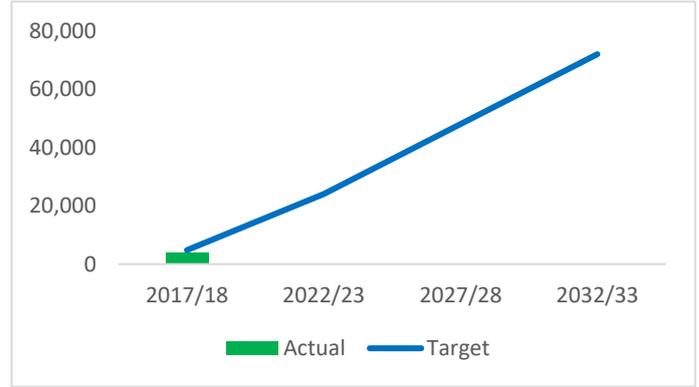
# Appendix 1 PERFORMANCE REPORT - SEPTEMBER 2019

**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

### Double GVA over 25 years



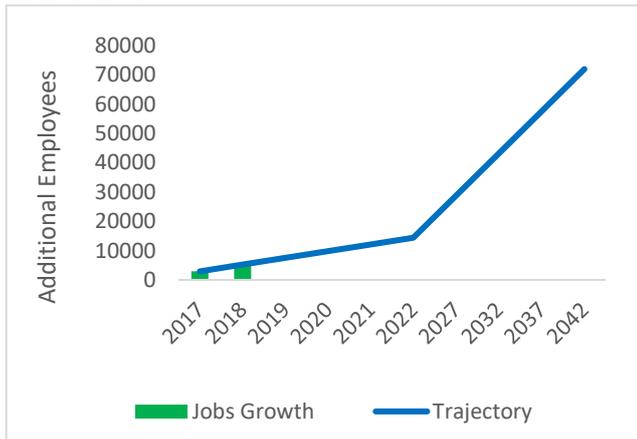
### 72,000 homes built by 2032



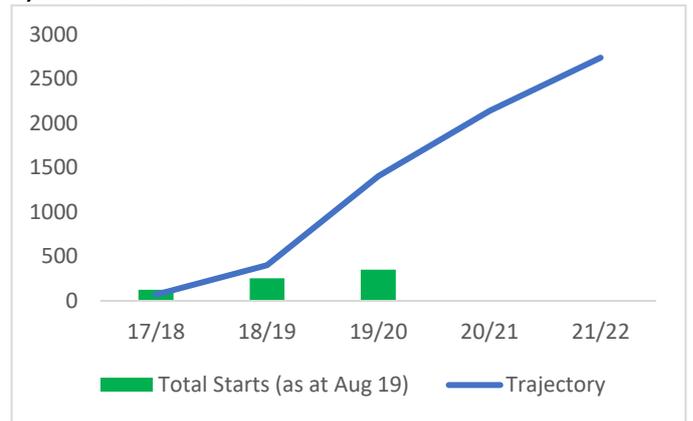
**4.1%** increase between 2015-2016

**4033** new builds completed April 17–December 2018

### Jobs Growth



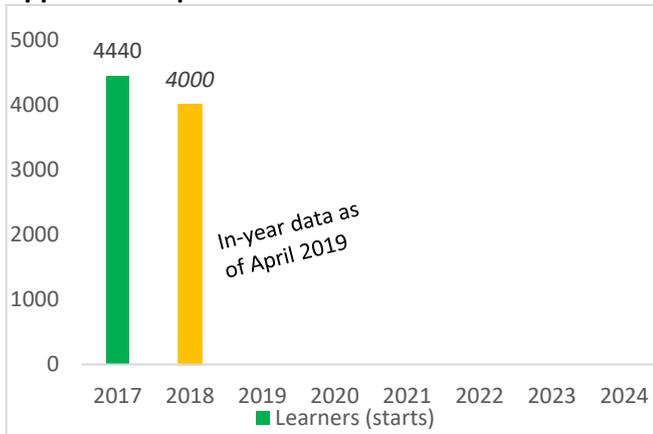
### 2,500 affordable homes



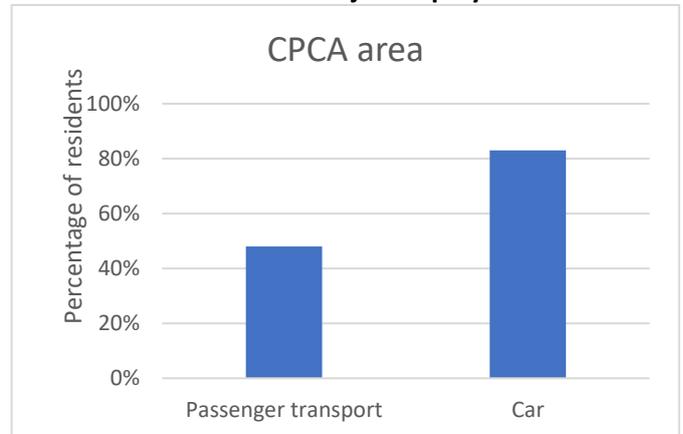
**5600** new employees 2016 - 2018

**351** total new builds to August 19

### Apprenticeships



### Within 30 mins travel of major employment centres

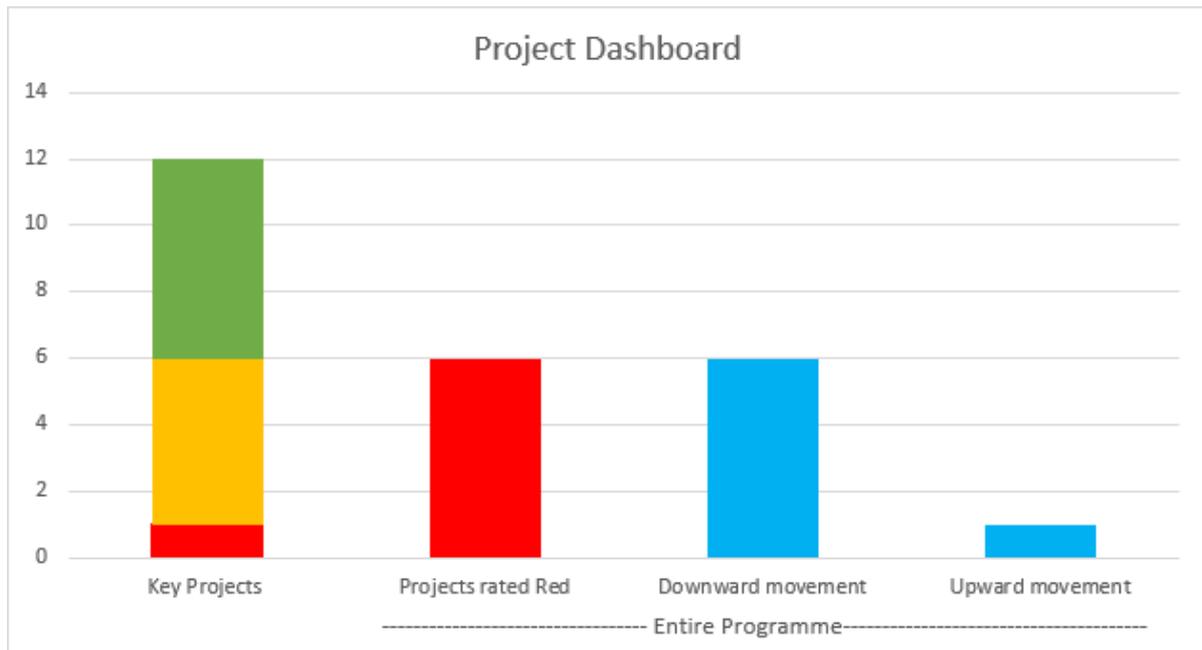


**8840** Cumulative apprenticeship starts (up to April 2019)

**83%** of residents as at 2016



## Combined Authority Project Profile:



Key projects	
Name of project	RAG status
£70m Affordable Housing	Green
A10	Green
A47 Dualling	Green
Peterborough University	Green
Regeneration of Market Towns	Green
Soham Station	Green
£100m Affordable Housing	Amber
CAM	Amber
Cambridge South Station (interim)	Amber
Huntingdon Third River Crossing	Amber
Wisbech Rail	Amber
Kings Dyke	Red

Risk Reference	Risk Title	Risk Description / Summary	Risk Owner	Inherent Impact (1-5)	Inherent Likelihood	Inherent Score (I x L)	Risk Rating (VH,H,M,L)	Risk Controls	Risk Actions	Residual Impact	Residual Likelihood	Residual Score (I x L)	Residual Risk Rating (VH,H,M,L)	Accepted Target Score	Risk Trend	Monitoring
<b>A - Delivery</b>																
CO1/A	External delivery partners unable to respond to CPCA needs	The number of active CA & Partner projects may create conflicts in external organisations. The private sector is not able to respond adequately to the needs of the Combined Authority. This includes both capacity and capability as well as a willingness to explore more innovative approaches which can accelerate delivery The CPCA is taking a border approach to infrastructure delivery, many of the projects of this scale would typically be delivered for more traditional organisations such as Network Rail, Highways England etc	Director of Delivery & Strategy	3	4	12	High	Review our approach to market engagement and investigate alternative procurement models that might encourage different behaviours.	Great effort is being made to work closely with Department for Transport and Network Rail. Many of our major projects are dependent upon their decision making processes that are challenging.  Lobbying continues at the highest levels of Government with our developing business cases to secure funding that will help unlock the challenges at DfT and Network Rail.	3	4	12	High	3x2=6	Steady	Monthly
CO2/A	Failure to deliver Mayoral Committed Projects	This is a large ambitious programme. Failure to deliver progress on programmes & projects identified in 4 year plan such as the Cambridge Autonomous Metro, will result in major criticism by Government and CPCA funders.	Director of Delivery & Strategy	4	3	12	High	CPCA project management approach applied across the portfolio and reviewed in October Regular progress monitoring and reporting at project level, director level and to Leaders Alignment between project management and financial reporting. Prioritisation of projects under constant review.	Outline Business Cases are funded and underway for the major priority projects in the Business Plan. Clear funding routes have been identified in the initial SOBC for the CAM and A10. Work is targeted to develop those funding streams as the detail business cases are developed. Procurement of key contractors is underway.	3	3	9	Medium	3x2=6	Steady	Monthly
CO3/A	Failure of CPCA grant-funded organisations to deliver	If grant-funded organisations fail to deliver agreed outcomes this could jeopardise funding from government and in extreme circumstances could result in government seeking to clawback funding. Failure to deliver outcomes would also cause reputational damage for the CPCA	Chief Executive	4	4	16	High	Management of contractual performance by grant-funded organisations	Developing remedial action plans with contractors/partners where there are concerns about delivery	4	3	12	High	4x2=8		Monthly
CO4/A	Changes in Political Management of Combined Authority	Given the long term financial commitments potential funders are looking for a stable leadership and direction of CA. Any change in the elected leaders could impact available funding	Chief Executive	4	2	8	Medium	Direction of Combined Authority has been agreed in the 2030 vision and the 4 year plan. There is support across the board for the programme of investment and priorities		4	2	8	Medium	3x2=6	Steady	Monthly
CO5/A	National Change in Administration	With the possibility of a General Election in 2019 or 2020 there is a risk that the new administrations policies on devolution may differ to that of the current government and require a different approach.	Director of Delivery & Strategy	3	3	9	Medium	Work at political level to ensure national parties and Whitehall remain committed to devolutionary policies, including by engaging with the LGA and with the Metro Mayors grouping.	CEO and Section 73 Officer actively engaging with M8 respective groups. Playing a leading role in the development of OxCam and how CPCA experience can help further this national initiative.  Developing stronger links with Government officials.	3	3	9	Medium	2x2=4	Steady	Monthly
CO6/A	Lack of Structural resilience / Insufficient Internal Resources	Failure to maintain BAU during rapidly expanding programme of work whilst developing, restructuring and recruitment of CPCA  There are a significant volume of projects being developed and the CPCA in its infancy has been in the position to mobilise its resources. Sufficient internal 'client' resources need to be available to oversee the development and delivery of programmes. This extends not only to programme management and project management resources but also more specialist functions such as land acquisition, communications, legal, procurement, etc  Insufficient project management resources to deliver Priorities & Programmes identified in 4 year plan	Chief Executive	4	4	16	High	The Directors meet weekly and are responsible for signing off recruitment to new posts  The HR team has been increased to support the organisational structure and recruitment of candidates of calibre.  There are staff dedicated to programme management with a system of monthly project highlight reporting. This enables directors to move resources to higher risk projects. We are in the process of standardising documentation to create a single source of information which builds resilience in case of individual staff members incapacity	Permanent CEO arrangements to be approved at CPCA Board 29th May 2019.  The HR Manager started on 2nd April. Additional resource to be recruited following restructure.  Permanent Section 73 Officer and Deputy appointed. b. Recruitment to Head of Transport is underway and with the recruitment of the Transport Team to start immediately after.	4	3	12	High	4x2=8	Decreasing	Monthly
CO7/A	Potential impact of Brexit on delivery of the Combined Authority's Growth Ambition Programme	Potential financial uncertainty and economic instability leading to insufficient investment in priority projects.	Director of Business & Skills [Brexit Lead]	4	3	12	High	Monitoring of daily/weekly bulletins from MCHLG, BEIS, HMRC to ensure information is accurate and up to date, recognising funding streams relevant to need	Appointment of SRO to advise on strategy and oversee implementation Appointment of assistant to SRO to assist with strategy and implementation Engagement with Business Advisory Panel to balance views of businesses Engagement with stakeholders to augment resources	3	2	6	Medium	4x1=4	Decreasing	Monthly
<b>B - Financial</b>																
CO1/B	Funding of Ambitious Programmes	There are major infrastructure programmes that will require clear and innovative funding strategies if they are to progress. CPCA funding has been used to develop the feasibility and Strategic Outline Business Cases/Outline Business Cases for such schemes. This has been appropriate for now but will start to cause challenges as the major schemes gain momentum. HOWEVER, CPCA funding will only be sufficient to act as a catalyst in bringing these schemes forward.  The real risk here is that devolution funding will have been spent and used up with no way to bring the schemes forward. Any review would be scathing of the CPCA.	Chief Finance Officer	5	5	25	Very High	Strong budget Process and funding allocation within CPCA MTFP and Business Plan Approval by CPCA Board and Stakeholders	Work is progressing at developing the business cases. Stakeholders across the wider geography are working together to tackle the issues around the growth agenda. Getting broad agreement and matching resources will help get a coordinated approach to priorities and bidding for resources.  Funding sources have been identified for key sources and CPCA resources allocated to move projects to those funding decisions. E.g. A47 REIS 2; A10 LLN Funding. Specifically CPCA is examining how maximise planning gain from the growth agenda via LVC, s106.CII and the potential for TIF and development corporations.	5	3	15	High			
CO2/B	Financial Capacity in the Organisation	The Authority's finance function continues to develop to support transition from start-up organisation. The structure has been established and 4 (of 7) roles are permanent. Utilising interim Director of Finance has helped build some capacity. Prioritisation is required to develop resilient finance systems and processes that can drive/enhance wider governance processes, cost management and speed of delivery/progress. As the Authority moves rapidly to build its operational phase, the finance team must build on its foundations to lead pace and drive change, co-ordinating successfully with the other corporate teams to achieve effective governance and affordable delivery within available resources.  Finance risk will therefore vary in line with organisational challenges and progress. At this point finance risk can usefully be split into two groups: • Systems / processes with key areas being: implementing a new finance system, embedding delegation and end-to-end process clarity for example getting projects from concept to delivery • Capacity / prioritisation, again key areas are: confirming resource availability and capacity through a revised MTFP, developing rigorous project appraisal capabilities, sources and uses of funds, availability of debt facilities	Chief Finance Officer	5	4	20	Very High	Regular reporting to CPCA Board. Audit & Governance reporting Internal & External Auditing Assurance Framework Monitoring adherence to Governance Framework	Finance has basic processes in place for existing resources and requirements, (i.e. payments, accounting and treasury management). The review of Governance arrangements and ensuring the use of these processes has given me more reassurance and confidence. Permanent Section 73 Officer and Chief Accountant (deputy CFO appointed). A strong medium Term Financial plan and budget process has been established.  We are in the process of developing the existing Finance system to include new functionality such as raising PO's, Approval Workflows and budgetary control reporting which will enable better control over finances and delegated authority to budget holders. This will be in place by 1st July 2019	4	2	8	Medium			Monthly
CO3/B	Resource Planning & Financial Management	The organisation has no clear budget and capital programme that sets out how resources will be deployed and managed within. This is fundamental to any proper management process and any reporting that will be required by CPCA Board, Stakeholders and Government. Without this no prioritisation takes place and there is no clear measurement of outcome v ambition. It is the framework for sound decision making.	Chief Finance Officer	5	3	15	High	Monthly Budget monitoring reports All business cases for capital spend is approved at Board CFO and Monitoring Officer to sign off all business cases and reports Corporate approach to Monitoring & Evaluation	A comprehensive Medium Term Financial Plan was approved at Board on 30th January 2019. Monthly reports are considered by Directors Management Team and Board that look at variance analysis and link to outcomes. The crux of any of this is that actions are taken on identified variances. The Business Plan sets out programmes, timetables and outcomes. This is linked to the MTFP and comprehensive monitoring reports for Board and Committees will be developed in 2019/20.	3	2	6	Medium			Monthly
<b>C - Reputational</b>																
CO1/C	Under developed Communication & Engagement Strategy	High profile press interest and social media "criticism" of the governance processes of the CPCA impact upon the national perception of CPCA and potential future funding.	CEO	3	5	15	High	Interim CEO appointed with a remit to conduct a chief executive review and report to Leaders on (1) recruitment to established staffing structure (2) prioritisation and performance management (3) budget review (4) governance processes. A key outcome of this review is to improve relations with local stakeholders.  Internal Audit review of governance processes taking place	Structure and Governance review completed. Implementing the changes recommended. Coordinated, proactive communications approach on the actions of the CPCA and the deliverables.	3	3	9	Medium	2x2=4	Decreasing	Monthly
<b>D - Compliance</b>																
CO1/D	Non-compliance to adhere to Internal Frameworks	The Combined Authority fails to adhere to internal governance frameworks which could put at risk the release of the Single Pot Funding.	Director of Delivery & Strategy	4	3	12	High	Project management approach documented Training and engagement for PMs Directors to oversee their directorate projects and provide assurance to CE Procurement Processes M&E framework and performance reporting being refreshed Assurance framework to be reviewed.	10 point Programme Management approach is embedded in the organisation and part of induction.  Reports of performance against budget and programme to each CPCA Board.  Internal Audit Governance Review	4	2	8	Medium	4x1=4	Steady	Monthly
CO2/D	Achievement of First Gateway Review	The Combined Authority is unable to pass the Gateway Review with consequences for government funding	Director of Delivery & Strategy	5	3	15	High	Achievement of First Gateway Review	Continuing Liaison with Government to ensure expectations met	5	2	10	Medium	4x1=4		Monthly

Impact	Description
5 Severe	Catastrophic impact on organisation
4 Major	Serious impact on organisation
3 Significant	May cause some impact on organisation
2 Minor	Unlikely to cause impact on organisation
1 Trivial	No impact on organisation

Likelihood	Description
5 Almost Certain	> 95% likely to occur within next 12 months
4 Likely	50 - 95% likely to occur within next 12 months
3 Possible	20 - 50% likely to occur within next 12 months
2 Unlikely	1 - 20% likely to occur within next 12 months
1 Rare	< 1% likely to occur within next 12 months

		Impact		
		1	2	3
Likelihood		Trivial	Minor	Significant
5	Almost Certain	5	10	15
4	Likely	4	8	12
3	Possible	3	6	9
2	Unlikely	2	4	6
1	Rare	1	2	3

<b>Very High</b>	Primary or severe risks requiring immediate attention. Authority and its ability to deliver the programmes. there could be an adverse impact on the national reputation long term. Or there is a long-term catastrophic impact on the environment.
<b>High</b>	Risk is significant, warranting attention. There could be a significant impact on the programme. The cost may increase by £250,000 up to £500,000. Or, the reputation locally or nationally there may be a long term detrimental impact on the economy or environment.
<b>Medium</b>	Less significant but could cause disruption, affecting the programme. It could increase the costs by more than £100,000 but less than £250,000. Or there is a significant impact on the economy or environment.
<b>Low</b>	Not likely to occur so low risk, impacts could be severe without a great deal of intervention. Usually minor impacts.



4	5
Major	Severe
20	25
16	20
12	15
8	10
4	5

<p>on, there could be a severe impact on the Combined Or the net cost may increase by more than £500,000. Or reputation of the Combined Authority in both the short and impact that could happen to the community, economy or</p>
<p>ould be an immediate impact on major parts of the to £500,000. Or, there may be sustained adverse likely might be impacted in both the short and long term. Or the community, economy or environment at a significant</p>
<p>ing delivery between one and four weeks. Or it could cost £250,000. Or there could be significant adverse short to medium term impact on the community,</p>
<p>ere if it did happen but this should be able to be managed disruptions, minor or short term impacts.</p>



**Date** – Date risk input onto register

**Risk Title** – Brief explanation of the risk. This is key to ensuring that the risks are easily identified and understood. eg. ‘Risk of Funding not being released’

**Risk Description / Summary** - Why the risk is on there, Why the risk would occur. Background on the risk, eg. “There is a risk that a ‘cause’ may result in an ‘event’ leading to a ‘consequence’ “.

**Risk Owner** – Subject matter expert – the person accountable for risk

**Risk Category** – Whether the risk is ‘Operational’ ‘Strategic’ or a ‘Project’ risk

**Risk Type** – What type of risk it relates to, eg ‘Reputational’ ‘Political’, ‘Economic’, ‘Technical’,

**Inherent Impact** – The Impact rating the risk would cause on the organisation using the classification matrix table before any specific management actions or controls have been implemented.

**Inherent Likelihood** - The Likelihood rating the risk would cause on the organisation using the classification matrix table before any specific management actions or controls have been implemented.

**Inherent Score** – Risk score at the beginning before any specific management actions or controls have been implemented. (Impact x Likelihood)

**Risk Rating** – **Very High, High, Medium, Low** – taken from where the score sits on the matrix

**Risk Controls** – The controls we are putting in place to mitigate the risk cause. Controls are activities such as policies, processes and procedures which minimise the probability or impact of the risk occurring.

**Risk Actions** – The actions we are putting in place to deliver the mitigating controls. There can be more than one action for each control and the actions are the mitigating plan to get the risk to your Accepted target

**Residual Impact** – The Residual Impact rating the risk would cause on the organisation using the classification matrix table as at today's date, as the controls and actions have been implemented.

**Residual Likelihood** - The Residual Likelihood rating the risk would cause on the organisation using the classification matrix table as at today's date, as the controls and actions have been implemented.

**Residual Score** – Where we are as at today's date, once the controls are in place, this should change as mitigating actions are implemented. As time progresses, the residual score should move closer to target

**Residual Risk Rating** – **Very High, High, Medium, Low** – taken from where the score sits on the matrix

**Accepted Target Score** – Where the result of the completed actions and controls will reduce the risk to. This is where the business is willing to accept the risk. ( I x L )

**Risk Trend** – Whether the risk is increasing, decreasing or steady. This identifies whether the risk needs looking at more regularly.

**Monitoring** – When the risk needs to be reviewed, weekly, monthly quarterly etc.





<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No:10</b>
<b>27<sup>th</sup> SEPTEMBER 2019</b>	<b>PUBLIC REPORT</b>

## **REVIEW OF CONSTITUTION: GOVERNANCE REVIEW**

### **1.0 PURPOSE**

- 1.1 The Audit & Governance Committee has responsibility for reviewing the Combined Authority's governance arrangements and has in the past received a number of reports on reviews carried out into corporate governance issues.
- 1.2 To deliver the Growth Ambition Statement (November 2018) the Cambridgeshire and Peterborough Combined Authority has undertaken a fundamental review of the organisation.
- 1.2. The Combined Authority has set its key priorities, used its budgets to create recyclable funds, created a new staffing structure, put in place performance measures and evolved an open and transparent Business Board working in partnership with the Combined Authority to shared objectives.
- 1.3. The proposals set out in the governance review reflects the final part of the re-design of the Authority. It focuses on how the Committees can be empowered to monitor the delivery of growth, allowing the Combined Authority Board to retain strategic oversight of those key projects which will make a difference to the lives of residents in Cambridgeshire and Peterborough.
- 1.4 The report will brief the Audit & Governance Committee on the proposed new governance arrangements which are to be considered by the Combined Authority Board at its meeting on 25 September 2019.

<b><u>RECOMMENDATIONS</u></b>
<b>Lead Officer: Kim Sawyer, Chief Executive</b>

The Audit and Governance Committee are recommended to:

- (a) Consider the proposed new governance arrangements for the Combined Authority; and
- (b) Amend the Committee's Work Programme to include a report to the meeting of the Committee on 27 March 2020 reviewing the effectiveness of the proposed new governance arrangements, should they have been adopted by the Combined Authority Board.

## **2.0 BACKGROUND**

2.1. The Combined Authority's Constitution sets out how the Combined Authority works, how it makes decisions and the procedures it follows to make sure its work is efficient, effective, transparent and accountable to local people. Some of these procedures are set by law, while others are ones the Combined Authority have chosen to follow. The Audit & Governance Committee has responsibility for reviewing the Combined Authority's governance arrangements.

### **Audit Reviews**

- 2.2. Since its inception the Combined Authority has worked closely with the Audit and Governance Committee to ensure that it complies with the law and industry standards in the development of its Constitution.
- 2.3. Since March 2018 there have been four publicly reported audit reviews of the Combined Authority and the Business Board, all of which have been reported to meetings of the Audit & Governance Committee. The external auditors review and an external independent review of the budget and finances of the Authority have also been undertaken in response to issues raised by members both in meetings and more publicly through the press. A summary of the purpose and findings of each review forms Appendix 1 to this report.

## **3.0 PROPOSALS**

- 3.1 In response to the threats to the Cambridgeshire and Peterborough economy, as outlined in the Cambridgeshire and Peterborough Independent Economic Review [CPIER] report (June 2018) the Combined Authority has adopted a dynamic and often innovative approach to delivering the growth necessary to ensure the long term prosperity of the area. This approach requires the Combined Authority to rethink the role of the Board and the way it makes decisions about its budget and its key projects.
- 3.2 Proposals for changes to the Constitution to reflect a new way of working are being taken to the meeting of the Combined Authority on 25 September 2019. It is proposed that the Combined Authority Board, made up of the Leaders of the constituent councils in the area, the Chair of the Business Board, the Police

and Crime Commissioner and representatives of the health and fire authorities will continue to decide the strategic direction of the Authority at a bi-monthly Board meeting. It will delegate many of its decision-making powers for operational matters to the Transport & Infrastructure Committee, the Skills Committee and the Housing & Communities Committee.

- 3.3 The proposed changes increase the size of the Committees to include a representative from each Council. There is a standing invitation to the Chair of the Business Board, the Police & Crime Commissioner and the representatives of the health and fire authorities to attend each meeting. Each Committee will be chaired by either the Mayor or a member of the Combined Authority Board nominated by the Mayor.
- 3.4 The Combined Authority Board will decide the budget and strategies and set out the key priorities for the organisation. The responsibility of each Committee is set out in the 'Terms of Reference' in the Constitution.
- 3.5 The public will be able to participate in meetings as public question time is being extended to all decision making meetings.
- 3.6 A summary of the key governance changes are outlined Appendix 2.
- 3.7 The new arrangements are proposed to take effect from the 1 November 2019. This will allow time for members to undertake an induction on the work of the Combined Authority. Meetings of the Board and Committees will occur bi-monthly, allowing for matters to be referred up the Board from the Committees. The Combined Authority Board will also review the Committee agendas and will have the right to call-in decisions of the Committees in exceptional circumstances. A new civic calendar is attached at Appendix 3.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1. The Combined Authority is not permitted to pay an allowance to members attending Combined Authority meetings. There are therefore no financial implications arising from these proposals.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1. The Combined Authority's Constitution is the key document within the Combined Authority's governance arrangements.

#### **6.0 APPENDICES**

- 6.1. Appendix 1 – Overview of Governance Reviews
- 6.2. Appendix 2 – Summary of Key Governance Changes
- 6.3. Appendix 3 – Proposed Amended Calendar of Meetings 2019/20

<b><u>Background Papers</u></b>	<b><u>Location</u></b>
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Review of Governance / Independent Budget Review [Internal Audit] [March 2018]	<a href="https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1936/Committee/70/SelectedTab/Documents/Default.aspx">https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1936/Committee/70/SelectedTab/Documents/Default.aspx</a>
Independent Budget Review by CIPFA C Co [March 2019]	<a href="https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/897/Committee/70/SelectedTab/Documents/Default.aspx">https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/897/Committee/70/SelectedTab/Documents/Default.aspx</a>
Governance Review [Internal Audit] [May 2019]	<a href="https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/897/Committee/70/SelectedTab/Documents/Default.aspx">https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/897/Committee/70/SelectedTab/Documents/Default.aspx</a>
LEP Governance Review [Internal Audit] [May 2019]	<a href="https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/897/Committee/70/SelectedTab/Documents/Default.aspx">/Default.aspx</a>
Corporate Governance Review Tracker	Incubator 2, The Boulevard, Alconbury Weald Enterprise Campus, Huntingdon PE28 4XA
Report to the meeting of the Combined Authority Board on 25 September 2019	<a href="#">Board Agenda – 25-09-2019</a>

## Appendix 1

### Previous Reviews of the Combined Authority's Governance

Since March 2018 there have been four reviews of the Combined Authority's governance. The reviews were:

- Review of Governance / Independent Budget Review [Internal Audit] [March 2018]
- Independent Budget Review by CIPFA C Co [March 2019]
- Governance Review [Internal Audit] [May 2019]
- LEP Governance Review [Internal Audit] [May 2019]

When completed these reviews were presented to the Audit & Governance Committee on the dates given.

#### Review of Governance / Independent Budget Review [Internal Audit] [March 2018]

The purpose of this review was to provide an overview to the Combined Authority on the assurance framework; policies and processes introduced; and governance arrangements adopted to ensure delivery of its key activities and mitigate its key risks. The review looked at the following themes:

- Financial Governance.
- Organisational Structure / Roles and Responsibilities.
- Decision Making
- Strategy and Planning
- Risk Management and Project Management

The outcome was a Reasonable Assurance opinion across the themes. On the whole, assurance arrangements were working effectively, management are aware of their streams of assurance and this was supported by corporate and third party evidence. A number of areas were identified for improvement, primarily due to the organisation being in its infancy and developing all the time.

#### Independent Budget Review by CIPFA C Co [March 2019]

CIPFA C.Co Ltd were commissioned by the Combined Authority to undertake an independent assurance review related to the production of the Authority's 2019/20 budget. The Combined Authority was specifically seeking to ensure that:

- The process for completing the budget met all statutory and, internal, constitutional requirements
- The assumptions made within it were suitable and robust
- Appropriate control and governance were in place to support its delivery

CIPFA C.Co Ltd, having reviewed the relevant documents and discussions with key officers, were satisfied that:

- The Combined Authority had prepared and was in the process of signing off its 2019/20 Budget and Medium Term Financial Plan in accordance with its own policies and procedures as outlined in its Constitution.
- That the 2019/20 Budget's content, including assumptions and revenue/capital split, was clear and appropriate.
- The Authority had in place robust and comprehensive budget monitoring and reporting processes and procedures that will now include regular reporting to the Combined Authority Board including regular monthly reports and a detailed mid-year review.

No material findings and/or failings were identified as part of this review. Six non-material recommendations were made to support the enhancement of processes already in place.

#### Governance Review [Internal Audit] [May 2019]

The overall objective of the review was to provide assurance that the systems of control in respect of Corporate Governance were adequate and being consistently applied. The areas of focus were:

- **Organisational Structure / Roles and Responsibilities:** To confirm that the Authority has an open and transparent organisational structure and that roles and responsibilities are clearly defined and communicated across the organisation
- **Decision Making:** To confirm that there is a clear and transparent decision making process within the Authority and decisions taken adhere to these processes as set out in the assurance framework
- **Strategy and Planning:** To confirm that the Authority's strategies are up to date and communicated across the organisation. To confirm that strategies complement and support each other and are linked to key aims and priorities.

Together with verification that Human Resources processes were robust and followed best practice.

The main findings of the review were that improvements had been made to the governance arrangements as the Combined Authority had evolved and previous actions had been progressed. Following extending the review to other areas of governance the part of the business requiring most attention was that of Human Resources. While the audit focus was primarily to look at the recruitment process – which the auditors were unable to place any reliance on – the audit also touched upon the performance management framework and similarly there was nothing in

place in relation to employees. A detailed action plan was required to take this key business activity forward.

Of the fifteen activity areas reviewed two received substantial assurance ratings, twelve received reasonable assurance ratings and one [HR] received no assurance rating.

A report on progress with the Human Resources recommendations was taken to the meeting of the Audit & Governance Committee on 19 July 2019 and progress continues to be monitored.

#### LEP Governance [Internal Audit] [May 2019]

This was a review of the LEP / Business Board's compliance, or otherwise, with the requirements set out in the National Assurance Framework following the amalgamation of the LEP / Business Board into the Combined Authority.

The matters under review included that:

- The LEP has a local assurance framework in place, as required by the Government's National Assurance Framework
- The LEP is operating under a clear governance framework.

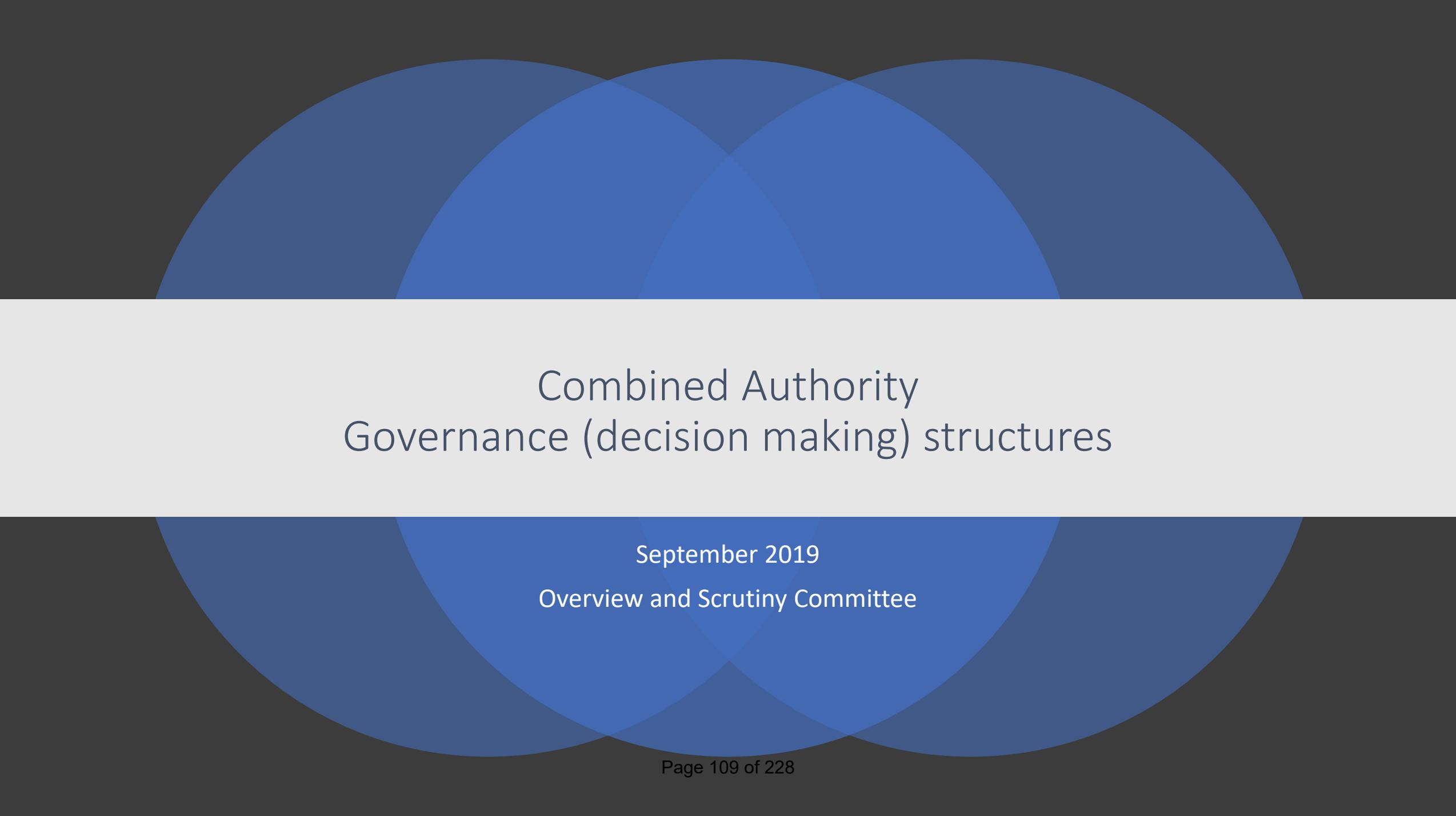
The main findings of the review were that there has been good progress in establishing a clear framework which brought together the previous arrangements. A number of areas were identified which need to be addressed to ensure governance was effective. Those identified as requiring attention included:

- Increased transparency in relation to data available and how value for money is achieved;
- Development of a consistent brand identity; and
- Processes in place for the recovery of funds should any project be deemed to have misused public monies etc.

The findings of the audit give Reasonable Assurance on the effectiveness of the governance arrangements that has been established within the Assurance Framework.

Eight recommendations were made to tighten up the assurance framework and the implementation of these recommendations continues.





# Combined Authority Governance (decision making) structures

September 2019

Overview and Scrutiny Committee

# Contents of discussion



Strategic role of Combined Authority Board



Executive role for Committees



Relationship between Board and

executive Committees  
Business Board



Lead member role



Role of co-optees

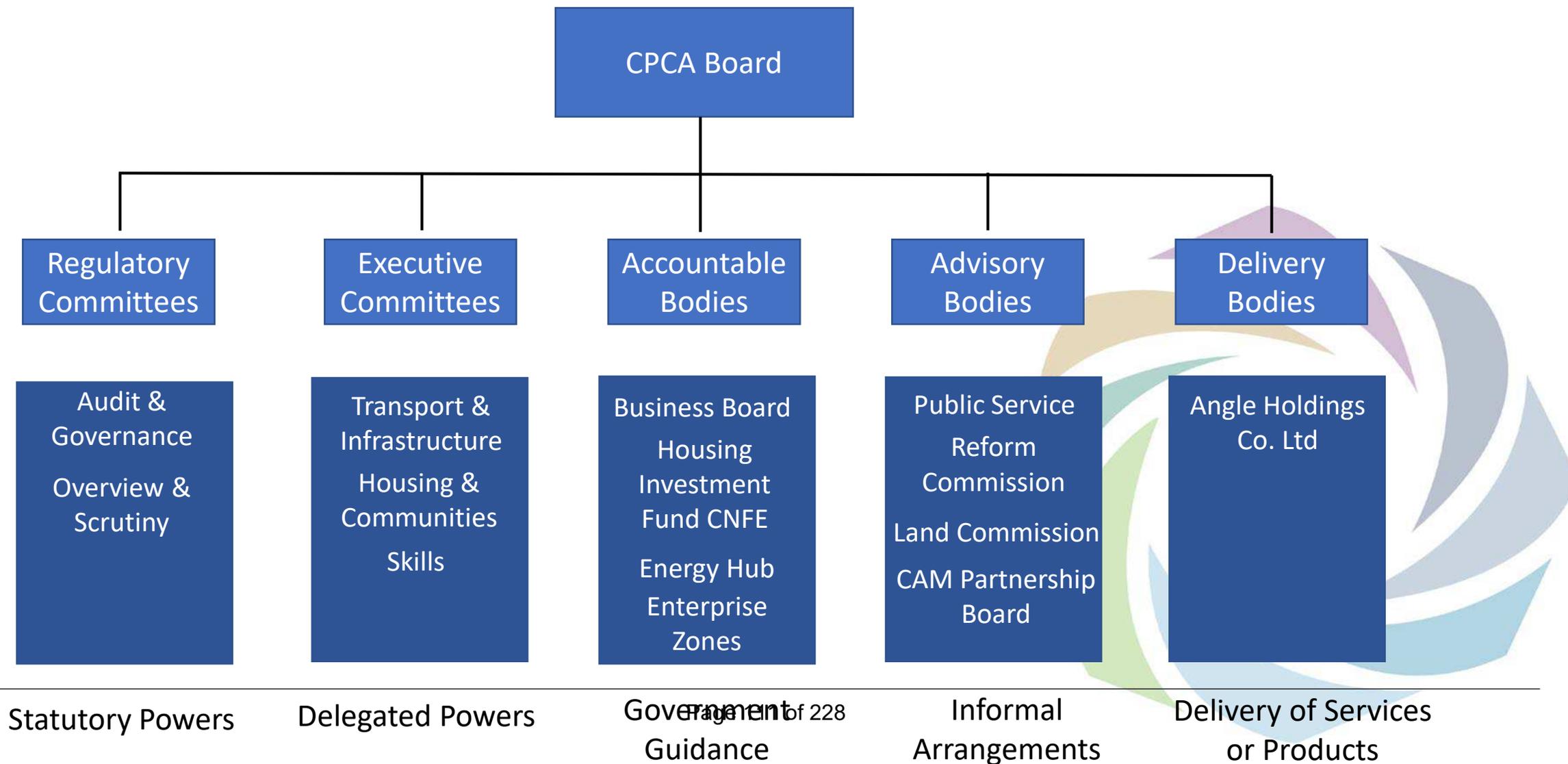


Ancillary



Delegations to officers

# Strategic Role of Combined Authority Board





Key decision  
making  
responsibilities

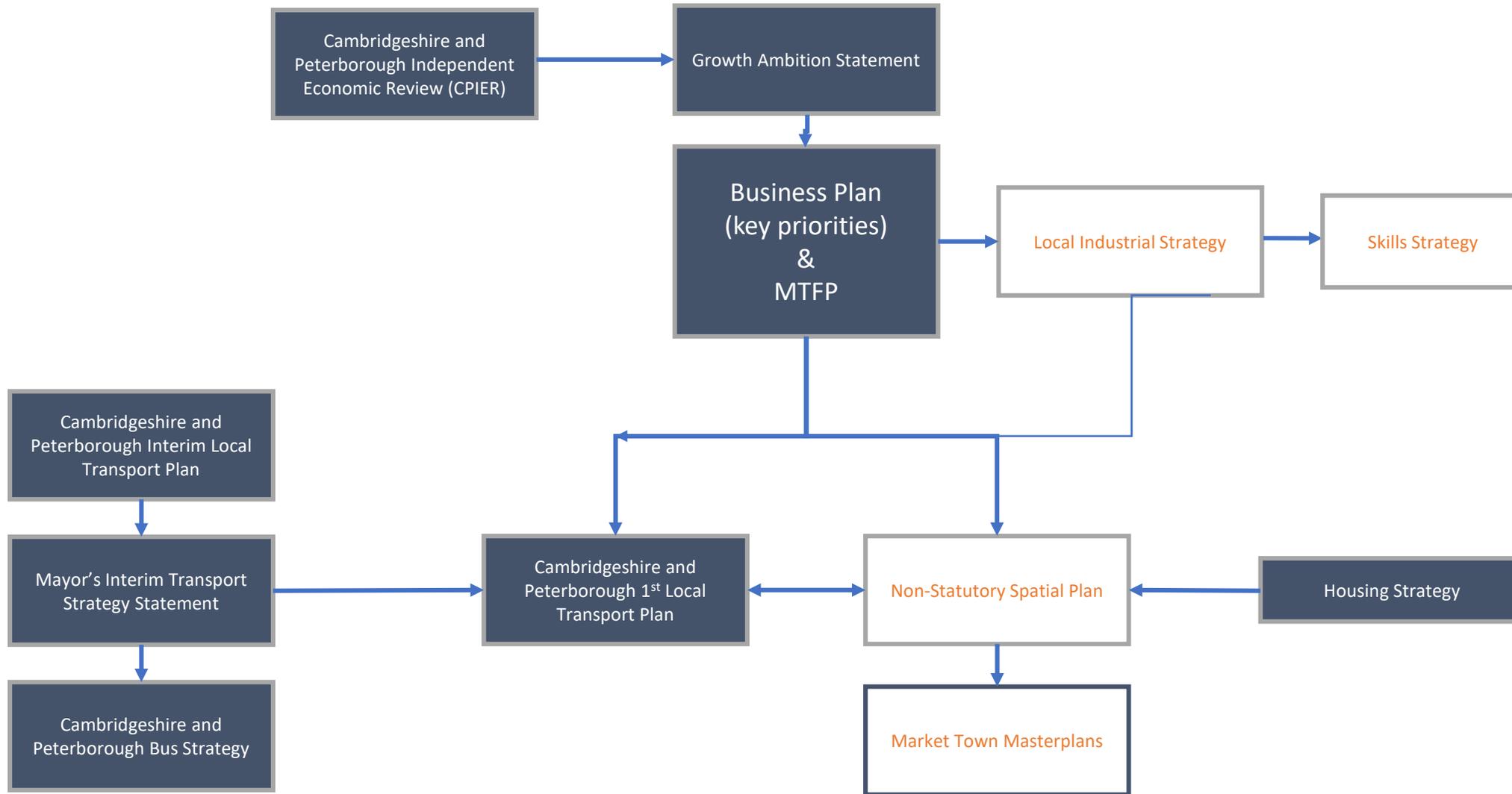
Constitution

Budget & key priorities

Policy framework

Referral decisions

# Strategies and policies



# Advantages of Committees



Sharing volume of work for Leaders



Allowing Leaders to have strategic focus



Increasing profile of CPCA amongst constituent councils



Increasing understanding of CPCA amongst constituent councils



Sharing of knowledge and regional issues



Improving cross boundary co-operation



Bringing in additional member expertise to CPCA in key areas



Decreasing frequency of Board meetings

# Proposals for committees & lead members

## Three executive committees:

- Transport & Infrastructure
- Housing & Communities
- Skills

## Chair of each committee to act as lead member

## Lead member roles

- Governance & policy
- Finance
- Spatial planning
- Economic growth

# Committees: key delegated powers



Responsible for projects identified within the business plan & budget framework



Approve commissioning of delivery partners



Approve staged release of budget (within Board approved allocation)



Monitor budget, performance and compliance with the Assurance Framework



Develop and implement key strategies (policy framework) for Board to approve



Approve all other policies



# Transport & Infrastructure Committee

Recommend	<ul style="list-style-type: none"><li>• Local Transport Plan (policy framework) for approval by Board</li></ul>
Recommend	<ul style="list-style-type: none"><li>• OBC's within key priorities for Board approval e.g CAM, Soham station, Kings Dyke</li></ul>
Approve	<ul style="list-style-type: none"><li>• feasibility studies within the Business Plan e.g. A505 study, regeneration of Fenland Stations</li></ul>
Appoint	<ul style="list-style-type: none"><li>• consultants to carry out feasibility studies</li></ul>
Approve	<ul style="list-style-type: none"><li>• release of funding for consultants to conduct feasibility studies</li></ul>
Monitor	<ul style="list-style-type: none"><li>• delivery of projects approved by the Board or Committee</li></ul>
Monitor	<ul style="list-style-type: none"><li>• use of transport levy by CCC and PCC</li></ul>
Decide	<ul style="list-style-type: none"><li>• bus subsidies</li></ul>
Approve	<ul style="list-style-type: none"><li>• climate change policies</li></ul>



# Housing & Communities

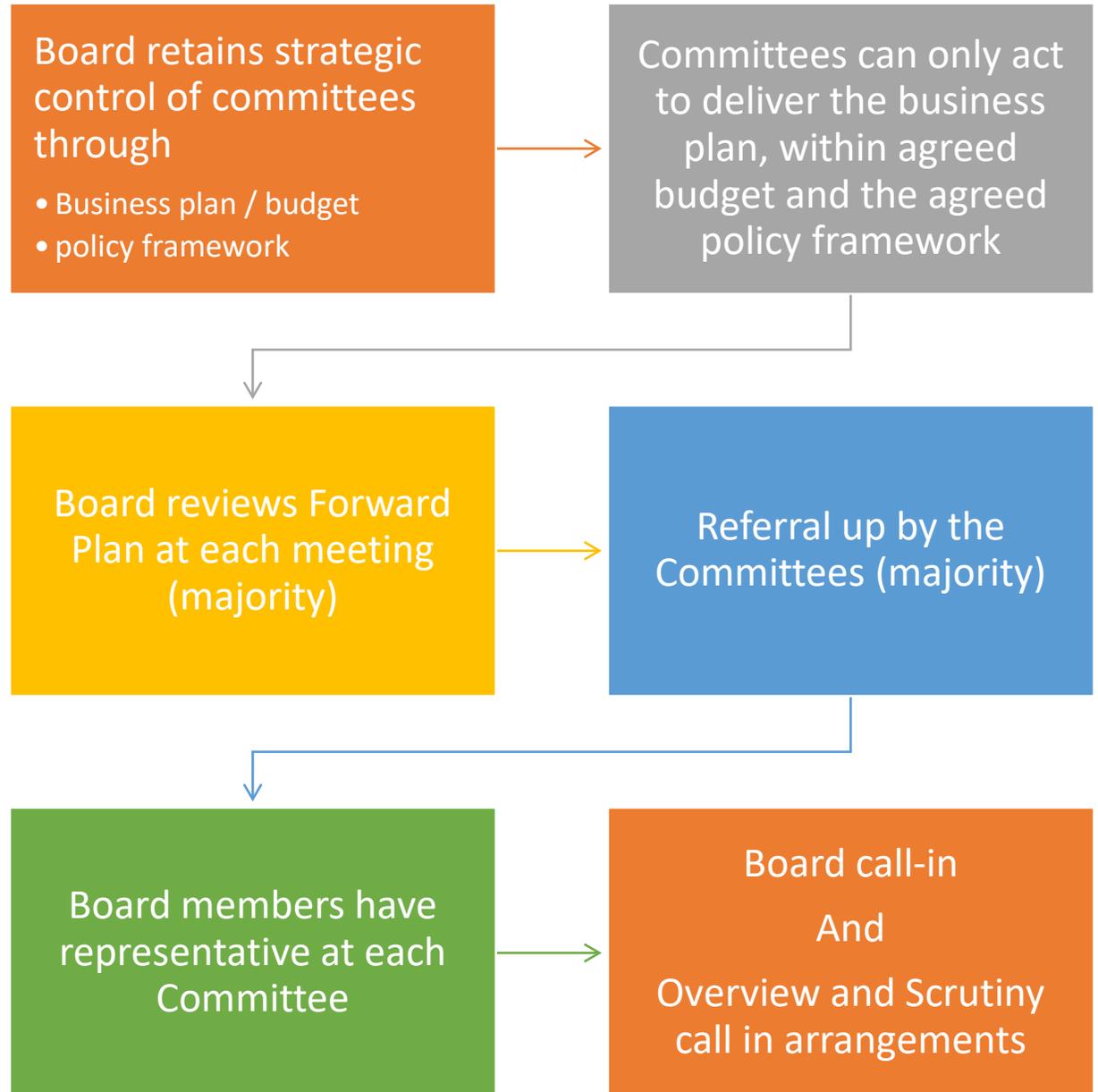
Recommend	changes to Housing Strategy to Board
Approve	grants for affordable housing providers
Monitor	delivery of £70M affordable housing funding by Cambridge City Council
Act	Accountable Body for the release of Housing Infrastructure Funding (CNFE)
Approve	policies within their remit e.g. community land trusts, £100K home, land value capture, garden village development
Appoint	consultants, monitor delivery and release funding in accordance with the budget approved by the Board
Monitor	delivery of the Connecting Cambridgeshire Project
Consider	opportunities to enhance culture and tourism

# Skills

Recommend	Skills Strategy (policy framework) for approval by Board
Recommend	OBC's within key priorities for Board approval e.g Peterborough University
Approve	appointment, budget and monitor delivery of the Adult Education programme
Appoint	consultants and approve release of funding within approved budget
Monitor	delivery of Peterborough University
Oversee	work of the Employment and Skills Board
Monitor	delivery of the Health & Care Sector Work Academy, the Work and Health Programme and the Opportunity Area Programme



# Relationship between Board & Committees



# Relationship between CPCA and Business Board

## Accountable Body

- Audits the financial affairs of the Business Board (LGF)
- Audits the governance of the Business Board (including the annual delivery plan)

## Delegates

- responsibility for development of the Local Industrial Strategy and Market Town Masterplans

## Works in partnership

- To deliver growth through single strategic framework
- To develop the Skills strategy and skills advisory programme
- To agree local area agreements with neighbouring LEPs
- Under a joint Assurance Framework

# Lead members



CPCA is not a Cabinet, no executive portfolio holders, no individual decision making



Always act in the best interests of the CPCA i.e whole area, NOT as a representative of individual council



Lead member for their subject areas



Works with the Mayor to develop the strategies and policies for their subject area



Presents recommendations to Board



Chairs Committee or Commission where relevant



Provides guidance to officers in policy development



At the request of the Mayor, represents the CPCA at local or regional events

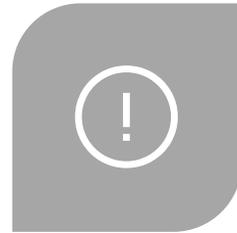
## Lead members & lead officers

- Lead officers are the Chief Executives and Directors of CPCA and Business Board
- Lead officers are responsible to a lead member for development of reports and recommendations
- Advise lead members on development of proposals within budget, business plan and key strategies
- Attend Leaders Strategy meetings to present developing proposals
- Attend Board to answer questions of technical merit, not policy

# Role of co-optees



ADVISORS IN KEY PUBLIC  
SECTORS ACROSS  
GEOGRAPHY OF CPCA



ATTEND BOARD AS NON-  
VOTING MEMBERS



OPEN INVITE TO  
COMMITTEE MEETINGS AS  
NON-VOTING MEMBERS



PART OF THE LEADERS  
STRATEGY GROUP MEETINGS



CONSULTEES FOR PUBLIC  
SECTOR REFORM  
COMMISSION

## ❓ Ancillary issues

### Public questions

- Rules to prevent duplication of questions to Committees and Board
- Questions are directed to the decision making body
- Streamlining questions from Overview and Scrutiny to CPCA Board

### Appointments to Committees

- Appointments to Board are by constituent councils
- Appointments to Committees are by Board (or delegation to MO)

## ❓ Ancillary (2)

### Committees

- Membership: 7 (plus additional seat where Mayor or Deputy is chair)
- Deputy has weighted voting right of Mayor (veto)
- Other members carry their weighted voting rights
- Meetings: bi-monthly for Board and Committee meetings
- Committees to occur 2-3 weeks before Board (referral up)
- Provisions for deadlock (referral to CA Board)
- Co-optees – open invitation



# Delegations to officers



Officer decisions are limited to

Individual delegations from Board  
Constitutional rules



Member led authority: limited officer decision making



All officer decisions are recorded in an open register



Contract Rules and Financial Regulations apply



Limited CEX delegations



Directors as authorised signatories



**CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY MEETING CARD - 2019/20**

MEETING	TIME	2019								2020				
		May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
<b>Directors Meetings</b>														
Combined Authority Board	10.30 am		26	31		25	[30]	27	[18]	29	[26]	25	[29]	
Annual Combined Authority Board	10.30 am	29												27
<b>Committees</b>														
Transport and Infrastructure	10.00 am		26				9	8		8		6	29 (PM)	
Skills	10.00 am			10			2	11		13		9	27	
Housing and Communities	14.00 pm			10			9	11		13		9	27	
Overview and Scrutiny	11.00 am	31 (14.00pm)	24	29		23	28	25	16	27	24	23	27	
Audit and Governance	10.00 am	[31]	14	19		27			13			27		[26]
Employment Committee (unscheduled)														
<b>Business Board</b>														
Business Board	14.30 pm	28		22		23		25		27		23		26
<b>Other Bodies</b>														
Fire Authority			20					7			5			
Cambridgeshire Public Service Board	9.30 - 12.00	17	14	12	16	13	11	15	13					
GCP Joint Assembly	14.00 pm		6			12		21						
GCP Executive Board	16.00 pm		27				3		12					
Cambridgeshire CC Full Council	10.30 am	14		23			15		10		11 [14]	17		12
Cambridge City Council Full Council	18.00 pm	23 (11 am)		18			17				20		9	21 (11 am)
East Cambridgeshire DC Full Council	18.00 pm	30		18			17			[16]	20		16	21
Fenland DC Full Council	16.00 pm	23		18		19		7	12		20			14
Huntingdonshire DC Full Council	19.00 pm	15		24			16		18		26			
Peterborough CC Full Council	18.30 pm	20		24			16		18	22		4		
South Cambridgeshire DC Full Council	14.00 pm	16		18		26								
<b>Conferences</b>														
Conservative Party Annual Conference						29 -	2							
Labour Party Annual Conference						22 - 25								
Liberal Democrat Annual Conference						14 - 17								

Board meets Bi Monthly on a Wednesday

Overview and Scrutiny to meet the Monday before the Board

CA leader Strategy meetings - twice monthly Wednesday meetings

Audit and Governance Committee to meet 4 times a year on a Friday usually the same week as O&S (must meet by end of June and end of September to sign off accounts and have a reserve meeting in May

Business Board last Monday every other month before CA Board

Transport, Housing and Skills Committees Bi Monthly

CPSB Meeting are on Fridays

[ ] Reserve dates

\* To discuss budget only

**Bank Holiday** 2019  
May Day 06-May  
Spring BH 27-May  
Summer B 26-Aug

Christmas 25-Dec  
Boxing Day 26-Dec

**Bank Holiday** 2020  
New Years 01-Jan  
Good Friday 10-Apr  
Easter Mon 13-Apr  
May Day 04-May  
Spring BH 25-May



<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 11</b>
<b>27 SEPTEMBER 2019</b>	<b>PUBLIC REPORT</b>

## **INTERNAL AUDIT: PROGRESS REPORT 2019 / 2020**

### **1.0 PURPOSE**

- 1.1. Internal Audit provide assurance to the Audit and Governance Committee that activities undertaken across the Combined Authority are appropriately managed, monitored and delivered in accordance with set governance, controls and risk management frameworks. This report provides details of the progress made in delivering the approved Audit Plan for 2019 / 2020, together with details of those audits from the previous years which were being finalised at the time of the last Audit and Governance Committee.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Officer:</b>	<b>Steve Crabtree, Peterborough City Council</b>
The Audit and Governance Committee is recommended that the progress report from Internal Audit is considered.	

### **2.0 BACKGROUND**

- 2.1. In March 2019 Audit and Governance Committee discussed and agreed the Internal Audit Plan for 2019 / 2020. This covered works for 150 days.
- 2.2. In accordance with the agreed work programme for Internal Audit, the reports provide an independent and objective opinion on the Combined Authority's effectiveness in managing risk management, governance and the control environment.
- 2.3. All reports will also feed into the Internal Audit annual report that will be prepared at the end of the financial year. The Annual Report will provide an overall audit opinion on the adequacy and effectiveness of the governance, risk management and internal control processes, based upon the outcome of the reviews completed during the year. This opinion can then be used to feed into the

Combined Authority's Annual Governance Statement that accompanies the Annual Statement of Accounts.

- 2.4. **Appendix 1** provides commentary of progress made against the plan.
- 2.5. Since the last report, additional advice and support has been provided to the CPCA in relation to payment processes. The audit plan will need to be flexed to accommodate this or additional days considered. Protocols for agreeing changes to the Audit Plan and developing future plans will be included as part of the next report to Committee in December 2019.

### **3.0 FINANCIAL IMPLICATIONS**

- 3.1. The cost of undertaking Internal Audit activities is contained within the Combined Authority's budget and are set out in a Service Level Agreement. Any increase in the required audit coverage will need to be agreed with Peterborough City Council (as the current audit provider) on an ongoing basis.

### **4.0 LEGAL IMPLICATIONS**

- 4.1. The Accounts and Audit Regulations 2015, Regulation 5, requires a relevant organisation to undertake an effective internal audit to evaluate the effectiveness of its risk, control and governance processes, taking into account public sector internal auditing standards or guidance.

### **5.0 SIGNIFICANT IMPLICATIONS**

- 5.1. There are no direct wider CPCA implications arising from this report.

### **6.0 APPENDICES**

- 6.1. Appendix 1: Internal Audit Progress Report

<u>Source Documents</u>	<u>Location</u>
List background papers:	



## **INTERNAL AUDIT PLAN 2019 / 2020 PROGRESS REPORT**

### **ANNUAL REPORT**

1. Introduction
2. Summary of Audit Reviews

This report has been prepared for the use of Members and management of the Cambridgeshire and Peterborough Combined Authority. Details may be made available to specified external organisations, including external auditors, but otherwise the report should not be used or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed Internal Audit plan.

## 1 **INTRODUCTION**

- 1.1 The purpose of this report is to bring the Audit and Governance Committee up to date with the progress made against the delivery of the 2019 / 2020 Internal Audit Plan.
- 1.2 The Committee has a responsibility to review the effectiveness of the system of internal controls and to monitor arrangements in place relating to corporate governance and risk management arrangements. Internal Audit is an assurance function which provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance. This work update provides the Committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.
- 1.3 The information included in this progress report will feed into, and inform our overall opinion in our Internal Audit Annual Report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

<b>ASSURANCE RATINGS</b>	
<b>Opinion / Assurance</b>	<b>Description</b>
SUBSTANTIAL	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There is some scope to improve the design of, or compliance with, the control framework in order to increase efficiency and effectiveness.
REASONABLE	The internal control system is generally sound but there are some weaknesses in the design of controls and / or the inconsistent application of controls. Opportunities exist to strengthen the control framework and mitigate further against potential risks.
LIMITED	The internal control system is poorly designed and / or there is significant non-compliance with controls, 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	There are significant weaknesses in the design of the internal control system, and there is consistent non-compliance with those controls that exist. 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.

## 2. **SUMMARY OF AUDIT REVIEWS COMPLETED**

2.1 The original Internal Audit Plan for 2019 / 2020 was agreed by this Committee in March 2019 for 150 days coverage across the CPCA and is detailed below.

<b>AUDIT PLAN 2019 / 2020</b>		
<b>FINANCIAL ARRANGEMENTS</b>		
Budget Management	Review of delivery of financial information across the CPCA, including: <ul style="list-style-type: none"> <li>• Cost centre management responsibilities</li> <li>• Monthly returns / forecasting; and</li> <li>• Overheads charges</li> </ul>	25
<b>CORPORATE GOVERNANCE</b>		
Human Resources	As part of the corporate governance review, it was not possible to review the HR service at that time and a no assurance rating recorded. The review will cover the activities of (1) Recruitment and Selection and (2) Staff appraisal and performance management	20
Performance Management	As part of the corporate governance review, it was not that the CPCA had begun quarterly reporting on key performance indicators. The review will verify the accuracy of the data collection and reporting.	10
<b>PROGRAMMES, PROJECTS, AND CONTRACTING</b>		
Housing	Review of a selection of housing scheme projects at all stages, including project initiation, robustness of business cases through to delivery and post implementation review).	25
Transport	Review of a selection of transport scheme projects at all stages including project initiation, robustness of business cases through to delivery and post implementation review).	20
Adult Education Budget	Review of payments / verification processes with education providers following devolution of new arrangements for the provision of adult education	15

<b>GRANT CLAIMS</b>		
Grant Certification	<p>Verification of grants receivable from Department for Transport. This will also include a review of the assurance provided by Cambridgeshire County Council for monies associated with their expenditure. At present this will include, but not restricted to:</p> <ul style="list-style-type: none"> <li>• Integrated Transport Block</li> <li>• Highways Maintenance</li> <li>• Pothole Action Fund</li> <li>• National Productivity Investment Fund</li> <li>• Drought Damage</li> <li>• Recruitment and Selection</li> </ul> <p>Separate grant works will also cover the BEIS Growth Hub Funding</p>	15
<b>OTHER ACTIVITIES</b>		
Follow Up Provision	Revisit of 2018 / 2019 to monitor the implementation of recommendations	5
Advice and Consultancy	Provision of risk and control advice to officers, senior management and Members	5
Fraud Assessment	Review of the potential fraud risk across the CPCA and associated mitigating actions	5
Annual Audit Planning / Opinion	<p>Production of risk assessed annual audit plan along with reporting on progress of the plan during the year.</p> <p>Production of report detailing work carried out and Head of Audit Opinion on governance, risk and controls in accordance with Public Sector Internal Audit Standards.</p>	5
<b>TOTAL DAYS ALLOCATED</b>		<b>150</b>

2.2 The Audit Plan is re-profiled throughout the year when the risks profile of the Combined Authority changes and to react to emerging issues, management requests or Audit and Governance Committee requests. Further commentary will be provided within the December 2019 committee report which will demonstrate the protocols within the audit process. This will include:

- Risk assessing the organisation and the initial build of the audit plan;
- Agreement of the initial plans by management and then Committee;
- Ongoing review of the plan and agreement to change (whether new risk areas are seen as a high priority requiring immediate coverage; deleting or deferring audits from the plan to cover new areas; and resource agreement to cover any extra days); and
- How audit assignments are agreed and delivered.

## 2.3 Progress against the works to date are set out in the following tables:

<b>AUDIT PLAN PROGRESS (2018 / 2019 WORKS CARRIED OVER)</b>	
<b>AUDITED AREAS COMPLETED</b>	<b>OPINION</b>
<p><b>PROJECTS: EAST CAMBRIDGE TRADING COMPANY LOAN</b></p> <p>The Audit Plan included a review of the loan of £6.5m to ECTC, approved at the March 2018 board meeting. This was later extended to include the loan of £24.4m, which was approved in November 2018, at the request of the Audit and Governance Committee. Both loans are for housing projects (at Haddenham and Ministry of Defence land at Ely) falling under the Affordable Homes Programme. The purpose of the audit was to evaluate the processes that ensure:</p> <ul style="list-style-type: none"> <li>• monies have been awarded in line with the aims of the Affordable Homes Programme, Housing Strategy and any central funding requirements</li> <li>• the governance outlined in the Assurance Framework has been applied (in terms of awarding, monitoring and evaluating the outcomes of the funding)</li> <li>• Appropriate financial / legal due diligence, risk assessment and business case appraisal has been undertaken, including compliance with state-aid regulations</li> <li>• Appropriate legal agreements are in place</li> <li>• Draw-downs are verified and payments are accurate and valid; and</li> <li>• the project is monitored effectively throughout delivery</li> </ul>	<p>A key finding relates to how projects are appraised against relevant criteria to ensure that they meet with the aims of the Combined Authority (CA), and also how this appraisal is communicated to those approving the award of loans. Whilst considerable thought has been given to this aspect, there is not a quantitative methodology in place that can be used to determine the fit of a project against such criteria. There has been increasing transparency in the presentation of information (such as business cases) to the CA Board, but this in itself does not provide a standardised rationale to support the decision making process for the use of a substantial proportion of the £40m revolving fund.</p> <p>Another area that would benefit from more detailed documentary support is the decision in relation to interest rates and compliance with State Aid regulations, particularly as this is an area that could be open to challenge. Whilst the method used to calculate the interest is a recognised approach and the rates being used represent no detriment to the authority, given that the loans are the first of their kind, it may have been appropriate to commission some formal, independent advice on the aspect of State Aid compliance.</p> <p>The audit rating provided is <b>REASONABLE</b> assurance. 5 recommendations have been established and agreed.</p>

<b>AUDIT PLAN PROGRESS (2019 / 2020 COVERAGE)</b>	
<b>AUDITED AREAS COMPLETED</b>	<b>OPINION</b>
<p><b>BUSINESS, ENERGY AND INDUSTRY STRATEGY: GROWTH HUB FUNDING</b></p> <p>Internal Audit undertook a review of the adequacy, or otherwise, of the financial records maintained for growth hub funding for the year ended 31 March 2019. This was to establish / ensure that the grant sums claimed were in line with the specific conditions.</p> <p>The deadline for approval and return to BEIS was 30 June 2019.</p>	<p>Following review of the financial records maintained, supporting documentation and the grant conditions imposed, we were able to confirm that the monies claimed were appropriate.</p> <p>The grant letter was signed and issued on 13 June 2019.</p>
<b>WORK IN PROGRESS</b>	
<p><b>TRANSPORT GRANTS</b></p> <p>Four grants coordinated through the CPCA require a declaration to be sent to the Department for Transport, these being Capital Block Funding; Challenge Fund Tranche 2A; Local Transport Grant and Pothole Action Fund.</p> <p>Based on the determination letters, monies are spent separately by PCC and CCC. Where monies are spent directly by County they undertake a review of the appropriateness of spending and provided statement returns to that effect. Similar arrangements were undertaken by PCC.</p> <p>As Chief Internal Auditor for the CPCA, I have looked to place reliance on their works.</p> <p>Following review of claims and completed statements we confirmed to DfT that monies had been spent in line with the determination letters.</p>	
<p><b>HUMAN RESOURCES</b></p> <p>Initial discussions were held earlier this month with the Human Resources section to understand what progress / procedures had been implemented in relation to both the recruitment and selection process as well as the staff performance appraisal framework. From the initial fact finding meeting which included a walk-through of the approaches adopted, it would suggest that there has been significant progress made in putting appropriate processes in place for recruitment and selection. It has been agreed that a detailed compliance assessment can now be undertaken and is scheduled for late October. With regard to staff performance appraisals, a current workstream is developing this around an IT based solution and this is expected to go live in April 2020. A further evaluation will be covered during the scheduled visit above.</p>	

- 2.4 Since the last Audit and Governance Committee in July 2019 we were made aware of issues in relation to the payment process at the CPCA in early September 2019. We have been liaising with the Head of Finance to look to provide advice and to worthwhile improvements prior to the implementation of Agresso. This work is ongoing.



<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 12</b>
<b>27<sup>th</sup> SEPTEMBER 2019</b>	<b>PUBLIC REPORT</b>

## **UPDATE ON FREEDOM OF INFORMATION REQUESTS, FRAUD, WHISTLEBLOWING AND COMPLAINTS**

### **1.0 PURPOSE**

- 1.1 The Audit & Governance Committee has responsibility for monitoring the Combined Authority's anti-fraud policy, whistle blowing policy and the complaints process and for reviewing the Combined Authority's corporate governance arrangements. The purpose of this report is to provide an update on those matters to the Committee

<b><u>DECISION REQUIRED</u></b>
<b>Lead Officer: Dermot Pearson, Interim Legal Counsel &amp; Monitoring Officer</b>
<b>RECOMMENDATIONS</b>
The Audit & Governance Committee is recommended:
(a) To consider the contents of the report



### **2.0 BACKGROUND**

- 2.1 The Audit & Governance Committee has responsibility for monitoring the Combined Authority's anti-fraud policy, whistle blowing policy and the complaints process and for reviewing the Combined Authority's corporate governance arrangements.

### **3.0 MAIN ISSUES**

#### **Anti-Fraud Corruption Policy**

- 3.1 The Combined Authority's Anti- Fraud, Bribery and Corruption Policy [at Appendix 1] was last reviewed by the Committee in March 2018. Since the adoption of the Policy there has been one case of attempted fraud in relation

to an invoice which is currently being investigated by Internal Audit and the Chief Financial Officer in accordance with the Fraud Response Plan which forms the appendix to the Policy.

- 3.2 The Annual Internal Audit Opinion for 2018/19, reported to the July 2019 meeting of the Committee, stated the following:

*I am satisfied that sufficient quantity and coverage of Internal Audit work and other independent assurance work has been undertaken to allow me to draw a reasonable conclusion on the adequacy and effectiveness of the Authority's risk management, control and governance processes. In my opinion the CPCA has adequate systems of internal control in place to manage the achievement of its objectives. In giving this opinion, it should be noted that assurance can never be absolute and, therefore, only reasonable assurance can be provided that there are no major weaknesses in these processes.*

*Notwithstanding my overall opinion, Internal Audit's work identified a number of opportunities for improving control procedures which management has accepted and are documented in each individual audit report.*

### **Whistleblowing Policy**

- 3.3 The Combined Authority has received no Whistleblowing disclosures since its establishment in 2017. The Whistleblowing Policy [at Appendix 2] was reviewed by the Committee in March 2018 and adopted by the Combined Authority Board in May 2018.

### **Complaints**

- 3.4 The Combined Authority's Complaints Policy is at Appendix 3. No complaints have been received within the last twelve months. This may reflect the Combined Authority's status as a strategic authority rather than a local authority which delivers services to individual members of the public.

### **Freedom of Information / Environmental Information Requests**

- 3.5 During the period 1<sup>st</sup> March 2018 to the date of this report the Combined Authority received 68 requests for information under the Freedom of Information Act and 3 requests for information under the Environmental Information Regulations. All requests and responses are published on the Combined Authority's website. The main topics upon which Freedom of Information requests were made included:

- The operation of the Agri-Tech Programme Board
- Expenditure on staffing
- Expenses
- Financial information
- Gifts & Hospitality
- Mayoral visits

- Projects
- Transport issues
- Departure of senior officers

The topics upon which Environmental Information requests were made were:

- Information about research into subterranean conditions in Cambridge.
- Information about projects

3.6 Public bodies are required to respond to Freedom of Information requests within 20 working days. Performance for this period was as follows:

- 8 late responses [7 were provided within an additional 5 days but one request took an additional 19 days]
- 1 late response to an Environmental Information request [46 additional days]

The FOI request which required an additional 19 days was the result of an FOI request posted on Twitter not being picked up in a timely fashion. The late Environmental Information request was the result of it not being identified as such a request at the outset. The other late FOI responses were the result of dealing with multiple requests on the same matter, the complexity of the information requested and a delay in obtaining information from a third party.

3.7 Out of the 68 FOI requests:

- For 7 requests the information requested was not held
- For 44 requests the information requested was disclosed
- For 3 requests the applicants were referred to information on the Combined Authority's website
- For 9 requests part of the information requested was disclosed and part withheld
- For 3 requests the requested information was withheld
- For 2 requests clarification was sought from the applicants which was not forthcoming
- 12 applicants requested an internal review of the way in which their requests had been handled;
- In 8 of the 12 internal reviews the original response to the request was upheld and in the other 4 reviews additional information or explanation was provided.
- 2 applicants took their requests to the Information Commissioner following the internal review.
- For the 2 matters in which the applicants appealed the outcome of the internal reviews to the Information Commissioner, in one case the Commissioner upheld the majority of the Combined Authority's responses to the original request but required a further response to be provided on one element of the original request. In the other case the applicant approached the Commissioner as they had not received a response to their request.

#### 4.0 FINANCIAL IMPLICATIONS

4.1 There are no specific financial implications arising from the contents of this report.

#### 5.0 LEGAL IMPLICATION

5.1 The Combined Authority is subject to the legal framework which applies to the handling of information requests.

#### 6.0 APPENDICES

6.1 Appendix 1 – Anti-Fraud, Bribery and Corruption Policy

Appendix 2 – Whistleblowing Policy

Appendix 3 – Complaints Policy

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
Information requests and responses on the Combined Authority's website	<a href="https://cambridgeshirepeterborough-ca.gov.uk/contact-us/freedom-of-information-requests-foi/">https://cambridgeshirepeterborough-ca.gov.uk/contact-us/freedom-of-information-requests-foi/</a>



## Anti-Fraud, Bribery, Corruption Policy and Strategy Statement

<b>Policy Number</b>	Insert policy number	Version Number	1
<b>Date of Issue</b>	30 May 2018		
<b>Reviewed by</b>	Audit and Governance Committee	26 March 2018	
<b>Approved by</b>	Cambridgeshire and Peterborough Combined Authority		
<b>Approved by</b>	Business Board		

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3.6 Training / Continuing Awareness

## 4. CONCLUSIONS

### Appendix: Fraud Response Plan

#### 1. FOREWORD

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##### 1.1. The Current Climate and the Authority Stance

- 1.1.1. It is important that the United Kingdom public sector maintains high standards of probity and has a good reputation for protecting the public purse. The minimisation of losses to fraud and bribery is therefore essential for ensuring that resources are used for their intended purpose and sound systems of public accountability and transparency are vital to effective management and in maintaining public confidence. The Cambridge and Peterborough Combined Authority (CPCA) shares these high standards and is committed to protecting the public funds entrusted to it, so as to maximise the resources available for providing community leadership and quality services.
- 1.1.2. The public is entitled to expect the CPCA to conduct its affairs with integrity, honesty and openness and demand the highest standards of conduct from those working for it. This Corporate Anti-Fraud & Bribery Policy & Statement outlines the Authority's commitment to:
- A firm approach and the maintaining of high ethical standards in its administration of public funds;
  - Strengthening its anti-fraud and bribery culture;
  - Minimising the incidence of, and losses to, fraud and bribery;
  - Developing greater capability and capacity to punish offenders and recover costs as well as losses. The Policy & Strategy Statement also outlines the mechanisms in place to acknowledge the Authority's fraud and bribery risks, to prevent them from occurring and to fully pursue anyone intent on defrauding the Authority.
- 1.1.3. In considering the CPCA's policy and strategic issues, account has been taken of Government and Professional Institution guidance and best practice stemming from:
- National Fraud Authority (NFA) publications and guidance, including the national strategy "Fighting Fraud Together" and the more specific strategy relevant to local government "Fighting Fraud Locally";
  - Audit Commission "Protecting the Public Purse" reports;
  - The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance including "Managing the Risk of Fraud" "Fraud Risk Evaluation Diagnostics";
  - Government publications such as "Eliminating Public Sector Fraud" produced by the Counter Fraud Taskforce and "Tackling Fraud and Error in Government" produced by the Fraud, Error and Debt Taskforce; and

- Legislation requirements.
- 1.1.4. The success of the strategy will be measured by the extent to which fraud is minimised and proven cases of fraud, bribery or other irregularity are subject to the severest sanctions being imposed, based on the circumstances of each case.
- 1.1.5. Proven cases involving employees are dealt with through the Authority's disciplinary process with any identified losses recovered. Successful prosecutions and disciplinary hearings are publicised, taking account of any restrictions on reporting. Employees and Members are provided with training and are aware of their anti-fraud and bribery responsibilities.

## **2. THE POLICY**

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### **2.1. Aims**

- 2.1.1. The CPCA's policy on fraud, bribery and corruption (including theft and other general wrongdoing) is to take firm action in all cases in accordance with relevant policies and procedures.
- 2.1.2. With this in mind the Authority aims to:
- Continually review and assess its fraud and bribery risks and implement actions to minimise the likelihood of them materialising;
  - Ensure all employees and Members are aware of their individual and collective responsibilities relating to the prevention and detection of fraud;
  - Discourage and prevent incidents of fraud and bribery from occurring, particularly in the areas of greatest risk;
  - Promote and enhance detection routines to identify any incidents that do occur;
  - Investigate and respond effectively to minimise the impact of any suspected or identified incidents of fraud and bribery affecting the CPCA;
  - Strengthen any weaknesses in control systems identified from the investigative process to prevent any recurrence of the situation;
  - Take the strongest possible action against proven perpetrators of fraud or bribery, including offences committed by employees, taking account of the circumstances of each case;
  - Recover any identified losses stemming from confirmed cases of fraud or bribery in addition to any associated investigation costs.

### **2.2. Definitions**

- 2.2.1. The policy requires that there is a good understanding of what constitutes fraud, bribery or other general wrongdoing so that relevant actions can be

taken that are commensurate with a zero-tolerance approach. The following definitions are provided with this in mind:

- **Fraud:** is the intentional distortion of financial statements or other records by persons internal or external to the Authority, which is carried out to obtain an advantage, avoid an obligation or cause loss to another party. Fraud is therefore a deliberate, dishonest act by an individual or group of people, which can be committed, as defined by The Fraud Act 2006, as:
  - False representation;
  - Failing to disclose information; and
  - Abuse of position.
- **Bribery:** is offering, promising or giving someone a financial or other advantage to induce or reward that person to perform their functions or activities improperly as defined by The Bribery Act 2010, which came into force 1st July 2011. It is also an offence to request, receive or accept a bribe. The Bribery Act 2010 also introduces a corporate offence of failing to prevent bribery, which requires adequate procedures to be in place and appropriately supported from the highest level of the organisation.
- **Theft:** is the dishonest appropriation of property belonging to another with the intention of permanently depriving the other of it. For the purpose of this Policy, “borrowing” of any CPCA funds for personal use will be classed as theft.

2.2.2. The above definitions cover such acts as deception, forgery, extortion, blackmail, conspiracy, collusion, embezzlement, false accounting / false representation, concealment of material facts, the offering of a gift or reward to influence a person’s actions and misappropriation.

2.2.3. Fraud includes the following:

- Internal fraud and corruption including income misappropriation, manipulation of pension and payrolls and false invoices and other forms of payments to creditors;
- External frauds perpetrated on the organisation in various ways in particular via the manipulation of information technology systems and cyber attacks by external sources(see 3.4 below);
- Targeted frauds involving the devolution of management functions to external organisations thereby losing strong central controls and a lack of separation of duties; and
- Procurement fraud which refers to any fraud relating to the purchasing of goods and services and defined by the National Fraud Authority as follows:

*“Procurement fraud covers the entire procure –to-pay lifecycle, including fraud in the tender bidder selection and contract award stages (for example, illicit cartel activity or bribery of an official to influence the tendering process ;)as well as fraud occurring during the life of the*

*contract (for example, false, duplicate or double invoicing). Procurement fraud can occur with or without the collusion of an employee within an organisation (sometimes referred to as an ‘insider’), and is prevalent across all sectors of the UK.”*

- 2.2.4. In recent years the need for cyber security has become a strategic necessity. Significant attacks on public sector organisations have occurred in growing numbers. The attacks arise from the use of malware triggered unknowingly by employees clicking on malicious email attachments. The WannaCry ransomware attacks in the NHS in 2017 demonstrated how damaging such attacks can be as well as being a means of extorting money from susceptible organisations.
- 2.2.5. The Authority will be required to collaborate with a number of partners to deliver major projects and services and this will have significant implications for the ways in which the CPCA will need to manage its exposure to procurement fraud risk. In consequence there is need to adapt existing approaches to risk management of partnerships and contracts to minimise the opportunity for fraud.
- 2.2.6. Responsibility for the performance of a third party provider exposes the CPCA to a different ways of procurement fraud. Third parties have different business models, governance standards, levels of risk acceptance and approaches to risk management. Each relationship with a third party is unique and will expose the Authority to failure and its associated impact in a different way. The CPCA will control the risk of fraud by: carefully managing the procurement process to secure suitable providers; conduct rigorous due diligence review of potential contractors and joint venture partners; mitigate the risk of fraud through project management arrangements and effective reporting systems.
- 2.2.7. The CPCA is a fledging organisation at present relying entirely on the information technology services provided by constituent authorities, in particular Peterborough City Council for a range of financial services including the provision of internal audit. In accordance with the Authority’s policies on bribery and corruption the CPCA focus has centred on ensuring that its service deliverers are aware of the high standards of probity and security required. Given the increasing development of the CPCA it is recognised that migration to acquiring its own systems is a distinct possibility during the devolution term. In that event the Authority will give the highest priority to the safeguarding of the systems through the use of high quality counter fraud measures and the provision of cyber security.
- 2.2.8. The CPCA is committed to finding effective ways of combating fraud, bribery and corruption. These include ensuring that managers understand and accept their responsibilities, encouraging a culture that does not tolerate fraud, bribery and corruption and identifying and addressing specific risk areas.

#### 2.2.9. Bribery includes the following:

- a financial or other advantage is offered, given or promised to another person with the intention to induce or reward them or another person to perform their responsibilities or duties improperly (it does not have to be the person to whom the bribe is offered that acts improperly); or
- a financial or other advantage is requested, agreed to be received or accepted by another person with the intention of inducing or rewarding them or another person to perform their responsibilities or duties inappropriately (it does not have to be the person who receives the bribe that acts improperly).

It does not matter whether the bribe is:

- given or received directly or through a third party (such as someone acting on the CPCA's behalf, for example an agent, distributor, supplier, joint venture partner or other intermediary); or
- for the benefit of the recipient or some other person.

Bribes can take many forms, for example:

- money (or cash equivalent such as shares);
- unreasonable gifts, entertainment or hospitality;
- unwarranted rebates or excessive commissions (e.g. to sales agents or marketing agents);
- unwarranted allowances or expenses;
- "facilitation" payments/payments made to perform their normal job more quickly and/or prioritise a particular customer;
- political/charitable contributions;
- uncompensated use of services or facilities; or anything else of value.

A breach of bribery laws can result in fines for both the organisation and the individual involved and could also result in imprisonment.

### 2.3. Desired Outcome

2.3.1. The overall objective of the CPCA's policy is to minimise the incidence of fraud, bribery or other wrongdoing from both internal and external sources and in this respect the Authority recognises the importance of a strong governance framework, culture and the provision of adequate training and awareness sessions for employees and Members. This will enable everyone to:

- be alert to the possibility of fraud, bribery and other wrongdoing;
- allow suspect activity to be recognised and appropriately reported;

- ensure matters are sufficiently investigated and action taken in line with the aims noted at 2.1 above.

### **3. THE STRATEGY**

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#### **3.1. Corporate Framework and Culture**

- 3.1.1. Good Corporate Governance requires that the CPCA is firmly committed to dealing with fraud and bribery and will deal equally with perpetrators from inside and outside the Authority. To this end the CPCA has adopted the National Strategy for countering fraud and bribery in Local Government “Fighting Fraud Locally”, which depicts objectives of Acknowledge, Prevent and Pursue, whereby the CPCA will aim to: acknowledge and understand its fraud risks; prevent and detect more fraud; and pursue fraudsters through stronger punishments and recovery of losses.
- 3.1.2. All cases will therefore be viewed seriously and following investigation the action taken will be as strong as possible in line with the merits of each case and in accordance with various Codes, Rules, Procedures, Protocols, Policies and other documents applicable to the CPCA.
- 3.1.3. The wide range of interrelated documents referred to above provide a corporate framework to counter the possibility of fraudulent activity and / or bribery. These have been formulated taking account of appropriate legislative requirements and expected standards relating to public sector life which include, amongst others: Codes of Conduct for Members and Employees; Financial and Contract Procedure Rules; Disciplinary Procedures; Whistleblowing Code of Practice; Complaints Procedures; Code of Corporate Governance; Gifts and Hospitality Protocols; and the Register of Employee Interests. Such documents guide Members and employees alike and set the ethical standards to which they should operate.
- 3.1.4. The expectation is that elected / co-opted Members and employees of all levels will adopt the highest standards of propriety and accountability and demonstrate that the CPCA is acting in a transparent and honest manner. Consequently, any Member / co-opted Member of the Authority who commits a fraudulent act against the CPCA or is involved with bribery in the performance of their duties will be subjected to the Authority’s procedures for dealing with complaints of misconduct against Members operated via the CPCA’s Monitoring Officer and may be reported to the Police.
- 3.1.5. Any CPCA employee committing a fraudulent act against the Authority or found to be involved with bribery in the performance of their duties will be subjected to the CPCA disciplinary procedures and may be reported to the Police. The internal action in relation to both Members and employees will be entirely separate to any criminal sanction which may be pursued.
- 3.1.6. The highest standards are also expected from all organisations that have dealings with the CPCA. Suppliers, contractors, consultants, partners and

other organisations funded by the Authority are therefore expected to adopt or abide by the CPCA's policies, procedures, protocols and codes of practice. The Authority will consider the extent to which it has further involvement with any organisation that fails to abide by the expected standards.

- 3.1.7. The CPCA believes that the maintenance of a culture of honesty and openness, based on values such as fairness, trust and integrity is a key element in tackling fraud and bribery. In this respect, each Member and employee of the CPCA is under a duty to report any reasonable suspicions and is encouraged to raise any concerns about fraud and bribery, in the knowledge that such concerns will be properly investigated. To this end, the CPCA has a Whistleblowing Policy to protect anyone who wishes to raise concerns in good faith about behaviour / practice.
- 3.1.8. When fraud and / or bribery has occurred due to lack of internal control or an identified breakdown in controls, the relevant Corporate Director will be responsible for ensuring appropriate improvements in systems of control are implemented in order to minimise the risk of recurrence. Where investigations are undertaken by Internal Audit, an audit report will be produced on any control weaknesses and follow up action undertaken as appropriate to ensure the implementation of improvements.

## **3.2. Acknowledging Fraud and Bribery Risks**

- 3.2.1. The CPCA's Internal Audit & Risk Service Manager in undertaking a Corporate Fraud Risk Assessment and will liaise with service management with a view to ensuring the CPCA identifies and understands its key fraud risks, and can take the necessary action to mitigate those risks to the desired level. The Fraud Risk Assessment takes account of the content of any fraud reports and other publications regarding fraud within the Public Sector published by various professional bodies.
- 3.2.2. There is a Corporate Risk Management process whereby all service areas are required to review their risks on a regular basis and consider their "Financial Crime / Fraud Risk" within their own areas of activity and take action accordingly.
- 3.2.3. The CPCA has undertaken a 'fraud loss profile' utilising an online diagnostic tool produced by the National Fraud Authority, which highlights a predicted level of fraud within key areas of risk relating to the public sector. Account has been taken of the predicted levels of loss relative to the Authority's level of spend and other statistics, and assessed against local arrangements and controls as part of the Fraud Risk Assessment referred to at 3.2.1 above.
- 3.2.4. There is a variety of arrangements in place, which facilitate the regular exchange of information between CPCA and other local authorities including combined authorities for the purpose of maintaining an awareness of developing fraud and bribery issues and particularly emerging risks as

fraudsters develop increasingly innovative schemes for committing fraud. Such arrangements include national, regional and local networks of various employee levels, which meet on a periodic basis with a view to increasing awareness of current issues and information to enable appropriate action to be taken to address emerging risks by adopting best known practice.

- 3.2.5. There is also an intelligence gathering, collation and dissemination service on fraud known as the National Anti-Fraud Network (NAFN), of which constituent authorities ...are members. The NAFN issue regular alerts of recent fraudulent activity noted from several sources, including member feedback, and provide services regarding any subsequent investigations that its members may feel warranted.

### **3.3. General prohibition**

- 3.3.1. All forms of bribery and corruption are prohibited. The CPCA will not tolerate any act of bribery or corruption. Any breach of this policy or local law could result in disciplinary action being taken and ultimately could result in dismissal.
- 3.3.2. A bribe does not actually have to take place - just promising to give a bribe or agreeing to receive one is prohibited. Bribery is prohibited when dealing with any person whether they are in the public or private sector and the provisions of this policy are of general application.

### **Gifts and Hospitality**

- 3.3.3. Giving or receiving gifts or hospitality is often an important part of maintaining and developing business relationships. However, all gifts and hospitality should be for a genuine purpose, reasonable, given in the ordinary course of business and should comply with Hospitality and Expenses Policies.
- 3.3.4. Lavish or unreasonable gifts or hospitality, whether these are given or received, are unacceptable as they can create the impression that it is an attempt to obtain or receive favourable business treatment by providing individuals with personal benefits. In addition, gifts and hospitality can themselves be a bribe. It is important to avoid even the appearance that the giving or accepting of gifts or hospitality might influence the decisions taken on behalf of the Authority.

### **Facilitation payments**

- 3.3.5. Facilitation payments are any payments, no matter how small, given to an official to increase the speed at which they do their job. For example, this could include speeding up decision making. All facilitation payments are generally prohibited. Any request for a facilitation payment should be reported to service managers and/or Internal Audit.

### **Agents, contractors, suppliers and joint venture partners**

- 3.3.6. As a commissioning organisation the CPCA engages a range of organisations to deliver services on behalf of the Authority agents. These 'third parties' include constituent authorities, agents, contractors, suppliers and joint venture partners all of which could be liable for the acts of people that act on behalf of the CPCA. As such the CPCA is committed to promoting compliance with effective anti-bribery and corruption policies by all third parties acting on behalf of the Authority. All third parties should be made aware of the terms of the CPCA Code of Conduct requirements and of their obligations to comply with it.
- 3.3.7. All arrangements with third parties should be subject to clear contractual and/or Service Level Agreement terms including specific provisions requiring them to comply with minimum standards and procedures in relation to bribery and corruption. Appropriate due diligence should be undertaken before any third parties are engaged. The appropriate level of due diligence will vary depending on the circumstances and judgement used on a case by case basis. Some high risk transactions require further due diligence which may require independent investigation. Entering into any joint venture arrangement without prior approval is prohibited.

### **3.4. Preventing Risks Materialising**

- 3.4.1. The CPCA recognises that incidents of fraud and bribery are costly; both in terms of reputational risk and financial losses (either directly through the loss of cash / assets and / or through the utilisation of resources in dealing with and resolving any identified cases). The prevention of fraud and bribery is therefore a key objective of the Authority and respective roles and responsibilities are prescribed with a view to developing a preventative culture and environment:

#### **Role of Members**

- 3.4.2. As elected representatives, all Members of the CPCA have a duty to protect the Authority from any acts of fraud and bribery and ensure that resources are used prudently and within the law to safeguard public money. Members including the Mayor, are required to operate and adhere to the CPCA's Constitution, which incorporates a Code of Conduct for Members. The Code includes rules regarding: the disclosure of relationships; the declaration of gifts and hospitality; and registering personal interests.
- 3.4.3. Elected Members sign a declaration that they have read and understood the Code of Conduct for Members when they take office. Conduct and ethical matters are specifically brought to the attention of Members during induction and officers advise Members of new legislative or procedural requirements, with the expectation that training will be provided to Members where required. In this context, any offence committed by a Member of the Authority in their private life, for which they are convicted of a criminal offence, should be brought to the attention of the Monitoring Officer by the Member concerned, with a view to enabling an appropriate risk assessment of any possible impact on their Authority role. It should be noted that

conviction of a criminal offence does not necessarily mean attendance at court, as in the case of accepting a speeding offence and paying the fine. All such offences should be disclosed to ensure that a full risk assessment can be undertaken.

### **Role of Monitoring Officer**

- 3.4.4. The CPCA's Monitoring Officer has a statutory responsibility to advise the Authority on the legality of its decisions and to ensure that the CPCA's actions do not give rise to illegality or maladministration. The Monitoring Officer also encourages the promotion and maintenance of high standards of conduct within the Authority, particularly through the provision of support to the role of Section 151 Officer.
- 3.4.5. Section 151 of the Local Government Act 1972 places a statutory responsibility on the Authority to appoint a 'Section 151 Officer' to ensure the proper administration of the Authority's financial affairs. To this end, the Section 151 Officer will advise all Members and employees regarding financial propriety, probity and budgetary issues. The Section 151 Officer role is very much supported by the work undertaken by Internal Audit.

### **Role of Management**

- 3.4.6. Managers at all levels are responsible for establishing sound systems of internal control in all of their service's operations, both financial and otherwise, such that the CPCA has sound methodologies for administering its responsibilities in the provision of services. 'Internal control' means the systems of control devised by management to ensure the Authority's objectives are achieved in a manner that promotes economic, efficient and effective use of resources. Such systems must safeguard the CPCA's assets and interests from fraud, bribery and other wrongdoing and steps must be taken to enhance them as necessary following any identified incident of fraud, bribery or other wrongdoing, or if weaknesses in controls are identified through other means.
- 3.4.7. Managers are also responsible for ensuring that their employees are aware of the Authority's Constitution (including the related policies, protocols, codes and procedures and in particular the Code of Conduct for Employees and the Anti-Fraud and Bribery Policy) and that the requirements of each are being met in their everyday business activities.
- 3.4.8. Managers are expected to create an environment within which employees feel able to approach them with any concerns they may have about suspected irregularities and adhere to the Whistleblowing Policy when applicable.
- 3.4.9. The CPCA recognises that a key preventative measure in dealing with fraud and bribery is for managers to take effective steps at the recruitment stage to establish, as far as possible, the honesty and integrity of potential employees, whether for permanent, temporary or casual posts and agency

staff. The Authority's formal recruitment procedure contains appropriate safeguards in the form of written references, the verification of qualifications held and employment history.

- 3.4.10. Management is also required to ensure that employees are properly trained to discharge the responsibilities allocated. Once training has been provided, performance is monitored and action taken where appropriate to ensure adherence to proper practices / agreed procedures.

### **Role of Employees**

- 3.4.11. Employees are governed in their work by the various policies, protocols, codes, rules and procedures, particularly regarding conduct issues and are responsible for ensuring that they follow any instructions given to them by management, particularly in relation to the safekeeping of assets. In this context, any act committed by an employee of the Authority in their private life, for which they are convicted of a criminal offence, should be brought to the attention of their line manager by the employee concerned, (in line with the requirements of the Employee Code of Conduct), with a view to enabling an appropriate assessment of any possible impact on their job role and the instigation of any action to address associated risks. Failure to do so, should the matter come to light through other means, may result in investigation under the CPCA Disciplinary Procedure.
- 3.4.12. Line managers should consult with Internal Audit and HR in assessing risks to the Authority regarding any notification by an employee of a criminal conviction.
- 3.4.13. Employees also have a duty to be alert to the possibility that fraud and bribery may exist in the workplace and are obliged to share (with management or other agreed body as detailed in the Fraud Response Plan at Appendix 1) any concerns they may have. Employees are protected under the Whistleblowing Policy, where required, regarding any concerns they raise in good faith.

### **Role of Internal Audit**

- 3.4.14. Internal Audit independently monitors the existence, appropriateness and effectiveness of internal controls as a service to management and thereby plays a vital preventative role. Internal Auditors are empowered through the Authority's Financial Procedure Rules and as agreed in the SLA with Peterborough City Council terms of reference to:
- Enter at all reasonable times any Authority premises or land;
  - Have access to all records, documentation and correspondence relating to any financial and other transactions as considered necessary;
  - Have access to records belonging to third parties such as contractors when required (dependent on rights of access clauses within individual contracts / agreements);

- Require and receive such explanations as are regarded necessary concerning any matter under examination;
  - Require any employee of the CPCA to account for cash, stores or any other CPCA property under their control or possession.
- 3.4.15. Internal Audit work results in a liaison / reporting process whereby changes in procedures are recommended / agreed with management with a view to reducing risks and preventing losses to the Authority.
- 3.4.16. Internal Audit also follows up and informs management as to the extent that such agreed action has been implemented. Internal Audit has reporting lines to the highest levels of authority within the CPCA, enabling any failure to implement agreed action to be appropriately challenged.
- 3.4.17. In addition to the independent assurance role outlined above, Internal Audit has a significant proactive and reactive role to play in the Authority's fight against fraud. In supporting the s151 Finance Officer, Internal Audit fulfils the following role:
- Production and periodic update of this Policy document;
  - Coordinating completion and ongoing review of a Corporate Fraud Risk Assessment in liaison with relevant Managers, aimed at assessing and evaluating the CPCA's vulnerability to significant fraud;
  - Dealing with fraud concerns in line with the Fraud Response Plan detailed at Appendix 1 of this Policy;
  - Periodic review of the Authority's arrangements for acknowledging; preventing and pursuing fraud, including developing and coordinating implementation of an Anti- Fraud Action Plan;
  - Coordinating provision of training to Members and officers on anti-fraud related issues;
  - Proactive testing of CPCA transactions / activity in areas at risk of fraud in order to provide levels of assurance on processes in place.

### **Role of External Audit**

- 3.4.18. Independent external audit is an essential safeguard of the stewardship of public money. Our external carry this out through specific reviews that are designed to test (amongst other things) the adequacy of the Authority's financial systems and arrangements for preventing and detecting fraud and bribery. It is not the external auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud, bribery and other irregularity, and will act without undue delay if grounds for suspicion come to their notice.
- 3.4.19. The external auditor has a responsibility to review the Authority's arrangements for preventing and detecting fraud and irregularities within financial statements, and arrangements designed to limit the opportunity for bribery.

## Role of Partners, Contractors, Suppliers and other Organisations associated with the CPCA

3.4.20. All organisations associated with the Authority are expected to take a proactive role in ensuring the occurrence of fraud and bribery is minimised regarding any dealings with the CPCA, in line with the due diligence expectations portrayed by the Bribery Act 2010. The standards expected are often set out through legal agreements, which specify the requirements of the CPCA, when setting up partnerships and other contractual arrangements. However in the interests of good working relationships and continued dealings with the Authority, all associated organisations have a general duty to be vigilant regarding the possibility of fraud and bribery, irrespective of any legal agreement, with a view to reporting any suspicions in accordance with the principles stemming from the CPCA's own policies, procedures and standards, which includes possible referral to the Police.

## Role of the Public

3.4.21. Whilst this policy is primarily aimed at those within or directly associated with the Authority, the public has a role to play in that they should be honest in their dealings with the CPCA and inform appropriate Members / employees if they feel that fraud, bribery or other wrongdoing may have occurred.

## Other Arrangements

3.4.22. Both elected Members and employees must ensure that they avoid situations where there is a potential for a conflict of interest. Such situations can arise with externalisation of services, internal tendering, planning and land issues etc. Effective role separation will ensure decisions made are seen to be based upon impartial advice and avoid questions about improper disclosure of confidential information. Where such conflicts do arise, these should be openly disclosed and recorded and the relevant Member / employee should not be involved in the decision-making process. Additionally, Members / co-opted Members and employees have a duty to be open and honest about any incidents that they may have been involved in outside of their Authority role, which could adversely impact on the CPCA's reputation or the ability to fulfil their role with impartiality.

3.4.23. Deterrence also acts as a preventative measure against potential wrongdoers by outlining the consequences of committing or attempting fraudulent acts or becoming involved with bribery. The CPCA seeks to deter would-be fraudsters by publicising that:

- The CPCA is firmly against fraud and bribery and will take stern action against perpetrators which may include dismissal of employees, prosecution of offenders and termination of contracts for services;
- The Authority will act robustly and decisively when fraud and / or bribery are suspected and, if proven, will take the strongest action as appropriate bearing in mind all relevant factors of each case;

- CPCA will always seek to maximise recoveries through agreement, repayment, court action, penalties and fines, insurance, employee superannuation benefits or any other means that may be open to them such as the Proceeds Of Crime Act (POCA);
- The Authority has specific powers to impose a penalty or a fine in addition to recovering the actual values involved with some acts of fraud and bribery and will publicise any penalties and fines actually imposed, taking account of any relevant reporting restrictions;
- All cases will be referred to the police where there is sufficient evidence that criminal offences are likely to have occurred;
- The CPCA will liaise with the press with a view to promoting any anti-fraud and bribery initiatives and disclosing the outcomes of investigations undertaken, with a view to creating a naming and shaming ethos, where deemed appropriate and taking account of relevant reporting restrictions.

### 3.5. Pursuing Offenders

3.5.1. Detecting incidents of suspected fraud and bribery is the first step towards pursuing offenders and recovering any identified losses. Whilst it is not solely an Internal Audit responsibility to detect fraud and bribery (this is the responsibility of management as well), Internal Audit plays an important role in such detection. Internal Audit Plans include reviews of systems of internal control, specific fraud, error and bribery tests, spot checks and unannounced visits. Such work invariably contributes to improved controls / procedures that may aid detection of fraud, bribery and error or otherwise deter it from happening.

3.5.2. Corporate Directors and their managers have responsibility for detecting fraud and bribery and incorporate the following into daily work routines, which may identify concerns requiring:

- further investigation;
- supervisory checks;
- authorisation procedures;
- Random spot checks / observations;
- Other internal checks where the work of one person acts as a check on another person such as 'reconciliation procedures';
- Other operational and management control procedures such as 'Segregation of Duties'.

Additionally, where management has any concerns about the effectiveness of their control systems they should request specific reviews to be undertaken by Internal Audit.

3.5.3. It is often the alertness of employees or members of the public who report their suspicions, which leads to the detection of fraud or bribery. Allegations and complaints are by far the most common means by which incidents of fraud and bribery are detected and as such the Authority treats this type of

- information seriously; maintaining confidentiality as far as possible and operating in line with the Whistleblowing Policy as applicable.
- 3.5.4. Awareness of the main indicators of fraud and bribery is also advantageous to the detection of these offences as this aids employees to spot suspicious circumstances and report them accordingly. To this extent the CPCA is committed to training and communicating relevant issues with a view to Members, managers and employees being updated with the relevant facts that will aid their vigilance regarding the identification of fraud and bribery.
- 3.5.5. The Peterborough City Council's Internal Audit team uses software to review its key systems data and search for potential fraud and error. As with data matching, the output from the data analysis is further investigated with a view to determining whether fraud or error has taken place and reporting outcomes to service management to take action as may be necessary. The intention is to continually make better use of information and technology with a view to enhancing detection of suspected fraud and other wrongdoing, and engaging with management as necessary to further investigate.
- 3.5.6. Investigation into any suspected or discovered fraudulent activity or bribes will be carried out in accordance with the CPCA's Fraud Response Plan (see Appendix 1) and related protocols with the Police.
- 3.5.7. Subject to the outcome of an investigation providing evidence of wrongdoing then the CPCA will seek to pursue offenders to the full extent of its powers with a view to concluding the case with the most severe and appropriate sanctions possible under the circumstances of each case. Additionally where a successful criminal prosecution has been achieved and there is evidence of a criminal lifestyle, a financial investigation will be considered in relation to the Proceeds of Crime Act (POCA) 2002.
- 3.5.8. Where adverse issues are noted in terms of the progress of an investigation or which leads to any subsequent challenge of outcomes from an investigation, then a note will be made of such issues and reported as necessary throughout the CPCA with a view to learning any appropriate lessons and ensuring future investigations avoid such pitfalls. The note will take the form of a 'lessons learned' log, which must be communicated to all those that need to know to ensure continuous learning and suitability of arrangements.

### **3.6. Training / Continuing Awareness**

- 3.6.1. The CPCA recognises that the success of the anti-fraud and bribery arrangements will, to a degree, depend on the effectiveness of programmed training and continuing awareness of officers and of facilitating the ability of officers to be alert and responsive to fraud and bribery issues.
- 3.6.2. To facilitate awareness of these arrangements, the CPCA supports the concept of including anti-fraud responsibilities and procedures within induction training for all new Members and employees of the Authority. Support is also given to any more detailed anti-fraud and bribery training that

is subsequently deemed to be required with a view to ensuring everyone knows their responsibilities and duties regarding fraud and bribery.

#### 4. CONCLUSION

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The CPCA has in place a robust network of systems and procedures to assist it in the fight against fraud, bribery and corruption. The Authority is determined that these arrangements will keep pace with any future developments for countering fraud and bribery in particular to combat developments in computer fraud. To this end, the CPCA will maintain a continuous overview of cybersecurity developments.

These anti-fraud and bribery arrangements provide a comprehensive framework for dealing with fraudulent acts, bribes and other wrongdoing against the Authority, which should limit the possibility of any adverse impact. The approval of this Policy & Strategy Statement demonstrates the CPCA's commitment to protecting public funds, minimising losses to fraud and bribery and maintaining its reputation.

Having made this commitment, it is imperative that Corporate Directors put in place arrangements for informing staff of the Anti-Fraud & Bribery Policy & Strategy; the related Policies, Procedures, Protocols, Codes, Rules and other documents. The CPCA recognises the importance of promoting fraud awareness throughout the organisation and is committed to ensuring that Members and staff receive guidance on issues such as:

- The need for Members and officers to comply with laws and regulations applicable to the Authority's business;
- Holding positions outside the Authority and other potential conflicts of interest;
- Inducements, gifts and entertainment; and
- Developments in computer fraud and the provision of cybersecurity systems
- Methods of establishing cost-effective controls and procedures to prevent, detect, deter and deal with fraud.

## APPENDIX 1: FRAUD RESPONSE PLAN

### 1. INTRODUCTION

1.1. The purpose of this Fraud Response Plan is to set out the action to be taken when a fraud is suspected or discovered and reported to management or an appropriate officer within the Authority. The Plan is part of the CPCA's overall Anti-Fraud & Bribery Policy & Strategy Statement, embodied within the CPCA's Constitution and, as such, will be applied to all reported or identified incidents of fraud and bribery that affect the Authority; whether committed by elected Members, employees, or persons from outside the CPCA such as contractors, suppliers, partners, members of the public or other bodies associated with the Authority.

1.2. The Plan covers the following areas:

- Reporting concerns or suspicions about fraud, bribery or irregularity within the CPCA;
- Reacting to reported incidents;
- Conducting the investigation;
- Action to be taken against perpetrators of fraud and bribery;
- Training and review.

1.3. Adhering to the Plan will enable the CPCA to:

- Deal with fraud and bribery in a consistent and responsible manner;
- Ensure any loss or damage is minimised;
- Take appropriate action against the perpetrators;
- Recover any identified losses to the fullest degree possible;
- Review the reasons for the incident and, where necessary, take action to prevent a recurrence;
- Deter would-be fraudsters through communicating outcomes, taking account of any legislative restrictions.

### 2. REPORTING CONCERNS OR SUSPICIONS

2.1. General concerns or actual suspicions of fraud, bribery or other irregularity may arise through supervisory arrangements or other checks and observations of employees or simply through overheard comments or knowledge regarding particular issues. In such circumstances employees are required to report genuine concerns or suspicions without delay to an appropriate manager within the CPCA to allow consideration as to the best way forward by way of review or investigation.

- 2.2. Whilst it is accepted that people may wish to remain anonymous, investigations are often much more efficient when there is opportunity to go back to the referrer so that any ambiguity can be clarified and further questions asked where initial detail may be sketchy. It is therefore preferable for people reporting their concerns to be open, leave contact details and co-operate with any investigators allocated to the case. This ensures that all relevant information is likely to be obtained and helps progress matters much more quickly and efficiently.
- 2.3. In the first instance, reports should be made verbally (in person / via telephone) or in writing (letter / e-mail) directly to:
- An appropriate Manager;
  - The relevant Corporate Director where it may not be appropriate to inform the Manager;
  - The CPCA Internal Audit section where there are concerns as to whether it should be reported within the relevant service area (e.g. where there is a possibility of the relevant Corporate Director or Manager being associated with the concerns raised);
  - The CPCA's Monitoring Officer where a Councillor, the Chief Executive or a Corporate Director is purported to be directly involved;
  - An appropriate higher level of management if previous concerns do not appear to have been acted upon within a reasonable period of time.
- 2.4. It should be noted that matters can be reported to outside organisations if there is good reason to think that matters will not be dealt with properly by reporting them within the CPCA or where staff feel dissatisfied with an internal investigation into their concerns. The Authority's Whistleblowing Policy outlines the options available for reporting matters outside the CPCA.
- 2.5. Regardless of which of the above officers receive initial notification of suspected fraud, bribery, theft or other irregularity the matter must be brought to the attention of Internal Audit immediately to facilitate proper consideration and investigation of matters and to follow up on progress as necessary.

### **3. REACTING TO REPORTS OF POTENTIAL FRAUD, BRIBERY OR IRREGULARITY**

- 3.1. All reported cases of suspected wrongdoing will be treated seriously and investigated in accordance with relevant legislation and the CPCA's Anti-Fraud and Bribery Policy & Strategy Statement, unless there is reason to believe that there is no foundation to the report or that the report has been made maliciously. Where concerns or suspicions are found to have been made

maliciously, the CPCA will consider the options open to it for taking action against the person making them and instigate proceedings as may be appropriate, including the possibility of taking action under the Disciplinary Procedure where employees are involved.

- 3.2. All investigations will be carried out thoroughly with a view to establishing the facts, but will be sensitive to the alleged wrongdoers to ensure minimisation of any possible damage where matters cannot be substantiated.
- 3.3. Once a concern is reported, appropriate steps will be taken to secure all possible evidence and ensure a complete and objective investigation takes place in all cases, whether financial or not. Management will liaise with Internal Audit to ensure full consideration of the issues and the extent to which immediate action needs to be taken and who will take it.

#### **4. CONDUCT OF THE INVESTIGATION**

- 4.1. Internal Audit is responsible for overseeing all fraud and bribery investigations to ensure that they conform to the same standard and are in accordance with legislation, professional practice and any agreed procedures. Investigation of the suspected fraud, bribery or other irregularity will be carried out by service management, Internal Audit or jointly, following consultation.
- 4.2. The method of conducting the investigation will be determined when the initial facts are known and the potential severity of the issue is ascertained, but as a minimum will establish Terms of Reference setting out:
  - The people who will conduct the investigation;
  - Arrangements for collecting and documenting evidence, taking account of the CPCA formal Management Investigation Guidance where appropriate;
  - Estimated time span;
  - Adherence to legislation / professional standards;
  - Consideration of referral to / liaison with the Police;
  - Consideration of the need to suspend / transfer from duty the individual(s) concerned if a CPCA employee;
  - Agreed reporting mechanism;
  - Consideration of who may chair the disciplinary hearing / appeal should the need arise;
  - Contacts within Human Resources allocated to the case for liaison purposes.
- 4.3. Internal Audit has responsibility for notifying the Police of incidents that are likely to have involved criminal acts. Referral will be subject to liaison with the

appropriate Corporate Director(s), but where there is any conflict of opinion the Section 151 Officer, in conjunction with the Chief Executive, will make the final decision. Any referral to the Police will be undertaken in accordance with the protocol set up between Internal Audit and the Police and may involve either financial or non-financial cases). Any case referred will not normally impact upon investigative work undertaken by officers of the CPCA. All employees will cooperate fully with Police enquiries and, wherever possible, CPCA and Police enquiries will be coordinated to maximise the effective and efficient use of resources and information.

- 4.4. Any necessary investigation will be conducted without regard to any person's relationship with the CPCA, position, status or length of service, but subject to any legislative requirements relative to the extent of envisaged action, (i.e. whether the matter is likely to be dealt with under internal disciplinary procedures or involving the Police / Courts).
- 4.5. Regardless of who undertakes the investigation, following an examination of records and / or the conduct of interviews with relevant persons, findings will be documented and a report made to management for appropriate action to be taken. Where such a report is compiled by Management, Internal Audit will be given opportunity to comment on such documentation / reports in the interests of consistency and upholding relevant standards. All reports will outline any control weaknesses that enabled the incident to occur and make recommendations to strengthen control systems with a view to preventing any recurrence.
- 4.6. In certain circumstances where investigations are undertaken within the service area as part of the role of management there will be a need to assess whether there has been a fraudulent attempt or simply an error, mistake or oversight. In supporting Management in making this judgement, the intention is for the facts of each case to be presented to a Fraud Panel by the service area concerned with a view to making a determination as to whether to prosecute the offender or not. Such a Fraud Panel will be made up from various disciplines within corporate services (Audit, Legal and HR if appropriate where employees are involved) and will meet when required to hear cases (bearing in mind the need to comply with any time barring issues relevant to such cases) with a view to making recommendations on reports made by the service area as to whether a prosecution should be brought.

## **5. CONSIDERATION OF FURTHER ACTIONS**

- 5.1. Where initial enquiries provide reasonable grounds for suspecting an elected Member or a CPCA employee, appropriate consideration will be given to the

need to suspend from duty, or transfer to other duties, the individual(s) concerned. Any suspensions will result in the individual(s) being escorted off the premises, having been allowed to collect personal property only. Items such as security passes, petty cash floats, mobile telephones and keys to premises, offices and furniture will be recovered instantly and where CPCA property is held at the individual's home, he / she will be accompanied by a member of staff to recover any such items.

- 5.2. Management will consider the need for / process of denying suspended or transferred individuals access to colleagues, premises / property / records relevant to the investigation. Where necessary, steps will be taken to change locks, withdraw access to computer systems and instruct colleagues accordingly to ensure a complete and objective investigation can take place.
- 5.3. Following an investigation, disciplinary action will be considered where appropriate and any such action required will be conducted in line with relevant employment legislation, recognised Codes of Practice and the CPCA's own documented procedures.
- 5.4. It is the responsibility of management to ensure that losses arising from an investigation are recovered, provided that there are reasonable grounds for doing so. Recovery will be by one of the following methods:
  - Agreement by the perpetrator to repay amounts due, either in full or by instalments as agreed with management;
  - Through a pension scheme;
  - Following a civil action, in which case the advice of the CPCA's Monitoring Officer will be sought;
  - Through the CPCA insurers;
  - Through confiscation proceedings under POCA / court rulings.
- 5.5. The person raising the initial concerns will be informed of progress / completion of the investigations (but not outcomes) irrespective of whether allegations were substantiated or not.
- 5.6. Where investigations do not substantiate the allegations the outcome will only be communicated to persons who have a legitimate need to know, so as to minimise any possible damage to the reputation of individuals suspected, but subsequently found innocent, of fraud.
- 5.7. To act as a deterrent and reduce the risk of recurrence, outcomes of investigations where fraud, bribery or irregularity is substantiated will be communicated internally to employees and Members in broad terms, where deemed appropriate by management after consultation with Internal Audit.

Additionally, taking into account legislative restrictions, wider communication of outcomes to the community / press will be considered at a corporate level on a case by case basis with a view to promoting the CPCA stance on fraud, bribery and irregularity and that the Authority will do what it needs to do to combat such instances as and when they are identified.

## **6. TRAINING AND REVIEW**

- 6.1. A comprehensive training programme will be established and led by Internal Audit with support from other service areas within the CPCA, to ensure consistency of approach in identifying/dealing with fraud, bribery and other irregularities. Training issues will include:
  - Ability to identify any possible fraud, bribes or other irregular activity; Dealing with reports of suspected fraud and bribery;
  - Carrying out investigations;
  - Conducting interviews;
  - Attendance at Disciplinary Hearings;
  - General awareness of responsibilities for fraud & bribery.
- 6.2. Training requirements will be reviewed to take account of CPCA policies and procedures, new legislation and any need arising from changes in circumstances with a view to ensuring continued compliance with the Anti-Fraud & Bribery Policy.
- 6.3. The Fraud Response Plan will be reviewed periodically taking account of all incidents of fraud, bribery and irregularity, to ensure that it remains appropriate and relevant. Any requirement for amendment, resulting from the review, will be agreed between Internal Audit, Legal Services and Human Resources as appropriate.

Date approved by Business Board: 30 May 2018





## Cambridgeshire and Peterborough Combined Authority

### Whistleblowing Policy

#### 1. Introduction

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A Discloser is the person who is the whistle-blower. They might be an employee, a Cambridgeshire and Peterborough Combined Authority Member, a contractor or a third party.

This procedure outlines the process to follow for a Discloser when reporting a perceived wrongdoing within the Cambridgeshire and Peterborough Combined Authority, including something they believe goes against the core values of Standards in Public Life (the Nolan Principles) and the Code of Conduct for Cambridgeshire and Peterborough Combined Authority Members and staff. The Standards in Public Life include the principles of; integrity, honesty, objectivity, accountability, openness, honesty, leadership and impartiality.

In particular Cambridgeshire and Peterborough Combined Authority Members, as the key decision makers of the Combined Authority, have a right and a responsibility to speak up and report behaviour that contravenes these values.

It is important that this procedure is followed when raising any concerns, to ensure that the matter is dealt with correctly.

#### 2. Definitions

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This document uses the following definitions:

- **Whistleblowing** - where an individual who has concerns about a danger, risk, contravention of rules or illegality provides useful information to address this. In doing so they are acting in the wider public interest, usually because it threatens others or impacts on public funds. By contrast, a grievance or private complaint is a dispute about the individuals own position and has no or very limited public interest.
- **Combined Authority** - Cambridgeshire and Peterborough Combined Authority
- **Discloser** – this is the person who is the whistle-blower. They might be an employee, a Cambridgeshire and Peterborough Combined Authority Member, a contractor or a third party.
- **Responsible Officer** - this is the person appointed by the Cambridgeshire and Peterborough Combined Authority with overall responsibility for

maintaining and operating this whistleblowing policy. They will maintain a record of concerns raised and the outcomes (but will do so in a form that does not endanger confidentiality) and will report as necessary to the Cambridgeshire and Peterborough Combined Authority Board.

- Their contact details are

Kim Sawyer, Co-Interim Chief Executive,  
Cambridgeshire and Peterborough Combined Authority  
The Incubator 2,  
Alconbury Weald Enterprise Campus,  
Alconbury Airfield,  
Huntingdon,  
Cambridgeshire,  
PE28 4WX.  
01480 277180  
[Kim.Sawyer@cambridgeshirepeterborough-ca.gov.uk](mailto:Kim.Sawyer@cambridgeshirepeterborough-ca.gov.uk)

If the concern relates to the Responsible Officer then in the alternative the concern should be raised with the statutory Chief Finance Officer to the Combined Authority. Their contact details are

Noel O'Neill  
Finance Director  
Cambridgeshire and Peterborough Combined Authority  
The Incubator,  
Alconbury Weald Enterprise Campus,  
Alconbury Airfield,  
Huntingdon,  
Cambridgeshire,  
PE28 4WX.  
[Noel.O'Neill@cambridgeshirepeterborough-ca.gov.uk](mailto:Noel.O'Neill@cambridgeshirepeterborough-ca.gov.uk)

- **Relevant Concern** – something the Discloser has been asked to do, or is aware of which they consider to be wrong-doing and is in the public interest.

### **3. Scope**

The Combined Authority is committed to creating a work environment with the highest possible standards of openness, probity and accountability. In view of this commitment, we encourage Disclosers with serious concerns about the work of the Combined Authority to come forward and voice their concerns without fear of reprisal.

Disclosers should note that where the concern is one that might fall under Combined Authority's staff or work force policies on equality and diversity or harassment and

bullying or other staff policies, they should consider using the reporting mechanisms for those other policies first, as stated in the Staff Handbook.

The Combined Authority has a pre-existing complaints procedure that in many cases will be more appropriate for third parties or members of the public to follow. Third parties or members of the public should review the separate confidential complaints procedure link outlined in the Combined Authority complaints policy <http://cambridgeshirepeterborough-ca.gov.uk/contact-us/complaints-policy> on its website first before going through the whistleblowing process.

However, if a member of the public or third party believes that their complaint fits the description of a 'relevant concern' outlined below, they may report their concerns through the whistleblowing policy procedure.

#### **4. Policy Statement**

The Combined Authority acknowledges that Disclosers may often be the first people to realise that there may be something seriously wrong within the organisation.

This policy aims to:

- Encourage people to feel confident about raising serious concerns and to question and act upon their concerns without fear of victimisation or harassment;
- Provide avenues for Disclosers to raise those concerns and receive feedback on any action taken;
- Allow Disclosers to take the matter further if they are dissatisfied with the Combined Authority's response; and
- Reassure all Disclosers, employees in particular who may have specific concerns about their position and employment status in the Combined Authority, that they will be protected from possible reprisals or victimisation if they have a reasonable belief that they have made any disclosure in the public interest.

#### **5. What is a relevant concern?**

If a Discloser is asked to do something, or is aware of the actions of another, which they consider to be wrongdoing, they can raise it using this procedure. The Discloser must have a reasonable belief that raising the concern is in the public interest.

A Discloser may decide to raise a concern under the whistleblowing policy if they are aware of a situation that they feel:

- is against the Combined Authority's procedures and protocols as set out in its code of conduct and the Combined Authority's Assurance Framework;
- falls below established standards of practice the Combined Authority subscribes to;
- amounts to improper conduct; or
- is an abuse of power for personal gain.

The types of matters regarded as a relevant concern for the purpose of this procedure include, but are not limited to, the following:

- Fraud or financial irregularity
- Corruption, bribery or blackmail
- Other Criminal offences
- Failure to comply with a legal or regulatory duty or obligation
- Miscarriage of justice
- Endangering the health or safety of any individual
- Endangering the environment
- Improper use of authority
- Concealment of any of the above.

Disclosers should not raise malicious or vexatious concerns, nor should they raise knowingly untrue concerns. In addition, this procedure should not be used to raise concerns of a HR/personal nature, for example, complaints relating to a management decision or terms and conditions of employment. These matters should be dealt with using the relevant alternative procedure, for example, the Combined Authority's grievance procedure. Equally, this policy would not apply to matters of individual conscience where there is no suggestion of wrongdoing by the Combined Authority but, for example, an employee or Combined Authority Member is required to act in a way which conflicts with a deeply held personal belief.

## **6. Safeguards**

The Public Interest Disclosure Act (1999) gives legal protection to employees against being dismissed or penalised by their employers as a result of publicly disclosing certain serious concerns. The Combined Authority believes that no member of staff should be at a disadvantage because they raise a legitimate concern.

The Combined Authority will not tolerate harassment or victimisation and will take action to protect Disclosers when they raise a concern in the public interest.

If a Discloser experiences something in the workplace which they consider a relevant concern, it is important that the concern is raised as early as possible. Proof is not required at this point – it is for the Combined Authority to investigate. The Discloser must, however, have a reasonable belief that disclosing the information is in the public interest before raising a concern.

All concerns will be treated in confidence and every effort will be made to protect the Discloser's identity if they wish to remain anonymous. However, at the appropriate time, it is possible that the Discloser will need to come forward as a witness for the matter to progress.

It is important to follow the correct procedure when raising a whistleblowing concern.

The following steps should be adhered to:

- a. It is important that the concern is raised with the person best placed to deal with the matter, in most cases this will be the Responsible Officer. However, the Discloser may want to raise the concern with someone they know and trust, such as their line manager who can raise it with the Responsible Officer on their behalf.
- b. If it is suspected that the concern may implicate the line manager in some way, then it could be raised with a more senior manager in the line management chain.
- c. If the Discloser is unable to raise a relevant concern with a line manager or a senior manager or feel that it has not been adequately addressed, it should be raised directly with the Responsible Officer.
- d. Ultimately, the Discloser can raise their concern with the statutory Chief Finance Officer and S151 Officer.

## **7. Information needed to raise a concern**

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When raising a concern under the procedure the Discloser should try to provide the following information:

- the background and reason behind the concern
- whether they have already raised a concern with anyone and the response
- any relevant dates when actions related to the concern took place.

This information should demonstrate that there are reasonable grounds for the concern to be acted upon. It is important that matters are not investigated by the Discloser themselves.

If applicable, personal interests must be declared from the outset.

## **8. How the concern will be handled**

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All investigations will be conducted sensitively and as quickly as possible. While the Combined Authority cannot guarantee that the outcome will be as the Discloser may wish, it will handle the matter fairly and in accordance with this procedure.

Once a concern has been raised with either the line manager or Responsible Officer, Senior Manager or Chief Executive, or statutory Chief Finance Officer, a meeting may be arranged with them to determine how the concern should be taken forward.

The Combined Authority may decide to take the matter forward by a number of methods, including:

- An internal inquiry or other formal investigation
- An internal or external audit
- Referring the matter to the police
- Referring the matter to another relevant authority for investigation.

Before a final decision is taken on how to proceed, or as part of the investigation, the Discloser may be asked to meet with those investigating their allegation.

If a meeting is arranged, the Discloser may wish to be accompanied by a trade union representative, colleague or friend. The person who accompanies the Discloser should not be involved or have a direct interest in the area of work to which the concern relates. The meeting can be conducted over the telephone rather than face to face.

Within 10 working days of a concern being raised, the Combined Authority's Responsible Officer will write to the Discloser to:

- Acknowledge that the concern has been received
- Indicate how they propose to deal with the matter
- Give an estimate of how long it will take to provide a final response
- Tell the Discloser whether any initial investigation or enquiry has been made
- Tell the Discloser whether further investigation will be made, and if not, why not.
- Tell the Discloser how frequently the Combined Authority will keep them up to date on progress of the investigation.

The amount of contact between the Combined Authority and the Discloser concerned will vary, depending on the concern raised, any difficult issues and any further clarity required. If necessary, the Combined Authority will seek further information from the Discloser.

The Combined Authority will confirm when the matter is concluded and, if appropriate, the outcome of the investigation, maintaining security and confidentiality for all parties as far as possible.

Throughout any investigation, the Discloser will still be expected to continue their duties/role as normal unless deemed inappropriate.

## **9. Confidentiality and anonymity**

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The best way to raise a concern is to do so openly, as this makes it easier for the Combined Authority to investigate and provide feedback.

Any disclosures made under this procedure will be treated in a sensitive manner. However the Combined Authority recognises that the Discloser may want to raise a concern in confidence, i.e. they may want to raise a concern on the basis that their name is not revealed without their consent.

The Combined Authority will respect any request for confidentiality as far as possible, restricting it to a 'need to know' basis. However, if the situation arises where it is not possible to resolve the concern without revealing the Discloser (for example in matters of criminal law), the Combined Authority will advise them before proceeding. The same considerations of confidentiality should be afforded to the recipient(s) at the centre of the concern, as far as appropriate.

The Combined Authority always encourages potential Disclosers to speak up about potential serious wrongdoing in a way that they feel comfortable. Disclosers may choose to raise concerns anonymously, i.e. without providing their name at all. If this is the case, the investigation itself may serve to reveal the source of information.

Disclosers are therefore encouraged, where possible to put their names to concerns raised. When anonymous concerns are raised, they will be treated as credible and investigated so far as possible.

## **10. Protection**

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If a concern is raised in the reasonable belief that it is in the public interest and procedures have been followed correctly, the Discloser raising the concern will be protected by the terms of this policy and, where applicable, by whistleblowing legislation (see [www.gov.uk](http://www.gov.uk) for more information on who is covered by whistleblowing legislation). Where a Discloser has been victimised for raising a concern, the Combined Authority concerned will take appropriate action against those responsible, in line with the Combined Authority's disciplinary policy and procedures.

## **11. Changes to procedures or policy as a result of whistleblowing**

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If changes are made to Combined Authority policies and processes as result of whistleblowing investigations, the Combined Authority will publicise the changes as appropriate, taking into consideration the importance of protecting the anonymity and confidentiality of individuals.

## **12. Untrue allegations**

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If a Discloser makes an allegation but it is not confirmed by the investigation, no action will be taken against them. However, if a malicious or vexatious allegation is made without good reason to: cause trouble; for personal gain; or to discredit the Combined Authority an investigation may take place. Where the Discloser is an employee or a Combined Authority Member or a contractor this may result in disciplinary or other action if they have broken the terms of their employment, acted against the Authority's Code of Conduct or broken a clause in a contract.

## **13. How this matter can be taken forwards if you are not satisfied**

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This procedure is intended to provide Disclosers with an avenue to raise legitimate concerns. If you are either unable to raise the matter with the Combined Authority or you are dissatisfied with the action taken you can report the matter externally.

If you are either unable to raise the matter with the Combined Authority or you are dissatisfied with the action taken you may consider raising it with:

- The police
- The relevant regulatory body or professional body
- Your Trade Union
- Your solicitor
- Your Citizens Advice Bureau

Further information and signposting for potential Disclosers is available on [www.gov.uk](http://www.gov.uk) .

If a Discloser does take the matter outside the Combined Authority, to an external body, they should ensure they do not disclose information that is confidential, for

example, if you are an employee your contract of employment may set out expectations of your regarding what is confidential.

### **Prescribed Persons**

Where your concerns are in the public interest, you can take them to a number of persons who have been prescribed by the Secretary of State.

A full list of prescribed persons to whom you can make a protected disclosure can be obtained through the following link: [List of Prescribed Persons](#)

### **14. Feedback on Whistleblowing Policy**

Any feedback or comments on this policy should be directed to the Combined Authority's Monitoring Officer, .The Incubator 2, Alconbury Weald Enterprise Campus, Alconbury Airfield, Huntingdon, Cambridgeshire, PE28 4WX.

### **15. Review**

This procedure will be kept under review and any amendments will be subject to consultation with staff representatives. It will be reviewed by the Combined Authority's Audit and Governance Committee.

<b>Reviewed by</b>	Audit and Governance Committee	26 March 2018	
<b>Approved by</b>	Cambridgeshire and Peterborough Combined Authority	30 May 2018	

Last updated December 2018



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

## Complaints Policy

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## **1. Introduction**

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We are committed to providing high-quality services for all members of the public, businesses and organisations. We welcome our customers' views and will use them to improve our services.

This policy describes how we will deal with complaints and the role of the Local Government and Social Care Ombudsman.

## **2. Aims of the Complaints Policy**

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Our complaints policy aims to ensure that customers:

- (a) know where and how to complain to us
- (b) receive an acknowledgement and information on progress of their complaint
- (c) receive an appropriate response and action is taken where we have failed to provide a satisfactory service.

We are committed to treating all our customers fairly and equally.

We will use complaints to review and improve the way we provide services.

If you wish to make an appointment to discuss a complaint please contact the Monitoring Officer by email [contactus@cambridgeshirepeterborough-ca.gov.uk](mailto:contactus@cambridgeshirepeterborough-ca.gov.uk)

## **3. What is a complaint?**

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A complaint is an expression of dissatisfaction about the standard of service the CPCA provides.

There are some complaints that will not be dealt with under this policy such as:

- (a) Where legal processes are involved – where a legal challenge is being made regarding whether a decision or action is lawful;
- (b) Where there is a more appropriate individual or organisation to deal with your complaint, such as a tribunal, Ombudsman or another local organisation or council;
- (c) We would not normally deal with complaints about something that happened more than a year ago;
- (d) Complaints about members of the Combined Authority – elected councillors have a separate complaints process and the Monitoring Officer can advise you about this
- (e) Whistleblowing policy – there is a separate policy relating to whistleblowing
- (f) Complaints about Freedom of Information (FOI) requests. We have a separate policy for these types of complaints.

#### ***4. How do I make a complaint? – Choosing the correct organisation***

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Before raising a complaint to the Cambridgeshire and Peterborough Combined Authority (CPCA), you should ensure that you have raised the complaint with the correct organisation.

- (a) The CPCA has not replaced existing local authorities; there are seven individual councils in the Cambridgeshire and Peterborough area who deliver the vast majority of services for your community
- (b) The CPCA is separate from the Greater Cambridgeshire Greater Peterborough Local Enterprise Partnership and the Greater Cambridge Partnership (formerly call the “City Deal”).
- (c) The CPCA has not replaced companies and organisations providing public transport in Cambridgeshire and Peterborough area.

If you have a complaint that does not directly relate to an activity carried out by the CPCA, you should submit your complaint to the appropriate Council; Local Enterprise Partnership or transport company/organisation.

##### ***1. Transport and Street Matters***

If you have a complaint about any transport services or street related matter please contact your local authority for your area.

Peterborough City Council

Website: <https://www.peterborough.gov.uk/contact-us/>

Cambridgeshire County Council

Website: <https://www.cambridgeshire.gov.uk/council/contact-us/>

##### ***2. Greater Cambridge Partnership***

If you have a complaint about the Greater Cambridge Partnership, please contact

Greater Cambridge Partnership,

SH1311, Shire Hall,

Cambridge,

CB3 0AJ

Email: [contactus@greatercambridge.org.uk](mailto:contactus@greatercambridge.org.uk)

Telephone: 01223 699906

<https://www.greatercambridge.org.uk/>

##### ***3. Great Cambridge/Greater Peterborough Enterprise Partnership***

If you have a complaint about the Great Cambridge/Greater Peterborough

Enterprise Partnership, please contact:

Chief Executive,  
Greater Cambridge Greater Peterborough Enterprise Partnership,  
The Incubator,  
Alconbury Weald Enterprise Campus,  
Alconbury Weald,  
Huntingdon,  
Cambridgeshire,  
PE28 4WX

Email: [info@gcgp.co.uk](mailto:info@gcgp.co.uk)  
Telephone: 01480 277180  
Website: <http://www.gcgp.co.uk/>

If we receive a complaint from you that have been incorrectly sent to us we will either

- (a) redirect your complaint to the correct organisation, or
- (b) let you know the right organisation to send your complaint.

We will work together with other bodies where a complaint involves more than just the CA.

## ***5. How do I make a complaint? Cambridgeshire and Peterborough Combined Authority***

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The CA has a two stage policy.

### **Step One - Informal Complaint**

We will try to deal with your complaint informally. This means that you should phone or take your complaint to the office or person who dealt with your enquiry. Our staff will do their best to settle your complaint without you needing to do anything else.

### **Step Two - Formal Complaint**

If you have spoken to our staff about your complaint but they have not been able to put things right, or you are not happy with the result, the next step is for you to make a formal complaint in writing to the Monitoring Officer:

By law, every Combined Authority must designate one of its senior officers as the Monitoring Officer. The Monitoring Officer is responsible for ensuring that the Combined Authority acts and operates within the law.

You can make a complaint (or compliment) in a number of ways. You can:

- email us on [contactus@cambridgeshirepeterborough-ca.gov.uk](mailto:contactus@cambridgeshirepeterborough-ca.gov.uk)

- write to Complaints, Cambridgeshire and Peterborough Combined Authority, c/o Scrutiny Officer, The Grange, Nutholt Lane, Ely CB7 4EE

When you contact us, please give us your name and address - including your postcode - and your phone number. If you prefer, you can ask a friend or relative to speak or write to us for you. We will need your written consent if you would like someone to act on your behalf.

The Monitoring Officer will ask a Director who has not been involved in your original complaint to look into your complaint. If we cannot resolve your complaint immediately we will write to you within three working days to let you know we have received your complaint. We will give you a reference number and let you know that we are investigating your complaint.

This information will make it easier for you to contact the person dealing with your complaint if you need to.

The Director will:

- investigate your complaint;
- take any necessary action; and
- make sure they send a written reply within 15 working days.

If your complaint needs more investigation, and we cannot send you a written reply within 15 working days, we will write to you and let you know when you will receive a written reply.

### ***Step 3 – Independent Review***

If you have been through Steps 1 and 2 of the complaints procedure and you are still not happy with the results of the investigations, you can write to the Local Government and Social Care Ombudsman

## ***6. Local Government Ombudsman***

You can contact the Local Government and Social Care Ombudsman about your complaint at any time. However, the Ombudsman usually gives the Combined Authority the opportunity to investigate first.

You can contact the Local Government and Social Care Ombudsman at:

Local Government & Social Care Ombudsman  
PO Box 4771  
Coventry CV4 0EH

Phone: 0300 061 0614  
Text: 'call back' to 0762 480 3014  
Website: [www.lgo.org.uk](http://www.lgo.org.uk)

You can get leaflets about how to complain to the Local Government and Social Care Ombudsman from any of Council's offices or any library.

## **7. Comments and suggestions**

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As well as learning from complaints, we want to know any comments or suggestions you may have that will help us improve our services. You can do this by telling a member of staff about your comment or suggestion or by putting your comment or suggestion in writing. ([contactus@cambridgeshirepeterborough-ca.gov.uk](mailto:contactus@cambridgeshirepeterborough-ca.gov.uk))

<b>Policy Number</b>	Insert policy number	Version Number	1
<b>Date of Issue</b>			
<b>Reviewed by</b>	Audit and Governance Committee	18 December 2017	
<b>Approved by</b>	Cambridgeshire and Peterborough Combined Authority	31 January 2018	
<b>Approved by</b>	Business Board		







<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 13</b>
<b>27<sup>TH</sup> SEPTEMBER 2019</b>	<b>PUBLIC REPORT</b>

## **TITLE: MEDIUM-TERM FINANCIAL PLAN & BUSINESS PLAN MID-YEAR UPDATE**

### **PURPOSE**

- 1.1. To provide the Audit and Governance Committee with a mid-year update to the 2019/20 Budget and 2019 to 2023 Medium Term Financial Plan considered by Board on the 25<sup>th</sup> September 2019 and;
- 1.2. To provide a mid-year update on the 2019-20 Business Plan, considered by the Board on 25<sup>th</sup> September 2019.

<b><u>RECOMMENDATION</u></b>
<b>Lead Officers: Paul Raynes and Jon Alsop</b>
The Audit and Governance Committee are recommended to:  (a) Note the proposed mid-year update to the 2019/20 Budget and the 2019-2023 Medium Term Financial Plan (MTFP)  (b) Note the mid-year update on the 2019-20 Business Plan

## **2.0 BACKGROUND**

- 2.1. The Combined Authority Board approved the 2019/20 Budget, Medium-Term Financial Plan (MTFP) and the 2019-20 Business Plan on 30<sup>th</sup> January 2019. The MTFP set the budget for the 2019/20 financial year and outlined revenue and capital spending plans, confirming affordability against funding sources. The Business Plan set out the Combined Authority's planned activity over the year. It was planned that a mid-year review would be carried out to ensure the MTFP and Business Plan continue to reflect emerging funding and delivery.
- 2.2. The Board reports attached at Appendix 1 and 2 set out the conclusions of those reviews. The revised MTFP will inform the 2020/21 Budget and 2020 to 2024 MTFP, and the 2019-20 Business Plan. The mid-year review of the Business Plan reflects its progress in delivery to date this year.

### **3.0 FINANCIAL IMPLICATIONS**

3.1. The Business Plan sets out how the Combined Authority's agreed budget will be spent to deliver its key priorities. This will be updated along with the mid-year review of the budget and MTFP.

### **4.0 LEGAL IMPLICATIONS**

4.1. There are no legal implications contained within this report.

### **5.0 APPENDICES**

5.1. Appendix 1 - Report - Budget & MTFP 2019-2023

5.2. Appendix 2 - Report - Business Plan Refresh

<b><u>Source Documents</u></b>	<b><u>Location</u></b>



**CAMBRIDGESHIRE  
& PETERBOROUGH**  
COMBINED AUTHORITY

<b>CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD</b>	<b>AGENDA ITEM No: 2.1</b>
<b>25<sup>th</sup> September 2019</b>	<b>PUBLIC REPORT</b>

## **2019/20 BUDGET AND MEDIUM-TERM FINANCIAL PLAN 2019 TO 2023**

### **1. PURPOSE**

- 1.1. This report provides an update to the 2019/20 Budget and 2019 to 2023 Medium Term Financial Plan for approval.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Councillor Steve Count</b>
<b>Lead Officer:</b>	<b>Jon Alsop, Head of Finance</b>
<b>Forward Plan Ref: NA</b>	<b>Key Decision: No</b>
The Combined Authority Board is recommended to:  (a) Approve the revised revenue budget for 2019/20 and Medium-Term Financial Plan 2019 to 2023  (b) Approve the revised capital programme 2019 to 2022	<b>Voting arrangements</b>  At least two-thirds of all Members (or their Substitute Members) appointed by the Constituent Councils to include the Members appointed by Cambridgeshire County Council and Peterborough City Council, or their Substitute Members.

## 2. BACKGROUND

- 2.1. The Combined Authority Board approved the 2019/20 Budget and Medium-Term Financial Plan (MTFP) on 30<sup>th</sup> January 2019. The MTFP set the budget for the 2019/20 financial year and outlined revenue and capital spending plans, confirming affordability against funding sources. It was planned to carry out a mid-year review to ensure the MTFP reflects emerging funding and spending plans.
- 2.2. This report provides an update to the January 2019 report. This revised version of the MTFP will inform the 2020/21 Budget and 2020 to 2024 MTFP, which will be presented to the November 2019 Board meeting, in advance of the 2020/21 budget consultation process.
- 2.3. Preparation of this report is based on the following principles:
  - 2.3.1. The 2019/20 budget has been updated to reflect budget underspends carried forward from 2018/19 agreed in June 2019 and incorporates decisions made by the Board up to the July 2019 meeting. Revenue underspends Brought Forward totalled £616.4k and Capital totalled £23.3m, all of which are incorporated into the 2019/20 revised budget position.
  - 2.3.2. Spending lines have been reviewed with Directors and Project Teams based on maintaining spending within the budgets set in January 2019. Some reprofiling is included to reflect emerging spending plans. The refreshed position is kept within the agreed funding envelope, so overall affordability is maintained. Where additional costs have been added, these have been offset by additional income or savings made elsewhere to maintain an overall balanced budget position.
  - 2.3.3. New sources of revenue have been identified, equivalent to £4.1m in 2019/20. The Transport Levy of £12.4m approved in January 2019 is now also included in the 2019/20 budget refresh.
  - 2.3.4. The review of the CPCA staffing structure has now been concluded and is incorporated in this refreshed Budget and MTFP, yielding a saving over the life of the MTFP of £471.3k (adjusted for additional staff costs met by new income). This saving is in addition to the 24% annual reduction reported in January 2019 compared to the June 2018 position. Savings are achieved from employing staff on permanent contracts, moving away from interim and consultancy support.
  - 2.3.5. This MTFP refresh improves the level of revenue balances held by £154.6k in 2019/20 and £725.7k over the life of the MTFP. Capital balances improve by £2.18m over the life of the MTFP, mainly reflecting schemes which will not now progress.
  - 2.3.6. Some limited project transfers between Capital and Revenue have been made according to the re-evaluation of the capital/revenue nature of the project.
- 2.4. A refreshed Business Plan for 2019/20 is included in this Agenda, which has been produced in parallel with the revised MTFP

- 2.5. This report follows the presentational style of the January 2019 report. It is planned a clearer link between expenditure and related funding streams will be established in the November 2019 Board report presenting the 2020/21 budget and MTFP.

### **3. MTFP GOVERNANCE CYCLE**

- 3.1. The approval of the 2020/21 budget will follow the governance cycle established in the setting of the 2019/20 Budget and MTFP. The table below summarises the planned approval/review cycle to be adopted during this and future financial years:

- 3.1.1. November Board – Approve next year’s draft budget and MTFP for consultation purposes.
- 3.1.2. January Board - Approval of the Budget and MTFP, incorporating the outcome from the consultation process.
- 3.1.3. May/June Board – Approval of budget variances brought forward from previous year, revising the approved current financial year’s budget.
- 3.1.4. September Board – Refresh of budget and MTFP including Board decisions.

- 3.2. In preparing the budget and MTFP, the following approach will be adopted:

- 3.2.1. Spending plans are developed in conjunction with Directors and project teams to ensure accuracy, accountability and ownership.
- 3.2.2. Spending plans will be managed within budget resources available to the Combined Authority

### **4. REVENUE BUDGET**

- 4.1. The revenue budget has been refreshed based on the principles set out above. Major changes include the incorporation of £16.5m of additional income in the 2019/20 budget, now including £12.4m Transport Levy receivable from the two Highways Authorities, Cambridgeshire County Council (CCC) and Peterborough City Council (PCC). For 2019/20 this funding will remain with the Highways Authorities to continue to operate current services. Table 1 details funding sources added or varied in this MTFP Refresh.

#### **4.2. Income Sources**

Table 1 below provides a breakdown of additional income receivable over the life of the MTFP of £58.4m. This has been partially offset by a variation in AEB Funding arising from confirmation of the annual grant sum receivable, and grant receivable for just a part year in 2019/20. All new income sources are offset by associated expenditure budgets.

**Table 1. Additional and Adjusted Income Sources**

	2019/20	2020/21	2021/22	2022/23	Total
	£,000	£,000	£,000	£,000	£,000
<b>New Funding</b>					
<b>Transport</b>					
Transport Levy (Passported to PCC and CCC)	(12,369.0)	(12,369.0)	(12,369.0)	(12,369.0)	(49,476.0)
<b>Business and Skills</b>					
Industrial Strategy Grant (LIS) / LEP Capacity Funding	(400.0)	-	-	-	(400.0)
Enterprise Zone Receipts - Business Board Expenses Funding	(138.0)	(92.0)	(92.0)	(92.0)	(414.0)
EU Exit Funding	(90.9)	(181.8)	-	-	(272.7)
Careers and Enterprise Company (CEC) Funding	(125.0)	(52.0)	-	-	(177.0)
Energy Hub Funding Incl Rural Community Energy Funds (RCEF)	(1,646.3)	(1,812.2)	(122.9)	83.3	(3,498.2)
Health and Social Care Work Academy Grant	(1,500.0)	(2,400.0)	-	-	(3,900.0)
Set Up Skills Advisory Panel (SAP) Grant (DfE)	(75.0)	-	-	-	(75.0)
AEB Implementation Funding	(40.6)	-	-	-	(40.6)
Kick Start Fund	(30.0)	-	-	-	(30.0)
<b>Housing</b>					
War Veterans Homelessness Support Grant	(90.9)	-	-	-	(90.9)
<b>Total New Funding</b>	<b>(16,505.7)</b>	<b>(16,907.0)</b>	<b>(12,583.9)</b>	<b>(12,377.7)</b>	<b>(58,374.4)</b>
<b>Funding Adjustment</b>					
AEB Funding	4,886.1	585.9	585.9	585.9	6,643.9
<b>Total Income and Funding Changes</b>	<b>(11,619.7)</b>	<b>(16,321.1)</b>	<b>(11,998.0)</b>	<b>(11,791.8)</b>	<b>(51,730.5)</b>

- 4.2.1. The Transport Levy is passported to Peterborough City Council and Cambridgeshire County Council under annual agreements. It is assumed at this stage that the 2020/21 and future levies income level will continue at current levels. These figures will be updated following consideration of future delivery options.
- 4.2.2. £2.9m additional funding has been received from the Rural Community Energy Fund. It should be noted that there are plans to transfer the Energy Hub and Rural Community Energy Funding team to another organisation.
- 4.2.3. The original 2019/20 Budget and MTFP for Adult Education Budget (AEB) funding assumed that a full year's grant of £12.1m would be received. The annual grant actually due is £585.9k lower than expected, due to fluctuations in educational activity between years. The AEB grant has been received for just a part year in 2019/20, reflecting the proportion of the 2019/20 academic year in the 2019/20 financial year. The net impact of both changes is a reduction of £4.886m grant in 2019/20. Future years funding is assumed to remain at 2019/20 levels (£11.513m p.a.). However, this may vary as future funding levels are confirmed.
- 4.2.4. Income associated with Enterprise Zone receipts is expected but subject to confirmation. Funding for additional Business Board allowances of £138k for 2019/20 and £92k per year thereafter was approved by the Board in July 2019. The 2019/20 figure is higher because Allowances have been backdated to September 2018. Future values and use of Enterprise Zone receipts will be incorporated into the 2020/21 budget and MTFP as the value and use of Enterprise Zone Receipts are confirmed.

- 4.3. Appendix 2 to the report provides details on a line by line basis of movements between the original January version of the MTFP and this revised version. Table 2 below presents a summary of the refreshed budget position. Changes from the position reported and approved in January 2019 are explained in the sections that follow.

**Table 2. Summary Refreshed Revenue Budget 2019/20 and MTFP**

	Refreshed MTFP			
	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
Income	(34,968.9)	(38,386.7)	(34,070.6)	(33,871.6)
Mayor's Office	379.9	404.8	408.4	412.1
Salaries	4,912.1	4,746.9	4,896.2	4,944.3
Other Employee Costs	210.0	217.5	217.8	218.0
Ext Commissioned Support Services	505.0	491.0	442.0	393.0
Overheads	748.7	560.0	560.0	560.0
Governance Costs	205.0	159.0	159.0	159.0
Election Costs	260.0	260.0	260.0	260.0
Capacity Funding	125.0	125.0	125.0	125.0
Financing	(1,480.0)	1,105.0	1,362.6	1,725.0
Non Transport Feasibility Budget	362.0	583.0	917.0	1,000.0
<b>Directorate Workstreams</b>				
Business and Skills	9,467.1	13,712.2	11,097.5	11,097.5
Economic Strategy	2,907.0	2,593.8	757.0	495.5
Strategy Planning and Performance	498.0	340.2	259.6	-
Transport	16,252.7	14,880.5	12,369.0	12,369.0
Transport Feasibility	-	2,755.0	2,000.0	500.0
Housing	1,040.9	250.0	-	-
<b>Net Position for Year</b>	<b>1,424.6</b>	<b>4,797.1</b>	<b>1,760.5</b>	<b>386.9</b>
<b>Revenue Balances @ 31st March</b>	<b>(10,500.6)</b>	<b>(5,703.5)</b>	<b>(3,942.9)</b>	<b>(3,556.1)</b>

#### 4.4. **Mayor's Office**

- 4.6.1 The increase of £26.2k in 2019/20 and £165.5k over the life of the MTFP results from the addition of a Strategic Advisor role in the revised staffing structure.

#### 4.5. **Salaries and Other Employee Costs**

- 4.5.1. Total staff costs of £4.845m (including NI and pension costs) presented and approved in January 2019 represented a 24% reduction in cost from the structure report of June 2018.

- 4.5.2. Total staffing costs in this MTFP are planned to reduce by a further £476.5k over the life of this MTFP, allowing for additional costs of £150k funded from the new Rural Communities Energy Fund Grant. The increase in the forecast staffing figure in 2019/20 is due to interim staff being employed for longer than originally planned to maintain operational delivery as permanent staff are recruited.
- 4.5.3. Business Support staff have been transferred to Directorate budgets in the revised staffing budget. This results in increases in directorate budget lines, but are balanced by savings in the Delivery and Strategy Directorate where the cost of support staff was originally held.
- 4.5.4. Other Employee Costs increase by £63.3k over the life of the MTFP and by £10k in 2019/20. This change results from the move to an employed staff base, resulting in a 0.5% Apprenticeship Levy payment which is expected to be due once the organisational payroll value reaches £3m per annum.
- 4.5.5. The Communications team has been transferred from the Delivery and Strategy Directorate into Corporate Services, reflecting the change in the organisational structure.

#### 4.6. **Externally Commissioned Support Services**

- 4.6.1. The budgets approved in January 2019 have been updated to ensure they meet the operational needs of the Combined Authority. Increased costs of £331k over the life of the MTFP and £130k in 2019/20 reflect the requirement for ongoing Legal Counsel support, external treasury management support and for the development of the Finance System. These increases are offset by higher than originally anticipated interest receivable from treasury investments.

#### 4.7. **Corporate Overheads**

- 4.7.1. An independent budget review was undertaken prior to approval of the 2019/20 budget and MTFP. The costs of following the recommendations of the review total £195k in 2019/20 and £300k over the life of the MTFP. These include the following:
- Recruitment costs of securing appropriately skilled and experienced candidates adds £160k in 2019/20 only. It is assumed that future recruitment costs will be funded from savings arising from vacant posts.
  - Peterborough City Council currently provides internal audit services to the Combined Authority. In agreeing the audit plan for the year, the number of days required to satisfactorily review the Combined Authority and Business Board activity is planned to increase by £15k in 2019/20 and £60k over the life of the MTFP.

- 4.7.2. Communications and Website Development budgets have been transferred from the Delivery and Strategy Directorate into Corporate Overheads, reflecting the change in the organisational structure. There is no overall impact on the total budget.

#### 4.8. **Governance**

- 4.8.1. Committee/Business Board Allowances are planned to increase by £138k in 2019/20 and £414k over the life of the MTFP. This cost is funded from Enterprise Zone Receipts as approved by the Board in July 2019. Business Board allowances were backdated to the end of September 2018, resulting in an additional 6 months liability in 2019/20, with an ongoing annual cost of £92k.
- 4.8.2. Meeting costs have been reduced by £10k per annum and £40k over the life of the MTFP. Office running costs included in the Corporate Services budget have been increased by £5k p.a. to reflect actual costs.
- 4.8.3. The Miscellaneous Costs budget includes the Overview and Scrutiny Committee's allowance to commission its own analysis work or to cover costs related to responding to public questions. A £10k per annum increase in 2019/20 and £40k over the life of the MTFP will align the budget with the approved September 2018 Overview and Scrutiny recommendation.

#### 4.9. **Financing Costs**

- 4.9.1. Interest earned from balances invested by the Combined Authority is expected to be higher than originally budgeted by £0.68m in 2019/20 and £1.77m over the life of the MTFP. This forecast is based on an analysis of investments held, cashflow forecasts and interest rates achievable.

#### 4.10. **Non-Transport Feasibility Funding**

This £1m per annum budget provides flexibility to meet costs of funding feasibility work for new and emerging projects and initiatives. Allocations from this budget are as follows:

- 4.10.1. The May 2019 Board decision to progress the University of Peterborough project required the transfer of £235k to revenue funding from the approved 2019/20 capital budget. There has been an equivalent reduction in the capital budget.
- 4.10.2. The July 2019 Board decision to progress the St Neots Masterplan project approved funding allocation of £153k in 2019/20, £167k in 2020/21 and £83k in 2021/22.

- 4.10.3. Allocation of £250k from the Non-Transport Feasibility Budget is proposed for the creation of Community Land Trusts in 5 District Authorities (£100k) and to cover operational costs of delivering the £100k Housing project (£150k). The £250k transfer is phased in the MTFP as £166.6k in 2019/20 and £83.4k in 2020/21.
- 4.10.4. The uncommitted Non Transport Feasibility Budget is £445.4k in 2019/20, £749.6k in 2020/21, £917k in 2021/22 and £1m in 2022/23 including adjustment for the allocation detailed in section 4.10.3.

#### **4.11. Transport**

- 4.11.1. The Transport Feasibility Studies budget mirrors the Non-Transport Feasibility budget in providing pump-priming funds to support project development. The July 2019 Board allocated £780k in 2019/20 and £965K in 2020/21 to the development of the Outline Business Case for the Cambridge Autonomous Metro (CAM) project. The remaining budget available after this reallocation is zero in 2019/20, £2.755m in 2020/21, £2m in 2021/22 and £0.5m in 2022/23. Further allocation of this budget will require Board Approval.
- 4.11.2. The development of the Strategic Outline Business Case (SOBC) for the A10 Project will be delivered by Cambridgeshire County Council as a capital cost rather than the revenue funding originally approved. This results in a reduction of the revenue budget by £500k in 2019/20 with an equivalent increase in the capital budget.
- 4.11.3. The development of the A14 Junction Improvements Project was planned to be delivered from £150k capital funding in 2019/20. This element of the project will now need to be revenue funded, resulting in a reduction of £150k in the 2019/20 capital budget and equivalent increase in the revenue budget.
- 4.11.4. The Huntingdon Third River Crossing and Bus Review Implementation projects have both been reviewed and reprofiled, resulting in the partial transfer of £296.5k budget from 2019/20 to 2020/21.
- 4.11.5. The refreshed 2019/20 Budget and MTFP includes passported Transport Levy funding for Peterborough City Council and Cambridgeshire County Council totalling £12.369m in 2019/20. This sum is also included in the MTFP for future years. The actual value of future transport levies will be confirmed as operational delivery plans become clearer.
- 4.11.6. Delivery of the 2019/20 Local Transport Plan requires additional funding of £276.6k, made available from revenue balances funded from underspend in previous years, creating a total revised budget in 2019/20 of £376.7k. This budget was omitted from values carried forward from 2018/19 and this corrects the budget position.

#### **4.12. Business, Skills & Economic Strategy**

- 4.12.1. This budget funds Careers and Enterprise Company (CEC) contracts with a range of providers and staff employed by the Combined Authority. Costs are expected to increase by £94.2k in 2019/20 and £32.8k in 2020/21, and will be met from the new CEC and Kickstart funding as identified in Table 2, paragraph 4.4 above.
- 4.12.2. Delivery of the newly devolved Adult Education Budget (AEB) is a key priority in 2019/20 for the Combined Authority. As noted in section 4.2 of this report, the original assumptions regarding receipt of AEB funds for the whole year in 2019/20 have been updated to reflect the final government funding position. Contracts with 17 Adult Education Providers have been let for the 2019/20 Academic Year, totalling £6.859m through to March 2020. The MTFP refresh reflects the anticipated expenditure for 2019/20 and adjusts future years expenditure to the agreed ongoing annual contract cost of £10.947m. This reduces the budget by £6.323m over the life of the MTFP and £4.647m in 2019/20. This reduction of cost is mirrored by the reduced level of grants received.
- 4.12.3. The revised MTFP provides an update to the expected AEB Programme Costs. The additional costs of £115.4k in 2019/20 is made up of the balance of AEB Grant and £40.6k AEB Implementation grant received, allowing for contracts let and staffing costs. The future years position will be addressed in the 2020/21 Budget and MTFP presented for approval in November 2019.
- 4.12.4. Health and Social Care Work Academy Grant totalling £3.9m has been allocated to the Combined Authority, profiled as £1.5m in 2019/20 and £2.4m in 2020/21. The profile of expenditure against this revenue is expected to mirror the profile of the income.
- 4.12.5. The Combined Authority has received EU Exit funding totalling £272.7k (£90.9k in 2018/19 and £181.8k in 2019/20). Planned expenditure against this fund is profiled as £90.9k in 2019/20 and 181.8k in 2020/21.
- 4.12.6. Decisions taken by the CA Board to allocate the Non-Transport Feasibility budget are covered in section 4.10. The impact in this Directorate budget are:
- 4.12.6.1. Transfer of £235k allocated in 2019/20 at the May 2019 Board meeting to fund revenue costs associated with the Peterborough University project.
  - 4.12.6.2. Transfer of £153k in 2019/20, £167k in 2020/21 and £83k in 2021/22 was approved by the July 2019 Board meeting for delivery of the Market Towns Strategy Implementation.

- 4.12.7. Energy Hub funding and spending was omitted from the 2019/20 Budget and MTFP approved in January 2019, with the exception of Energy Hub team salary costs and matched funding. Inclusion of this funding source and associated spending plans increases the budget by £1.668m in 2019/20, £1.807m in 2020/21 and £0.176m in 2021/22, matched by increased funding.
- 4.12.8. Planned expenditure for the Trade and Investment Programme has been reprofiled, bringing forward spend of £50k in each of 2021/22 and 2022/23, to 2019/20 and 2020/21 to enable delivery to progress earlier than originally planned.
- 4.12.9. Additional expenditure is reflected in the revised MTFP against £400k of additional LEP Capacity Funding and £75k for the set-up of the Skills Advisory Panel.
- 4.12.10. The £20k 2018/19 budget carried forward to 2019/20 for the Independent Economic Commission has been reprofiled to 2020/21, to more accurately reflect expected delivery.

#### **4.13. Strategy, Planning & Performance**

- 4.13.1. As part of the Devolution Deal, the Combined Authority is required to support the Monitoring and Evaluation Framework, which is delivered through national and local contracts. A reprofile of the budget has reduced planned 2019/20 expenditure by £7.9k with a matching increase spread over the next two financial years.
- 4.13.2. The Non-Statutory Spatial Framework project was subject to a carry forward from 2018/19 of £1111.5k. The budget has been reprofiled through 2019/20 to 2021/22 so that budgets more realistically reflect the spend profile, with a net nil impact over the life of the MTFP.

#### **4.14. Housing**

- 4.14.1. The £90.9k additional funding received for War Veterans Housing Support Grant in 2018/19 has been included in the refreshed budget. This will be used to fund schemes in line with the terms of the funding.
- 4.14.2. Allocation of £250k from the Non-Transport Feasibility Budget is proposed for the creation of Community Land Trusts in 5 District Authorities and supporting £100k Housing Development, phased £166.6k in 2019/20 and £83.4k in 2020/21.

#### **4.15. Conclusions**

- 4.15.1. Refreshing the MTFP at this mid-year stage enables ongoing development and refinement of funding and spending plans to ensure they are aligned with delivery plans and activity. The net impact on the revenue budget is an improvement of £154.6k in 2019/20, and £725.7k

over the course of the MTFP period, compared to the original version approved by the Board in January 2019.

## **5. CAPITAL PROGRAMME**

### **Development of the Capital Programme**

- 5.1 The Combined Authority's capital programme presented in this report retains the underlying methodology adopted for the report approved in January 2019 and focuses capital resources to priority Projects
- 5.1.1 Directly Controlled Expenditure – these projects are funded by Gainshare Capital and Transforming Cities Fund Grants (TCF) which provides the Board with a significant degree of discretion over which projects can be financed.
- 5.1.2 Potential Future Schemes – representing the ambitious strategic plan for Cambridgeshire and Peterborough. To achieve this vision, capital investment far in excess of the funds currently available to the Authority will be required. In order to finance these strategic schemes, the Authority is looking at a range of innovative funding mechanisms.
- 5.1.3 Passported Expenditure - includes capital highways maintenance funding, the National Priorities Infrastructure Funding and the two Housing Infrastructure Funds. These funding sources are ringfenced for particular uses and thus the Board has less control over the projects in this category.
- 5.1.4 Growth Funds Expenditure - allocated to The Business Board by Government. Prioritisation and financing of projects using these funds is decided by the Business Board and reviewed by the CPCA Board.
- 5.2 Table 3 below presents the revised summary of capital commitments, plans and funding over the period of the MTFP. A detailed analysis of the original MTFP, and how it has been adjusted, including for budget Carry Forwards and Board Decisions is presented at Appendix 2.
- 5.3 The 2019/20 budget, detailed in Appendix 2 includes:
- Board decisions taken since the 2019/20 budget was approved including decisions taken at the July Combined Authority Board meeting
  - Capital underspends carried forward from 2018/19 as approved by the Combined Authority Board in May 2019

**Table 3. Summary Refreshed Capital Budget 2019/20 and MTFP**

Capital Category	Opening	Refreshed MTFP			Future Years £m
	Balance	19-20	20-21	21-22	
	£m	£m	£m	£m	£m
<b>Directly Controlled Expenditure - Appendix 2, Table A</b>					
Committed Schemes		11.50	27.23	12.42	1.40
<i>Funded By</i>					
Capital Gain Share		(12.00)	(12.00)	(12.00)	-
Transforming Cities		(17.00)	(22.00)	(30.00)	-
Available in-year funding		(17.50)	(6.77)	(29.58)	1.40
Costed but not yet committed schemes		8.15	28.16	20.50	9.20
Movement on Capital Balances if schemes approved	(34.15)	(9.36)	21.39	(9.08)	10.60
Capital Balances at Year End		(43.51)	(22.12)	(31.21)	(20.61)
<b>Potential Future Schemes</b>		-	38.00	135.03	5,899.16
<b>Passported Expenditure - Appendix 2, Table B</b>		91.52	67.69	46.55	62.77
<i>Funded By</i>					
DfT Capital Funding		(23.08)	(23.08)	(23.08)	(23.08)
Housing - Cambridge City	(23.86)	(17.00)	(15.00)	-	-
Housing Infrastructure Fund	(30.36)	(9.00)	(18.00)	-	-
Housing Investment Fund incl Repayments	(21.78)	(5.52)	(23.27)	(5.77)	-
National Priorities Investment Fund	(0.95)	(5.70)	-	-	-
<b>Growth Funds Expenditure - Appendix 2, Table C</b>		29.18	50.44	1.65	1.55
<i>Funded By</i>					
Growth Fund Income	(28.86)	(15.88)	(35.74)	-	-
Growth Fund Loan Repayment	-	(0.03)	(0.81)	(0.45)	(1.05)

#### 5.4 Directly Controlled Capital Expenditure

Variations to the approved budget position presented in the refreshed 2019/20 Budget and MTFP are:

##### Approved Schemes

- 5.4.1 Kings Dyke CPCA Contribution – CPCA commitments associated with this project have not changed, although the £2.1m planned spend in 2019/20 has been rephased to 2020/21 and future years in line with the revised expenditure profile.
- 5.4.2 A10 SOBC – As presented in section 4.11.2 of this report, original approval to fund the £500k delivery of the OBC from revenue funding has been transferred to capital funding in line with the legal agreement with Cambridgeshire County Council.
- 5.4.3 Peterborough University – Business Case – Current plans indicate that the first phase of building work for the Peterborough University project will be accelerated, reprofiling £9.74m from 2021/22 to 2020/21, without changing the forecast total value of the project.
- 5.4.4 St Neots River Crossing Cycle Bridge / St Neots Masterplan Capital – this project has been split into two related parts covering the costs of

delivering the cycle bridge and associated costs of bridge integration, although the total cost has not increased.

- 5.4.5 Digital Connectivity Infrastructure Programme – The phasing of this project has been adjusted in line with the approved Business Case within the total agreed budget.

#### **Schemes Costed but Not Committed**

- 5.4.6 The Market Town Pump Priming and Soham Station Delivery Projects have been reprofiled to represent anticipated delivery profile, within the agreed budget.
- 5.4.7 Regeneration of Fenland Railway Stations / Non Platforms – The project has been reprofiled, reflecting separation into two projects. This reprofiles circa £1.9m from 2019/20 to later years.
- 5.4.8 A10 Foxton Level Crossing – The Greater Cambridge Partnership (GCP) will not now be supporting delivery of this project, so it is proposed that it be removed from the list of potential projects, reducing outline budget costs by £2m.
- 5.4.9 A142 Capacity Study – Current planning indicates that this scheme will not progress and should be removed from the MTFP, saving £150k capital resources.
- 5.4.10 A14 Junctions Improvement - Improvement Feasibility Study – Pending decisions from Highways England, it is expected that East Cambs District Council will reach agreement on progression of this scheme later in 2019, which requires a £150k transfer from capital to revenue.
- 5.4.11 A505 Corridor – The anticipated cost of this study is revised to £1m, resulting in a £0.38m saving on the agreed MTFP budget (which included carry forward from 2018/19 of £0.38m).

#### **Potential Future Schemes**

- 5.4.12 Peterborough University – Land and Infrastructure for build – rephasing of this project moves £30m projected cost to Future Years, based on delivery of phase 1 of the building project in 2020/21. Final planned costs will be subject to approval once full delivery plans are developed.
- 5.4.13 A505 Corridor – £95m has been reprofiled from 2021/22 financial year to future years. Final planned costs will be subject to approval once full delivery plans are developed.

## **5.5 Passported Schemes**

- 5.5.1 Cambridge City Housing Schemes – the 2019/20 Budget and MTFP have been reprofiled to reflect the revised delivery schedule provided by Cambridge City Council and reported periodically to the CA Board.
- 5.5.2 Housing Infrastructure Programme (£60m Grants) have been reprofiled based on anticipated deployment of funding across a range of eligible schemes, but this will be subject to the size and timing of housing projects.
- 5.5.3 Housing Investment Fund (£40m Loans) have been reprofiled based on anticipated funding across a range of eligible schemes. No adjustment has been made at this stage for the creation of the proposed Housing Development Company, but it is anticipated that this is likely to update the funding model.

## **5.6 Growth Fund**

- 5.6.1 A428 Cambourne to Cambridge – Further to the report in July 2019 that this project is not expected to continue, it is now understood that it may potentially progress at a reduced cost of £4.4m with details to be confirmed. Progression will be subject to satisfactory review and approval, with anticipated spend in 2020/21.
- 5.6.2 Wisbech Access Strategy – Delivery Phase – Reprofiling of this project transfers £3.72m from 2019/20 to 2020/21 and 2021/22, within the overall budget approved.
- 5.6.3 M11 Junction 8 – This project was omitted from the budget and MTFP approved in January 2019 as it was originally expected to be completed in 2018/19. The plan has now been revised, reprofiling £1m to be spent in 2020/21.
- 5.6.4 Epicentre – Haverhill Innovation Centre – This project has been reprofiled, transferring £700k from 2019/20 to 2020/21.
- 5.6.5 Cambridge Northern Fringe East – Sci Tech Container Village - This project reprofiles £700k from 2019/20 to 2020/21.
- 5.6.6 Lancaster Way – Phase 2 - This project has been reprofiled, transferring £710k from 2019/20 to 2020/21.
- 5.6.7 Use of Loan Receipts Received – This budget reflects additional projects that can be developed, funded from repayment of capital grants from earlier projects totalling £2.34m over the life of this MTFP and £30k in 2019/20.

- 5.6.8 Illumina Accelerator Global Expansion – This project has been reprofiled, transferring £2m from 2019/20 to 2020/21.
- 5.6.9 Future Pipeline Projects – This budget line balances overall funding to planned expenditure levels.

## 6 SECTION 25 STATEMENT

- 6.1 The report approved in January 2019 contained a Section 25 Statement, confirming the robustness of estimates and adequacy of financial reserves. This is the first time that a mid-year review of the approved MTFP has been possible, resulting in a further strengthening of the budget development and management process and scrutiny.
- 6.2 Overall, this MTFP Refresh improves the level of Revenue Balances by £725.7k over the life of the plan, meaning that the level of resources held in balances is greater than that reported in January 2019.

## 7 LEGAL IMPLICATIONS

- 7.1 The authority is under a legal requirement to achieve a balanced budget. The budget approved by the Board in January 2019 was balanced and this refresh report maintains that position.

## 8 APPENDICES

- 8.1 Appendix 1 – Detailed Revenue Budget for the Cambridgeshire and Peterborough Combined Authority
- 8.2 Appendix 2 – Detailed Breakdown of the Capital Programme

<u>Source Documents</u>	<u>Location</u>
CA Board meeting Agenda and Minutes: January 30 <sup>th</sup> 2019 May 29 <sup>th</sup> 2019 June 26 <sup>th</sup> 2019 July 31 <sup>st</sup> 2019	



	Current Approved Budget and MTFP							Refreshed MTFP				Variance to Previously Approved				
	2019/20							2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23	Total
	January	2018/19	Board	Revised	2020/21	2021/22	2022/23									
	Approved	Carry	Approvals	Approved												
Budget	Forward	to 07/19	Budget	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
<b>Mayor's Office</b>																
Mayor's Allowance	85.0	-	-	85.0	85.0	85.0	85.0	85.0	85.0	85.0	85.0	-	-	-	-	-
Mayor's Office Expenses	25.0	-	-	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	-	-	-	-	-
Mayor's Office Accommodation	52.4	-	-	52.4	52.4	52.4	52.4	52.4	52.4	52.4	52.4	-	-	-	-	-
Mayor's Office Staff	191.3	-	-	191.3	195.4	199.6	203.9	217.5	242.4	246.0	249.7	26.2	47.0	46.4	45.8	165.5
<b>Total Mayor Costs</b>	<b>353.7</b>	<b>-</b>	<b>-</b>	<b>353.7</b>	<b>357.8</b>	<b>362.0</b>	<b>366.3</b>	<b>379.9</b>	<b>404.8</b>	<b>408.4</b>	<b>412.1</b>	<b>26.2</b>	<b>47.0</b>	<b>46.4</b>	<b>45.8</b>	<b>165.5</b>
<b>Combined Authority Staffing Costs (inc NI &amp; Pen 'er)</b>																
Chief Executive	246.2	-	-	246.2	249.8	253.6	257.4	269.0	273.0	303.4	308.0	22.8	23.2	49.8	50.6	146.4
<b>Housing Directorate</b>																
Housing	393.5	-	-	393.5	399.4	405.4	411.5	362.0	398.1	404.1	410.1	(31.5)	(1.3)	(1.3)	(1.4)	(35.5)
<b>Business and Skills Directorate</b>																
Business and Skills	767.8	-	-	767.8	779.3	791.0	802.9	746.8	776.9	788.6	800.4	(21.0)	(2.4)	(2.4)	(2.5)	(28.4)
Growth Hub	164.8	-	-	164.8	167.3	169.8	172.3	153.8	146.1	148.3	150.5	(11.0)	(21.2)	(21.5)	(21.8)	(75.5)
Energy	463.6	-	-	463.6	470.6	477.6	484.8	384.5	389.7	395.5	401.5	(79.1)	(80.9)	(82.1)	(83.3)	(325.4)
Energy - RECF Staffing	-	-	-	-	-	-	-	50.0	75.0	25.0	-	50.0	75.0	25.0	-	150.0
AEB	350.1	-	-	350.1	355.3	360.7	366.1	320.1	335.2	340.2	345.3	(30.0)	(20.1)	(20.5)	(20.8)	(91.3)
<b>Delivery &amp; Strategy Directorate</b>																
Delivery & Strategy	1,027.9	-	-	1,027.9	1,043.3	1,058.9	1,074.8	1,217.6	1,110.5	1,127.2	1,144.1	189.7	67.2	68.3	69.3	394.4
Business Support	76.6	-	-	76.6	77.8	79.0	80.1	-	-	-	-	(76.6)	(77.8)	(79.0)	(80.1)	(313.5)
<b>Corporate Services Directorate</b>																
Legal and Governance	565.6	-	-	565.6	574.1	582.7	591.4	614.3	477.0	587.1	595.9	48.7	(97.1)	4.4	4.5	(39.5)
Finance	567.1	-	-	567.1	575.6	584.2	593.0	515.1	441.2	447.8	454.5	(52.0)	(134.4)	(136.4)	(138.5)	(461.2)
HR	72.1	-	-	72.1	73.1	74.2	75.4	98.4	105.1	106.7	108.3	26.3	32.0	32.5	32.9	123.7
Communications	149.9	-	-	149.9	152.1	154.4	156.7	180.5	219.1	222.4	225.7	30.6	67.0	68.0	69.0	234.6
LEP Transition Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Combined Authority Staffing Costs</b>	<b>4,845.2</b>	<b>-</b>	<b>-</b>	<b>4,845.2</b>	<b>4,917.7</b>	<b>4,991.5</b>	<b>5,066.4</b>	<b>4,912.1</b>	<b>4,746.9</b>	<b>4,896.2</b>	<b>4,944.3</b>	<b>66.9</b>	<b>(170.8)</b>	<b>(95.3)</b>	<b>(122.1)</b>	<b>(321.3)</b>
<b>Other Employee Costs</b>																
Travel	100.0	-	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-	-	-	-	-
Apprenticeship Levy	-	-	-	-	-	-	-	10.0	17.5	17.8	18.0	10.0	17.5	17.8	18.0	63.3
Conferences, Seminars & Training	100.0	-	-	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	-	-	-	-	-
<b>Total Other Employee Costs</b>	<b>200.0</b>	<b>-</b>	<b>-</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>200.0</b>	<b>210.0</b>	<b>217.5</b>	<b>217.8</b>	<b>218.0</b>	<b>10.0</b>	<b>17.5</b>	<b>17.8</b>	<b>18.0</b>	<b>63.3</b>

	Current Approved Budget and MTFP							Refreshed MTFP				Variance to Previously Approved				
	2019/20							2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23	Total
	January	2018/19	Board	Revised	2020/21	2021/22	2022/23									
	Approved	Carry	Approvals	Budget												
Budget	Forward	to 07/19	Budget	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<b>Externally Commissioned Support Services</b>																
External Legal Counsel	100.0	-	-	100.0	100.0	100.0	100.0	200.0	200.0	150.0	100.0	100.0	100.0	50.0	-	250.0
Finance Service	75.0	-	-	75.0	75.0	75.0	75.0	90.0	91.0	92.0	93.0	15.0	16.0	17.0	18.0	66.0
Democratic Services	90.0	-	-	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	-	-	-	-	-
Payroll	10.0	-	-	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	-	-	-	-	-
HR	25.0	-	-	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	-	-	-	-	-
Procurement	25.0	-	-	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	-	-	-	-	-
Finance System	-	-	-	-	-	-	-	15.0	-	-	-	15.0	-	-	-	15.0
ICT external support	50.0	-	-	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	-	-	-	-	-
<b>Total Externally Commissioned Support Services</b>	<b>375.0</b>	<b>-</b>	<b>-</b>	<b>375.0</b>	<b>375.0</b>	<b>375.0</b>	<b>375.0</b>	<b>505.0</b>	<b>491.0</b>	<b>442.0</b>	<b>393.0</b>	<b>130.0</b>	<b>116.0</b>	<b>67.0</b>	<b>18.0</b>	<b>331.0</b>
<b>Corporate Overheads</b>																
Accommodation Costs	339.2	-	-	339.2	340.0	340.0	340.0	339.2	340.0	340.0	340.0	-	-	-	-	-
Software Licences, Mobile Phones cost etc.	20.0	-	-	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	-	-	-	-	-
Communications	50.0	-	-	50.0	40.0	40.0	40.0	50.0	40.0	40.0	40.0	-	-	-	-	-
Website Development	10.0	19.5	-	29.5	10.0	10.0	10.0	29.5	10.0	10.0	10.0	-	-	-	-	-
Recruitment Costs	-	-	-	-	-	-	-	160.0	-	-	-	160.0	-	-	-	160.0
Insurance	25.0	-	-	25.0	25.0	25.0	25.0	30.0	30.0	30.0	30.0	5.0	5.0	5.0	5.0	20.0
Audit Costs	70.0	-	-	70.0	70.0	70.0	70.0	85.0	85.0	85.0	85.0	15.0	15.0	15.0	15.0	60.0
Office running costs	20.0	-	-	20.0	20.0	20.0	20.0	25.0	25.0	25.0	25.0	5.0	5.0	5.0	5.0	20.0
Corporate Subscriptions	-	-	-	-	-	-	-	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	40.0
<b>Total Corporate Overheads</b>	<b>534.2</b>	<b>19.5</b>	<b>-</b>	<b>553.7</b>	<b>525.0</b>	<b>525.0</b>	<b>525.0</b>	<b>748.7</b>	<b>560.0</b>	<b>560.0</b>	<b>560.0</b>	<b>195.0</b>	<b>35.0</b>	<b>35.0</b>	<b>35.0</b>	<b>300.0</b>
<b>Governance Costs</b>																
Committee/Business Board Allowances	47.0	-	138.0	185.0	47.0	47.0	47.0	185.0	139.0	139.0	139.0	-	92.0	92.0	92.0	276.0
Meeting Costs	10.0	-	-	10.0	10.0	10.0	10.0	-	-	-	-	(10.0)	(10.0)	(10.0)	(10.0)	(40.0)
Miscellaneous	10.0	-	-	10.0	10.0	10.0	10.0	20.0	20.0	20.0	20.0	10.0	10.0	10.0	10.0	40.0
<b>Total Governance Costs</b>	<b>67.0</b>	<b>-</b>	<b>138.0</b>	<b>205.0</b>	<b>67.0</b>	<b>67.0</b>	<b>67.0</b>	<b>205.0</b>	<b>159.0</b>	<b>159.0</b>	<b>159.0</b>	<b>-</b>	<b>92.0</b>	<b>92.0</b>	<b>92.0</b>	<b>276.0</b>
<b>Election Costs</b>																
<b>Total Election Costs</b>	<b>260.0</b>	<b>-</b>	<b>-</b>	<b>260.0</b>	<b>260.0</b>	<b>260.0</b>	<b>260.0</b>	<b>260.0</b>	<b>260.0</b>	<b>260.0</b>	<b>260.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capacity Funding</b>																
<b>Total Capacity Funding</b>	<b>125.0</b>	<b>-</b>	<b>-</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financing Costs</b>																
Interest Receivable on Investments	(800.0)	-	-	(800.0)	(510.0)	(381.2)	(200.0)	(1,480.0)	(1,020.0)	(762.4)	(400.0)	(680.0)	(510.0)	(381.2)	(200.0)	(1,771.2)
Interest on Borrowing	-	-	-	-	2,125.0	2,125.0	2,125.0	-	2,125.0	2,125.0	2,125.0	-	-	-	-	-
<b>Total Corporate Income</b>	<b>(800.0)</b>	<b>-</b>	<b>-</b>	<b>(800.0)</b>	<b>1,615.0</b>	<b>1,743.8</b>	<b>1,925.0</b>	<b>(1,480.0)</b>	<b>1,105.0</b>	<b>1,362.6</b>	<b>1,725.0</b>	<b>(680.0)</b>	<b>(510.0)</b>	<b>(381.2)</b>	<b>(200.0)</b>	<b>(1,771.2)</b>
<b>Total Operational Budget</b>	<b>5,606.4</b>	<b>19.5</b>	<b>138.0</b>	<b>5,763.9</b>	<b>8,084.7</b>	<b>8,287.3</b>	<b>8,543.4</b>	<b>5,485.8</b>	<b>7,664.4</b>	<b>8,022.6</b>	<b>8,384.3</b>	<b>(278.1)</b>	<b>(420.3)</b>	<b>(264.7)</b>	<b>(159.1)</b>	<b>(1,122.2)</b>

	Current Approved Budget and MTFP							Refreshed MTFP				Variance to Previously Approved				
	2019/20							2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23	Total
	January	2018/19	Board	Revised	2020/21	2021/22	2022/23									
	Approved	Carry	Approvals	Budget												
Budget	Forward	to 07/19	Budget	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
<b>Workstream Revenue Budgets</b>																
<b>Non-Transport Feasibility Funding</b>																
Feasibility (unallocated)	1,000.0	-	(388.0)	612.0	1,000.0	1,000.0	1,000.0	445.4	749.6	917.0	1,000.0	(166.6)	(250.4)	(83.0)	-	(500.0)
<b>Total Feasibility Budget</b>	<b>1,000.0</b>	<b>-</b>	<b>(388.0)</b>	<b>612.0</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>445.4</b>	<b>749.6</b>	<b>917.0</b>	<b>1,000.0</b>	<b>(166.6)</b>	<b>(250.4)</b>	<b>(83.0)</b>	<b>-</b>	<b>(500.0)</b>
<b>Transport</b>																
Feasibility Studies non-capital	500.0	-	(780.0)	(280.0)	4,000.0	2,000.0	500.0	-	2,755.0	2,000.0	500.0	280.0	(1,245.0)	-	-	(965.0)
CAM	1,000.0	127.0	780.0	1,907.0	-	-	-	1,907.0	965.0	-	-	-	965.0	-	-	965.0
A10 SOBC	500.0	-	-	500.0	-	-	-	-	-	-	-	(500.0)	-	-	-	(500.0)
A14 Revenue Feasibility	-	-	-	-	-	-	-	150.0	-	-	-	150.0	-	-	-	150.0
Huntingdon 3rd River Crossing	200.0	196.5	-	396.5	-	-	-	300.0	96.5	-	-	(96.5)	96.5	-	-	-
Bus Review Implementation	1,000.0	-	-	1,000.0	1,000.0	-	-	800.0	1,200.0	-	-	(200.0)	200.0	-	-	-
Cambridge South - Interim Concept	100.0	-	-	100.0	-	-	-	100.0	-	-	-	-	-	-	-	-
Transport Levy PCC	-	-	-	-	-	-	-	3,631.0	3,631.0	3,631.0	3,631.0	3,631.0	3,631.0	3,631.0	3,631.0	14,524.0
Transport Levy CCC	-	-	-	-	-	-	-	8,738.0	8,738.0	8,738.0	8,738.0	8,738.0	8,738.0	8,738.0	8,738.0	34,952.0
Local Transport Plan	100.0	-	-	100.0	-	-	-	376.7	-	-	-	276.7	-	-	-	276.7
Smart Cities Network	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sustainable Travel	150.0	-	-	150.0	150.0	-	-	150.0	150.0	-	-	-	-	-	-	-
Schemes and Studies	100.0	-	-	100.0	100.0	-	-	100.0	100.0	-	-	-	-	-	-	-
<b>Total Transport and Infrastructure</b>	<b>3,650.0</b>	<b>323.5</b>	<b>-</b>	<b>3,973.5</b>	<b>5,250.0</b>	<b>2,000.0</b>	<b>500.0</b>	<b>16,252.7</b>	<b>17,635.5</b>	<b>14,369.0</b>	<b>12,869.0</b>	<b>12,279.2</b>	<b>12,385.5</b>	<b>12,369.0</b>	<b>12,369.0</b>	<b>49,402.7</b>
<b>Business &amp; Skills</b>																
Work Readiness Programme	110.0	-	-	110.0	-	-	-	110.0	-	-	-	-	-	-	-	-
Skills Brokerage	250.0	-	-	250.0	-	-	-	344.2	32.8	-	-	94.2	32.8	-	-	127.0
University of Peterborough	-	-	235.0	235.0	-	-	-	235.0	-	-	-	-	-	-	-	-
Skills Strategy Programme Delivery	150.0	-	-	150.0	150.0	150.0	150.0	150.0	150.0	150.0	150.0	-	-	-	-	-
AEB Devolution Programme	11,506.1	-	-	11,506.1	11,506.1	11,506.1	11,506.1	6,858.6	10,947.5	10,947.5	10,947.5	(4,647.5)	(558.6)	(558.6)	(558.6)	(6,323.3)
AEB Programme Costs	-	-	-	-	-	-	-	115.4	-	-	-	115.4	-	-	-	115.4
Health and Social Care Work Academy	-	-	-	-	-	-	-	1,500.0	2,400.0	-	-	1,500.0	2,400.0	-	-	3,900.0
Additional LGF Top Slice / Growth Fund Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EU Exit Funding (2 Years)	-	-	-	-	-	-	-	90.9	181.8	-	-	90.9	181.8	-	-	272.7
Growth Company Development	-	63.0	-	63.0	-	-	-	63.0	-	-	-	-	-	-	-	-
<b>Total Business &amp; Skills</b>	<b>12,016.1</b>	<b>63.0</b>	<b>235.0</b>	<b>12,314.1</b>	<b>11,656.1</b>	<b>11,656.1</b>	<b>11,656.1</b>	<b>9,467.1</b>	<b>13,712.2</b>	<b>11,097.5</b>	<b>11,097.5</b>	<b>(2,847.0)</b>	<b>2,056.1</b>	<b>(558.6)</b>	<b>(558.6)</b>	<b>(1,908.1)</b>

	Current Approved Budget and MTFP							Refreshed MTFP				Variance to Previously Approved				
	2019/20							2019/20	2020/21	2021/22	2022/23	2019/20	2020/21	2021/22	2022/23	Total
	January	2018/19	Board	Revised	2020/21	2021/22	2022/23									
	Approved	Carry	Approvals	Budget				£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Economic Strategy</b>																
Growth Hub - PR and Data	69.9	-	-	69.9	68.8	67.8	66.8	92.2	99.9	97.7	95.5	22.3	31.1	29.9	28.7	112.0
Market Towns Strategy Implementation	200.0	-	153.0	353.0	200.0	200.0	200.0	353.0	367.0	283.0	200.0	-	167.0	83.0	-	250.0
Energy Grant	-	-	-	-	-	-	-	615.4	308.1	-	-	615.4	308.1	-	-	923.6
Energy Hub - RCEF	-	-	-	-	-	-	-	1,052.5	1,498.8	176.3	-	1,052.5	1,498.8	176.3	-	2,727.5
St Neots Masterplan	-	18.9	-	18.9	-	-	-	18.9	-	-	-	-	-	-	-	-
Trade and Investment Programme	50.0	-	-	50.0	50.0	50.0	50.0	100.0	100.0	-	-	50.0	50.0	(50.0)	(50.0)	-
CPCA LIS Implementation	200.0	-	-	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	-	-	-	-	-
LEP Capacity Funding	-	-	-	-	-	-	-	400.0	-	-	-	400.0	-	-	-	400.0
Skills Advisory Panel (SAP) (DfE)	-	-	-	-	-	-	-	75.0	-	-	-	75.0	-	-	-	75.0
Independent Economic Commission	20.0	-	-	20.0	-	-	-	-	20.0	-	-	(20.0)	20.0	-	-	-
<b>Total Economic Strategy</b>	<b>539.9</b>	<b>18.9</b>	<b>153.0</b>	<b>711.8</b>	<b>518.8</b>	<b>517.8</b>	<b>516.8</b>	<b>2,907.0</b>	<b>2,593.8</b>	<b>757.0</b>	<b>495.5</b>	<b>2,195.2</b>	<b>2,075.0</b>	<b>239.2</b>	<b>(21.3)</b>	<b>4,488.1</b>
<b>Strategy, Planning &amp; Performance</b>																
Monitoring and Evaluation Framework	170.9	-	-	170.9	161.8	183.6	-	163.0	168.7	184.6	-	(7.9)	6.9	1.0	-	(0.0)
Public Service Reform	100.0	-	-	100.0	-	-	-	100.0	-	-	-	-	-	-	-	-
NSSF2	150.0	111.5	-	261.5	115.0	-	-	130.0	171.5	75.0	-	(131.5)	56.5	75.0	-	-
Land Commission	25.0	80.0	-	105.0	-	-	-	105.0	-	-	-	-	-	-	-	-
Other 2018-19 workstreams	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Strategy, Planning &amp; Performance</b>	<b>445.9</b>	<b>191.5</b>	<b>-</b>	<b>637.4</b>	<b>276.8</b>	<b>183.6</b>	<b>-</b>	<b>498.0</b>	<b>340.2</b>	<b>259.6</b>	<b>-</b>	<b>(139.4)</b>	<b>63.4</b>	<b>76.0</b>	<b>-</b>	<b>(0.0)</b>
<b>Housing</b>																
War Veterans Homelessness Support Grant	-	-	-	-	-	-	-	90.9	-	-	-	90.9	-	-	-	90.9
CLT / £100k Housing	-	-	-	-	-	-	-	166.6	83.4	-	-	166.6	83.4	-	-	250.0
Garden Villages	700.0	-	-	700.0	-	-	-	700.0	-	-	-	-	-	-	-	-
<b>Total Housing</b>	<b>700.0</b>	<b>-</b>	<b>-</b>	<b>700.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>957.5</b>	<b>83.4</b>	<b>-</b>	<b>-</b>	<b>257.5</b>	<b>83.4</b>	<b>-</b>	<b>-</b>	<b>340.9</b>
<b>Total Revenue Expenditure</b>	<b>24,312.0</b>	<b>616.4</b>	<b>138.0</b>	<b>25,066.4</b>	<b>27,144.2</b>	<b>24,006.8</b>	<b>22,582.6</b>	<b>36,393.4</b>	<b>43,183.8</b>	<b>35,831.1</b>	<b>34,258.4</b>	<b>11,327.0</b>	<b>16,039.6</b>	<b>11,824.3</b>	<b>11,675.8</b>	<b>50,866.8</b>
<b>Net Revenue Position for the year</b>	<b>962.8</b>	<b>616.4</b>	<b>0.0</b>	<b>1579.2</b>	<b>5078.6</b>	<b>1934.2</b>	<b>502.8</b>	<b>1424.6</b>	<b>4797.1</b>	<b>1760.5</b>	<b>386.9</b>	<b>(154.6)</b>	<b>(281.5)</b>	<b>(173.7)</b>	<b>(115.9)</b>	<b>(725.7)</b>
Revenue Balance Brought Fwd				(11,925.2)				(11,925.2)								
Revenue Balance Carried Fwd				(10,346.0)	(5,267.4)	(3,333.2)	(2,830.4)	(10,500.6)	(5,703.5)	(3,942.9)	(3,556.1)	(154.6)	(436.1)	(609.7)	(725.7)	

Detailed Breakdown of the Capital Programme

Table A – Direct Control

Direct Control	Current Approved Budget and MTFP							Refreshed MTFP				Variance to Previously Approved					
	January Approved Budget	2018/19 Carry Forward	Board Approvals to 07/19	Revised Approved Budget	20-21	21-22	Future Years	19-20	20-21	21-22	Future Years	19-20	20-21	21-22	Future Years	Total	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Cambridge South Station	0.75	-	-	0.75	0.75	-	-	0.75	0.75	-	-	-	-	-	-	-	-
King's Dyke CPCA contribution	4.60	-	-	4.60	6.00	5.80	-	2.50	6.70	5.80	1.40	(2.10)	0.70	-	1.40	-	-
A10 SOBC	-	-	-	-	-	-	-	0.25	0.25	-	-	0.25	0.25	-	-	-	0.50
Peterborough University - Business case	1.45	0.30	(0.24)	1.52	1.41	9.74	-	1.52	11.15	-	-	-	9.74	(9.74)	-	-	-
Soham Station GRIP 3	0.95	-	-	0.95	-	-	-	0.95	-	-	-	-	-	-	-	-	-
St Neots River Crossing cycle bridge	2.50	0.50	-	3.00	0.95	-	-	0.60	2.50	-	-	(2.40)	1.55	-	-	-	(0.85)
St Neots Masterplan Capital	-	-	-	-	-	-	-	0.15	0.70	-	-	0.15	0.70	-	-	-	0.85
Wisbech Garden Town	0.75	1.00	-	1.75	0.75	0.75	-	1.75	0.75	0.75	-	-	-	-	-	-	-
Wisbech Rail	0.75	0.73	-	1.48	1.75	-	-	1.48	1.75	-	-	-	-	-	-	-	-
Wisbech Access Strategy	-	0.30	-	0.30	-	4.00	-	0.30	-	4.00	-	-	-	-	-	-	-
Digital Connectivity Infrastructure Programme	1.99	0.16	-	2.15	1.96	1.28	-	0.84	2.68	1.87	-	(1.31)	0.72	0.59	-	-	0.00
A47 Dualling	-	0.41	-	0.41	-	-	-	0.41	-	-	-	-	-	-	-	-	-
	<b>13.74</b>	<b>3.40</b>	<b>(0.24)</b>	<b>16.91</b>	<b>13.57</b>	<b>21.57</b>	<b>-</b>	<b>11.50</b>	<b>27.23</b>	<b>12.42</b>	<b>1.40</b>	<b>(5.41)</b>	<b>13.66</b>	<b>(9.15)</b>	<b>1.40</b>	<b>0.50</b>	<b>-</b>
Capital Gain Share	(12.00)	-	-	(12.00)	(12.00)	(12.00)	-	(12.00)	(12.00)	(12.00)	-	-	-	-	-	-	-
Transforming Cities	(17.00)	-	-	(17.00)	(22.00)	(30.00)	-	(17.00)	(22.00)	(30.00)	-	-	-	-	-	-	-
	<b>(29.00)</b>	<b>-</b>	<b>-</b>	<b>(29.00)</b>	<b>(34.00)</b>	<b>(42.00)</b>	<b>-</b>	<b>(29.00)</b>	<b>(34.00)</b>	<b>(42.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Available in-year funding</b>					<b>(12.10)</b>	<b>(20.43)</b>	<b>(20.43)</b>	<b>-</b>	<b>(17.50)</b>	<b>(6.77)</b>	<b>(29.58)</b>	<b>1.40</b>	<b>(5.41)</b>	<b>13.66</b>	<b>(9.15)</b>	<b>1.40</b>	<b>0.50</b>
<b>Costed but not yet committed schemes</b>																	
Ely Rail Capacity next stage	1.00	-	-	1.00	2.00	2.00	-	1.00	2.00	2.00	-	-	-	-	-	-	-
Market Town pump priming	1.00	-	-	1.00	2.00	2.00	-	0.50	4.00	0.50	-	(0.50)	2.00	(1.50)	-	-	-
Soham Station Delivery	-	-	-	-	9.00	11.00	-	-	6.00	6.00	8.00	-	(3.00)	(5.00)	8.00	-	-
Coldhams Lane roundabout improvements	0.30	0.23	-	0.53	2.20	-	-	0.53	2.20	-	-	-	-	-	-	-	-
Fengate Access Study - Eastern Industries Access - Phase 1	0.30	0.13	-	0.43	-	-	-	0.43	-	-	-	-	-	-	-	-	-
Fengate Access Study - Eastern Industries Access - Phase 2	0.10	-	-	0.10	0.10	-	-	0.10	0.10	-	-	-	-	-	-	-	-
March junction improvements	1.00	0.08	-	1.08	3.31	1.55	-	1.08	3.31	1.55	-	-	-	-	-	-	-
Regeneration of Fenland Railway Stations	2.70	0.28	-	2.98	3.00	3.00	-	0.39	1.50	2.50	1.20	(2.59)	(1.50)	(0.50)	1.20	(3.39)	
Regeneration of Fenland Railway Stations - Non Platforms (NEW)	-	-	-	-	-	-	-	0.61	1.28	1.50	-	0.61	1.28	1.50	-	-	3.39
A10 Foxton Level Crossing	1.50	0.50	-	2.00	-	-	-	-	-	-	-	(2.00)	-	-	-	-	(2.00)
A1260 Nene Parkway Junction 15	0.25	0.13	-	0.38	1.96	3.85	-	0.36	1.99	3.85	-	(0.03)	0.02	-	-	-	(0.00)
A1260 Nene Parkway Junction 32-3	0.20	0.12	-	0.32	3.70	-	-	0.32	3.70	-	-	-	-	-	-	-	-
A141 capacity enhancements	1.00	0.27	-	1.27	2.00	2.60	-	1.27	2.00	2.60	-	-	-	-	-	-	-
A16 Norwood Dualling	0.05	-	-	0.05	0.08	-	-	0.05	0.08	-	-	-	-	-	-	-	-
A142 Capacity Study	-	0.15	-	0.15	-	-	-	-	-	-	-	(0.15)	-	-	-	-	(0.15)
A14 Junction Improvement feasibility study	-	0.15	-	0.15	-	-	-	-	-	-	-	(0.15)	-	-	-	-	(0.15)
A505 Corridor	0.50	0.88	-	1.38	-	-	-	1.00	-	-	-	(0.38)	-	-	-	-	(0.38)
A605 Oundle Rd Widening - Alwalton-Lynch Wood	0.50	0.01	-	0.51	-	-	-	0.51	-	-	-	-	-	-	-	-	-
	<b>10.40</b>	<b>2.93</b>	<b>-</b>	<b>13.33</b>	<b>29.35</b>	<b>26.00</b>	<b>-</b>	<b>8.15</b>	<b>28.16</b>	<b>20.50</b>	<b>9.20</b>	<b>(5.19)</b>	<b>(1.20)</b>	<b>(5.50)</b>	<b>9.20</b>	<b>(2.68)</b>	<b>-</b>
<b>Movement on Capital Balances if approved</b>	<b>10.40</b>	<b>2.93</b>	<b>0.00</b>	<b>1.24</b>	<b>8.92</b>	<b>5.57</b>	<b>0.00</b>	<b>(9.36)</b>	<b>21.39</b>	<b>(9.08)</b>	<b>10.60</b>	<b>(10.59)</b>	<b>12.47</b>	<b>(14.65)</b>	<b>10.60</b>	<b>(2.18)</b>	<b>-</b>
Capital Balance Brought Fwd				<b>(34.15)</b>				<b>(34.15)</b>									
Capital Balance Carried Fwd				<b>(32.92)</b>	<b>(24.00)</b>	<b>(18.43)</b>	<b>(18.43)</b>	<b>(43.51)</b>	<b>(22.12)</b>	<b>(31.21)</b>	<b>(20.61)</b>	<b>(10.59)</b>	<b>1.87</b>	<b>(12.78)</b>	<b>(2.18)</b>		

Potential Future Schemes	Current Approved Budget and MTFP							Refreshed MTFP				Variance to Previously Approved				
	January Approved Budget	2018/19 Carry Forward	Board Approvals to 07/19	Revised Approved Budget	20-21	21-22	Future Years	19-20	20-21	21-22	Future Years	19-20	20-21	21-22	Future Years	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
A10 Upgrade	-	-	-	-	11.00	11.00	450.00	-	11.00	11.00	450.00	-	-	-	-	-
A47 Dualling Study	-	-	-	-	5.00	5.00	218.00	-	5.00	5.00	218.00	-	-	-	-	-
Cambridge Autonomous Metro	-	-	-	-	10.00	40.00	1,960.00	-	10.00	40.00	1,960.00	-	-	-	-	-
Cambridge South Station	-	-	-	-	-	10.00	250.00	-	-	10.00	250.00	-	-	-	-	-
Huntingdon Third River Crossing	-	-	-	-	-	-	200.00	-	-	-	200.00	-	-	-	-	-
Peterborough University - Land and Infrastructure for build	-	-	-	-	10.00	20.00	-	-	-	-	30.00	-	(10.00)	(20.00)	30.00	-
Wisbech Garden Town	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wisbech Rail	-	-	-	-	8.00	60.00	30.00	-	8.00	60.00	30.00	-	-	-	-	-
A16 Norwood Dualling	-	-	-	-	-	-	9.58	-	-	-	9.58	-	-	-	-	-
A505 Corridor	-	-	-	-	-	100.00	150.00	-	4.00	5.00	241.00	-	4.00	(95.00)	91.00	-
Alconbury Weald Train Station	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
East-West Rail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ely Area Capacity Enhancements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fengate Access Study - Eastern Industries Access - Phase 1	-	-	-	-	-	4.03	4.03	-	-	4.03	4.03	-	-	-	-	-
Fengate Access Study - Eastern Industries Access - Phase 2	-	-	-	-	-	-	6.55	-	-	-	6.55	-	-	-	-	-
M11 Extension	-	-	-	-	-	-	2,500.00	-	-	-	2,500.00	-	-	-	-	-
Oxford Cambridge Expressway	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Potential Future Schemes Total</b>	-	-	-	-	<b>44.00</b>	<b>250.03</b>	<b>5,778.16</b>	-	<b>38.00</b>	<b>135.03</b>	<b>5,899.16</b>	-	<b>(6.00)</b>	<b>(115.00)</b>	<b>121.00</b>	-

**TABLE B – PASSPORTED FUNDS**

Passported	Current Approved Budget and MTFP								Refreshed MTFP					Variance to Previously Approved					
	January Approved Budget	2018/19 Carry Forward	Board Approvals to 07/19	Revised Approved Budget	20-21	21-22	Future Years	Reserves	19-20	20-21	21-22	Future Years	Reserves	19-20	20-21	21-22	Future Years	Total	
	b/f	£000	£000	£000	£000	£000	£000	b/f	£000	£000	£000	£000	b/f	£000	£000	£000	£000	£000	
NPIF Funded Schemes	-	2.00	3.05	-	5.05	-	-	-	6.65	-	-	-	-	1.60	-	-	-	-	1.60
NPIF - A605 Stanground - Whittlesea Access	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LTP Schemes with PCC and CCC	-	23.08	-	-	23.08	23.08	23.08	-	23.08	23.08	23.08	23.08	-	-	-	-	-	-	-
Cambridge City Housing Programme	-	21.91	1.51	-	23.42	27.78	4.67	-	20.61	26.92	8.33	-	-	(2.81)	(0.86)	3.66	-	-	(0.01)
Housing Loan Provision	-	4.83	1.67	-	6.50	-	-	-	-	-	-	-	-	(6.50)	-	-	-	-	(6.50)
Housing Infrastructure Programme (£60m Grants)	-	20.66	6.29	-	26.95	20.33	10.00	-	7.00	15.00	15.00	20.36	-	(19.95)	(5.33)	5.00	20.36	0.08	
Housing Investment Fund (£40m Loans)	-	23.00	-	-	23.00	17.00	-	-	34.18	2.69	0.14	19.33	-	11.18	(14.31)	0.14	19.33	16.34	
<b>Passported Expenditure Total</b>	<b>-</b>	<b>95.48</b>	<b>12.52</b>	<b>-</b>	<b>108.00</b>	<b>88.19</b>	<b>37.75</b>	<b>23.08</b>	<b>-</b>	<b>91.52</b>	<b>67.69</b>	<b>46.55</b>	<b>62.77</b>	<b>-</b>	<b>(16.48)</b>	<b>(20.50)</b>	<b>8.80</b>	<b>39.69</b>	<b>11.51</b>
Highways Capital Block Funding	-	(23.08)	-	-	(23.08)	(23.08)	(23.08)	(23.08)	-	(23.08)	(23.08)	(23.08)	(23.08)	-	-	-	-	-	-
Housing - Cambridge City	(23.86)	(17.00)	-	-	(17.00)	(15.00)	-	-	(23.86)	(17.00)	(15.00)	-	-	-	-	-	-	-	-
Housing Infrastructure Fund (£60m Grants)	(30.36)	(9.00)	-	-	(9.00)	(18.00)	-	-	(30.36)	(9.00)	(18.00)	-	-	-	-	-	-	-	-
Housing Loan Repayment*	-	(1.18)	-	-	(1.18)	(5.33)	-	-	-	-	-	-	-	1.18	5.33	-	-	-	6.51
National Priorities Investment Fund	(0.95)	-	-	-	-	-	-	-	(0.95)	(5.70)	-	-	-	(5.70)	-	-	-	-	(5.70)
Housing Investment Fund (£40m Loans) - incl Repayment	(21.78)	(6.00)	-	-	(6.00)	(12.00)	-	-	(21.78)	(5.52)	(23.27)	(5.77)	-	0.48	(11.27)	(5.77)	-	-	(16.56)
<b>Passported Funding Total</b>	<b>(76.95)</b>	<b>(56.26)</b>	<b>-</b>	<b>-</b>	<b>(56.26)</b>	<b>(73.41)</b>	<b>(23.08)</b>	<b>(23.08)</b>	<b>(76.95)</b>	<b>(60.30)</b>	<b>(79.35)</b>	<b>(28.85)</b>	<b>(23.08)</b>	<b>-</b>	<b>(4.04)</b>	<b>(5.94)</b>	<b>(5.77)</b>	<b>-</b>	<b>(15.75)</b>

Note: Minor variance between cost and funding lines relate to discrepancies in the January 2019 report. Refreshed totals above reflect the currently known budget position.

**TABLE C – GROWTH FUNDS**

Growth Funds	Current Approved Budget and MTFP								Refreshed MTFP					Variance to Previously Approved						
	Reserves	January	2018/19	Board	Revised				Reserves	19-20	20-21	21-22	Future Years	Reserves	19-20	20-21	21-22	Future Years	Total	
	b/f	Approved Budget	Carry Forward	Approvals to 07/19	Approved Budget	20-21	21-22	Future Years	b/f	£000	£000	£000	£000	b/f	£000	£000	£000	£000	£000	
Kings Dyke Growth Deal contribution	-	1.40	(0.62)	-	0.78	-	-	-	-	0.78	-	-	-	-	-	-	-	-	-	-
A428 Cambourne to Cambridge	-	3.00	1.00	-	4.00	5.00	-	-	-	-	4.40	-	-	-	(4.00)	(0.60)	-	-	-	(4.60)
Ely Area Capacity Enhancements	-	1.35	0.97	-	2.32	-	-	-	-	2.32	-	-	-	-	-	-	-	-	-	-
In_Collusion (Digital Sector Skills)	-	0.02	-	-	0.02	-	-	-	-	0.02	-	-	-	-	-	-	-	-	-	-
Wisbech Access Strategy - Delivery Phase	-	4.00	0.72	-	4.72	5.50	-	-	-	1.00	8.52	0.70	-	-	(3.72)	3.02	0.70	-	-	(0.01)
Soham Station Feasibility	-	1.00	-	-	1.00	-	-	-	-	1.00	-	-	-	-	-	-	-	-	-	-
M11 Junction 8	-	-	-	1.00	1.00	-	-	-	-	-	1.00	-	-	-	(1.00)	1.00	-	-	-	-
Epicentre - Haverhill Innovation Centre	-	0.65	-	1.40	2.05	0.65	-	-	-	1.35	1.35	-	-	-	(0.70)	0.70	-	-	-	0.00
Tera-view Cambridge	-	-	-	0.12	0.12	-	-	-	-	0.12	-	-	-	-	-	-	-	-	-	-
Cambridge Northern Fringe East - Sci Tech Container Village	-	-	-	0.70	0.70	-	-	-	-	-	0.70	-	-	-	(0.70)	0.70	-	-	-	-
Project Living Cell	-	-	-	1.35	1.35	-	-	-	-	1.35	-	-	-	-	-	-	-	-	-	-
Small Grants Programme	-	0.10	-	-	0.10	0.10	-	-	-	0.10	0.10	-	-	-	-	-	-	-	-	-
Eastern Agritech Initiative	-	2.50	1.19	-	3.69	3.00	-	-	-	3.69	3.00	-	-	-	-	-	-	-	-	-
Whittlesea and Manea Railway Stations	-	-	0.03	-	0.03	-	-	-	-	0.03	-	-	-	-	-	-	-	-	-	-
Imet Phase 3	-	-	0.30	-	0.30	-	-	-	-	0.30	-	-	-	-	-	-	-	-	-	-
Lancaster Way Phase 2	-	-	0.86	-	0.86	-	-	-	-	0.15	0.71	-	-	-	(0.71)	0.71	-	-	-	-
Use of Loan Receipts Received - Recycle	-	-	-	-	-	-	-	-	-	0.03	0.81	0.45	1.05	-	0.03	0.81	0.45	1.05	2.34	
Illumina Accelerator Global Expansion	-	-	-	3.00	3.00	-	-	-	-	1.00	2.00	-	-	-	(2.00)	2.00	-	-	-	-
Future Pipeline Projects	-	19.00	-	(3.57)	15.43	28.20	-	-	-	15.43	27.36	-	-	-	-	(0.84)	-	-	-	(0.84)
Revenue Recharge to Growth Funds	-	0.50	-	-	0.50	0.50	0.50	-	-	0.50	0.50	0.50	0.50	-	-	-	-	-	0.50	0.50
<b>Growth Funds Expenditure Total</b>	<b>-</b>	<b>33.52</b>	<b>4.45</b>	<b>4.00</b>	<b>41.97</b>	<b>42.95</b>	<b>0.50</b>	<b>-</b>	<b>-</b>	<b>29.18</b>	<b>50.44</b>	<b>1.65</b>	<b>1.55</b>	<b>-</b>	<b>(12.79)</b>	<b>7.49</b>	<b>1.15</b>	<b>1.55</b>	<b>(2.61)</b>	
Growth Fund Income	(25.32)	(15.88)	-	-	(15.88)	(35.74)	-	-	(28.86)	(15.88)	(35.74)	-	-	(3.54)	-	-	-	-	-	(3.54)
LGF Loan Receipts	-	-	-	-	-	-	-	-	-	(0.03)	(0.81)	(0.45)	(1.05)	-	(0.03)	(0.81)	(0.45)	(1.05)	(2.34)	
<b>Growth Fund Income Total</b>	<b>(25.32)</b>	<b>(15.88)</b>	<b>-</b>	<b>-</b>	<b>(15.88)</b>	<b>(35.74)</b>	<b>-</b>	<b>-</b>	<b>(28.86)</b>	<b>(15.91)</b>	<b>(36.55)</b>	<b>(0.45)</b>	<b>(1.05)</b>	<b>(3.54)</b>	<b>(0.03)</b>	<b>(0.81)</b>	<b>(0.45)</b>	<b>(1.05)</b>	<b>(5.88)</b>	

Note: Minor variance between cost and funding lines relate to discrepancies in the January 2019 report. Refreshed totals above reflect the currently known budget position.



<b>CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD</b>	<b>AGENDA ITEM No: 2.2</b>
<b>DATE OF MEETING</b>  <b>27/09/2019</b>	<b>PUBLIC REPORT</b>

## **BUSINESS PLAN 2019/20 MID-YEAR UPDATE**

### **1.0 PURPOSE**

- 1.1. This report provides a mid-year update on the 2019-20 Business Plan, as agreed at the January 2019 Board meeting.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Mayor James Palmer</b>
<b>Lead Officer:</b>	<b>Paul Raynes, Director of Strategy and Assurance</b>
<b>Forward Plan Ref: N/A</b>	<b>Key Decision: No</b>
The Combined Authority is recommended to:  (a) Approve the 2019-20 Business Plan mid-year update	<b>Voting arrangements</b>  Simple majority of all Members.

### **2.0 BACKGROUND**

- 2.1. The Combined Authority Board has made it clear that budgeting and activity planning should be seen in the round, and the 2019/20 business plan, budget and Medium-Term Financial Plan (MTFP) were approved by the Combined Authority Board meeting on 30<sup>th</sup> January 2019. The 2019/20 business plan sets out the progress expected on the Combined Authority's agreed priority projects over the coming financial year, as well as what was delivered in 2018-19. The Business Plan also aligned with the Authority's Growth Ambition Statement which describes our overall approach to making Cambridgeshire and Peterborough the leading place in the world to live, learn and work, and is itself anchored in the evidence base provided by the CPIER.
- 2.2. It was agreed at the January Board meeting that the business plan would be subject to a mid-year review. This paper provides Board Members with that update.

- 2.3. An exercise to refresh the Medium-Term Financial Plan and budget has also been undertaken in parallel with the business plan refresh and this report should be read alongside that (agenda item 2.1).

### **3.0 Business plan progress**

- 3.1. During the refresh of the business plan, 6 projects have been identified as priority to the success of the Combined Authority and are proposed as additions to the key projects list which the Board monitors quarterly. These additional projects are listed below, none of which relate to new activity:
- Fenland Stations Regeneration – a project to deliver a range of interventions at train stations across March, Manea and Whittlesea and to promote more frequent and later services from these stations;
  - Bus Review Task Force – this is a programme of work designed to implement the recommendations and findings of the 2018 Strategic Bus Review. This includes building business cases for possible franchising or other bus delivery models by early 2021;
  - Adult Education Budget – responsibility for the devolved Adult Education funding;
  - Community Land Trusts – increasing the potential CLT's in the area;
  - £100,000 Homes – enabling the delivery of the first £100,000 homes;
  - Business Board – tracking and monitoring progress in The Business Board's programme to deliver the Local Industrial Strategy as a key project.
- 3.2. Subject to the Board's approval of agenda item 3.3, it is proposed that the key priority relating to public transport of Alconbury be included within the CAM priority.

### **4.0 FINANCIAL IMPLICATIONS**

- 4.1. The Business Plan sets out how the Combined Authority's agreed budget will be spent to deliver its key priorities. This will be updated along with the mid-year review of the budget and MTFP.

### **5.0 LEGAL IMPLICATIONS**

- 5.1. Adopting a Business Plan alongside the budget is good practice but not a legal obligation.

## 6.0 SIGNIFICANT IMPLICATIONS

6.1 None not mentioned above.

<u>Source Documents</u>	<u>Location</u>
None	





## Business Plan 2019-20 Mid-Year Refresh: what have we done so far?

Combined Authority key projects						Additional Combined Authority key projects		
 <p><b>Cambridge Autonomous Metro</b></p> <p>Strategic Outline Business Case delivered and approved. Outline Business Case funded and work commissioned.</p>	 <p><b>A10</b></p> <p>Large Local Majors bid submitted. Strategic outline business case, including dualling and junction options, progressing.</p>	 <p><b>Huntingdon Third River Crossing</b></p> <p>Feasibility study for a congestion solution around the Huntingdon area being procured.</p>	 <p><b>King's Dyke Level Crossing</b></p> <p>Cambridgeshire County Council are testing the market for the construction phase.</p>	 <p><b>A47 Dualling</b></p> <p>RIS2 submission completed.</p>	 <p><b>Soham Station</b></p> <p>GRIP3c business case complete: Board decision on delivery phase due in September.</p>	 <p><b>Fenland Stations Regeneration</b></p> <p>A project to deliver a range of interventions across March, Manea and Whittlesea and to promote more frequent and later services from these stations.</p>	 <p><b>Bus Review Task Force</b></p> <p>Work designed to implement the recommendations and findings of the 2018 Strategic Bus Review. This includes building business cases for possible franchising or other bus delivery models by early 2021.</p>	
 <p><b>Cambridge South Station</b></p> <p>Study of interim station options underway.</p>	 <p><b>Wisbech Rail</b></p> <p>Final business case due March 2020.</p>	 <p><b>Affordable Housing Programme</b></p> <p>£70m Programme - 311 starts projected. £100m Programme - 600 starts projected.</p>	 <p><b>University of Peterborough</b></p> <p>An external Project Management team has been appointed to help this project reach its target of 2000 students by September 2022. An outline business case is due January 2020.</p>	 <p><b>Market Town Masterplans</b></p> <p>The St Neots Masterplan is in delivery phase, with an additional 5 plans in the first draft stage.</p>	<p><b>These are the 6 additional projects identified as a priority for the Cambridgeshire &amp; Peterborough Combined Authority.</b></p>		 <p><b>Adult Education Budget</b></p> <p>Responsibility for the devolved Adult Education Budget.</p>	 <p><b>Community Land Trusts</b></p> <p>Increasing the potential CLT's in the area.</p>
<p><b>Combined Authority other projects and programmes</b></p>						 <p><b>£100,000 Homes</b></p> <p>Enabling the delivery of the first £100,000 homes.</p>	 <p><b>Business Board</b></p> <p>Tracking and monitoring of progress in The Business Board's programme to deliver the Local Industrial Strategy as a key project.</p>	
<p><b>OTHER PROJECTS</b></p> <p>The remainder of the Transport portfolio is currently on track, with projects progressing as planned:</p> <p><b>Ely Rail Capacity Enhancements;</b> <b>Coldham's Lane Improvements;</b> <b>A505 Study;</b> <b>Fengate Access Study - Phase 1;</b> <b>March Area Transport Study;</b> <b>Regeneration of Fenland Stations;</b> <b>A10 Foxton Level Crossing;</b> <b>A1260 Nene Parkway Junction 15 and 32-3;</b> <b>A141 Capacity Enhancements;</b> <b>A605 Oundle Road Widening.</b></p> <p>The <b>A16 Norwood Dualling</b> and <b>Fengate Access Phase 2</b> projects are currently awaiting initiation.</p>		<p><b>STRATEGY DEVELOPMENT</b></p> <p><b>Local Industrial Strategy:</b> Published Friday 19th July, following a process of co-authoring with businesses, local partners, stakeholders and BEIS;</p> <p><b>Local Transport Plan:</b> Consultation begun in June 2019 and will close at the end of September;</p> <p><b>Non-Statutory Strategic Spatial Framework:</b> Consultation document submitted to the September Combined Authority Board meeting;</p> <p><b>Skills Strategy:</b> final Skills Strategy was signed off by Combined Authority Board in May, and has moved into delivery.</p>		<p><b>DELIVERY PROGRAMMES:</b></p> <p>The remaining programmes remain on track:</p> <p><b>Apprenticeships;</b> <b>Growth Hub;</b> <b>Garden Villages;</b> <b>Trade and Investment Programme;</b> <b>Digital Infrastructure;</b> <b>Energy Hub;</b></p>		<p><b>MANAGING OURSELVES</b></p> <p>The Combined Authority Board receives quarterly performance updates, and reviews monthly financial reports.</p> <p>The Medium-Term Financial Plan is also being refreshed at the same time as the business plan, and now takes into account changes from the review of staffing costs.</p> <p>The new permanent staffing structure has been implemented.</p> <p>A joint Assurance Framework is in progress and due to be signed off at the September Board.</p>		





<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 14</b>
<b>27<sup>th</sup> September 2019</b>	<b>PUBLIC REPORT</b>

## **NATIONAL AUDIT OFFICE CONSULTATION ON CHANGES TO THE CODE OF AUDIT PRACTICE**

### **1.0 PURPOSE**

- 1.1 To provide the Committee with an overview of the proposed changes to the Code of Audit Practice.

<b><u>DECISION REQUIRED</u></b>
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<b>Lead Officer: Robert Emery (Chief Accountant)</b>
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The Audit and Governance Committee is recommended to note the proposed changes to the code of audit practice, and the potential impact on reporting to the Committee for local audit work.
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### **2.0 BACKGROUND**

- 2.1 The Code of Audit Practice is a key document which sets out the principles which govern how local auditors in England meet their responsibilities when auditing Local Authorities. The Code must be reviewed at least every five years and the deadline for the new Code to come into force is 1<sup>st</sup> April 2020.
- 2.2 The National Audit Office (NAO) have completed phase one of the consultation on changes to the code, including key stakeholders such as Local Authorities, audit firms, NHS bodies and Central Government.
- 2.3 Based on the responses received a draft of the revised Code has been published and the period for phase two of the consultation, on the published draft, lasts until the 22<sup>nd</sup> November 2019.

### **3.0 SUMMARY OF PROPOSED CHANGES**

- 3.1 As the Code covers all types of Local Authority, and the NHS, this report focusses on the changes which have an impact on the Combined Authority; a full list of changes, and the full text of the draft Code, can be found on the NAO's website as linked to in the source documentation table at the end of this report.

## Value for Money

- 3.2 While the responsibility held by auditors of Local Authorities in respect of Value for Money (VfM) has not changed, that is to “*satisfy themselves that the audited body has made proper arrangements for securing VfM in its use of resources*”, specific reporting criteria have been introduced: financial sustainability, governance, and improving economy, efficiency and effectiveness.
- 3.3 For each of these criteria, there will be statutory guidance which sets out the procedures which auditors must undertake, and the auditor’s report must include a commentary on each criteria. The NAO have indicated that this change is not expected to increase the work required by local auditors but instead to extract more value from, and maximise the impact of, work already being undertaken. This should result in the 2019-20 auditors report providing a greater insight into the VfM arrangements in place at the Combined Authority.
- 3.4 The draft Code introduces the expectation that, where work identifies significant weaknesses in arrangements, the auditor will issue a recommendation to the body, setting out the auditor’s judgements clearly along with a summary of the evidence on which those judgements are based. The auditor should also explain the impact the judgement has on the body itself and set out clearly the actions the body should take in response. The draft Code also expects that, when they identify significant weaknesses in arrangements, the auditor considers whether to make their recommendation immediately, rather than wait until the end of the audit. This gives the Committee assurance that, were a significant control weakness be identified during the year, the auditors would not have to wait to complete an annual audit to report their findings.

## Audit Reporting

- 3.5 The proposed revised Code specifies that to maximise clarity, and value, for the public the auditor’s reporting will consist of two elements: The report on the financial statements, which covers only the work undertaken on the statements, and the auditor’s annual report.
- 3.6 The revised Code maintains the clear expectation that local auditors will complete their work and issue their opinion on the financial statements in time to allow local public bodies to meet their statutory deadlines for publication of audited accounts. This is not a change from the previous Code and, 40% of Local Authority’s 2018-19 accounts were not audited in time for the statutory deadline, however a separate review of local audit arrangements is being undertaken by MHCLG, led by Sir Tony Redmond and, given the delays experienced in the 2018-19 audit, the Combined Authority will be engaging with this.
- 3.7 The annual report should cover all audit work undertaken throughout the year and include the commentary on the specific VfM arrangements as set out in 3.2 and 3.3. The report will be intended to provide a clear, readily understandable commentary on the auditor’s findings and highlight any issues that the auditor wishes to draw to the attention of the body or the wider public. The auditor’s annual report should include details of any recommendations issued during the course of the year to ensure that all recommendations made by the auditor are accessible and reported publicly.

- 3.8 The annual report does not have to be published alongside the report on financial statements, but must be published by the 30<sup>th</sup> September following the end of the financial year.

### **General**

- 3.9 The expectation that audit firms need to ensure that their teams have the necessary skills and knowledge of the relevant financial reporting and regulatory frameworks to enable them to deliver their audit work has been clarified, this should ensure that the auditors assigned to the Combined Authority's audit are well versed in Local Authority audit, rather than only having experience in company auditing.
- 3.10 The NAO have also clarified expectations that their reporting to, and communications with, Local Authorities, and the wider public, are effective and transparent – that language should be chosen to ensure reader comprehension reflecting that the auditor's report is for the benefit of the public as well as the Local Authority.
- 3.11 The Code is based on generally accepted auditing standards however some sectors require auditors to report their findings in more detail than is required by GAAP, this is known as enhanced auditor reporting. While this is not currently required for Local Authorities, the NAO observed that this is becoming more widespread and have thus updated the Code to allow for this to come forward in future. If enhanced auditor reporting is put in place for Local Authorities a report will be presented to the Audit and Governance Committee with further details.
- 3.12 The draft Code emphasises the need for auditors to consider the impact of exercising their powers in relation to objections to the draft accounts and the issuing of an advisory notice, including proportionality, to what extent the issue is already known to the public and whether it is in the public interest for the auditor to publish their independent view on the matter. As there were no objections to the Combined Authorities accounts, we would not expect this change to have an impact.

## **4.0 SUMMARY**

- 4.1 While the revised Code does not represent a fundamental change in the approach the Authority's auditors will take, their annual reporting to the Audit and Governance Committee will now take the form of two separate reports, with a greater focus on value for money.
- 4.2 Officers are supportive of the proposed changes and welcome the greater focus on value for money, the increased requirement for specific Local Government expertise, and the re-assertion of the clear expectation that auditors will issue their opinion in line with the statutory timescales required of Local Authorities
- 4.3 We would welcome any steer from the Committee in relation to the Combined Authority's feedback to the proposed draft.

## **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The NAO has identified that any change to the work of local auditors, particularly the increased requirement for specific expertise, may impact the fee required to fund auditor's work and are working with key stakeholders to understand the potential

impact of the proposed changes.

## **6.0 LEGAL IMPLICATIONS**

6.1 There are no direct legal implications

## **10.0 EQUALITIES IMPLICATION**

10.1 None

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
<b>National Audit Office Code of Audit Practice Consultation documentation</b>	<a href="https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/#">https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/#</a>



<b>AUDIT AND GOVERNANCE COMMITTEE</b>	<b>AGENDA ITEM No: 15</b>
<b>27<sup>th</sup> September 2019</b>	<b>PUBLIC REPORT</b>

## **WORK PROGRAMME**

### **1.0 PURPOSE**

- 1.1 To provide the Committee with the draft work programme for Audit and Governance Committee for the remainder of the 2019/20 municipal year.

<b><u>DECISION REQUIRED</u></b>
<b>Lead Officer: Dermot Pearson – Interim Monitoring Officer</b>
That the Committee:  a) Notes the work programme for the Audit and Governance Committee for the 2019/20 municipal year attached at Appendix 1 and agree to regularly review the work programme at each meeting.  b) Notes the Audit and Governance Work Programme Items for the year.

### **2.0 BACKGROUND**

- 2.1 In accordance with the Constitution, the Audit and Governance Committee must perform certain statutory duties including the approval of accounts, governance arrangements, financial reporting and code of conduct.
- 2.2 A draft work programme which outlines when these decisions are taken for the current municipal year is attached at Appendix 1.
- 2.3 At the November 2018 Audit and Governance Committee meeting members requested that they be provided with a calendar of items that must be considered annually by the committee be added to the work programme for them to monitor. This document is attached at Appendix 2.

### **3.0 FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications

**4.0 LEGAL IMPLICATION**

4.1 There are no legal implications

**5.0 EQUALITIES IMPLICATION**

5.1 None

**6.0 APPENDICES**

6.1 Draft Work Programme

6.2 Calendar of Work Programme Items for the Year.

<u>Source Documents</u>	<u>Location</u>
None	

### Audit and Governance Work Programme Items

The Audit and Governance Committee meet four times a year, roughly following the financial timetable set by legislation.

Currently the Audit and Governance Committee are scheduled to meet in the following months:

July, September, December, March (The Committee have also requested that they meet in public in June to consider the draft accounts for the Combined Authority.)

Below is a table of items that the committee must consider throughout the year.

<b>Item</b>	<b>Description</b>	<b>Proposed Meeting</b>
Combined Authority Board Update	Standing item on the agenda when a chief officer or by agreement once a year the Mayor for the Combined Authority provides an update on the activities for the authority.	Every meeting
Minutes	Standing item on the agenda for the committee to agree the minutes from the last meeting	Every meeting
Corporate Risk Register	Standing item by request of the committee to be considered at each meeting.	Every meeting
Work Programme	Standing item for the committee to consider their upcoming work programme.	Every meeting
Internal Audit – Progress Report	Report from the Internal Auditors to provide an update on the progress of the current internal audits.	Every meeting

External Audit – Audit Plan	The Committee receive and approve the final audit plan prepared by the external auditors	March
Internal Audit Plan:	Details of audit activity for the following year.	March
Treasury Management Strategy Summary	The Committee receive the report asks for comments comment on the draft Treasury Management Strategy.	March
Code of Corporate Governance	Code of Corporate Governance is based upon the CIPFA / SOLACE publication entitled “Delivering Good Governance in Local Government: Framework 2016 Edition.” An annual review is undertaken each year.	March
Complaints Policy	Describes how we will deal with complaints and the role of the Local Government and Social Care Ombudsman – reviewed annually.	March
Assurance Framework	The Assurance Framework is a set of systems, processes and protocols, which along with standing orders, financial regulations, departmental procedures, and codes of practice is linked in a hierarchy of management and financial control procedures, which clearly define the responsibilities of members and the duties of the CPCA’s officers, consultants and partners. – Approved annually.	March

Internal Audit – Annual Report	A report provided by the Internal Auditors on the effectiveness of the Authority’s systems of governance; risk management and internal control.	July
Value-for-Money	Statement report on Value for Money to be considered including ‘benefit-cost-ratio’.	July
Policy Documents – rules and regs followed by CIPFA	Briefing note to be prepared by CFO on the Combined Authority’s policy documents relating to the rule and regs adhered to in the national policies, followed also by CIPFA.	July
HR Update	HR Manager to update Committee on work undertaken to address concerns identified by Internal Audit.	July
External Audit Final Results	The Committee receive the audit results report from the external auditors.	July
Annual Governance Statement	Explains how the Combined Authority has complied with the Local Code of Governance and meets the requirements of the Accounts and Audit (England) Regulations 2015 Regulation 6.1(b) – usually received along with the Annual Financial Report.	The Annual Governance Statement is reviewed by the A&G Committee every year as part of the Statements of Accounts (usually in July)
Annual Financial Report	The Committee receives the report which asks them to: a) approve the audited Statement of Accounts 2017/18 b) Receive and approve the Annual Governance Statement 2017/18	July

Annual Audit report	The Audit and Governance Committee review annually the work undertaken by the committee to ensure best practice and effectiveness for the Combined Authority is being achieved.	July
Review of the Constitution	The report was postponed from the July meeting; report to be delivered to the Board in September.	September
External Audit – Annual Audit Letter	The Committee receive the annual audit letter which communicates the key issues arising from external auditors work in carrying out the audit of the statement of accounts for the Cambridgeshire and Peterborough Combined Authority.	September
Internal Audit – Progress Report	Update to be delivered by the Internal Auditors	September
Treasury Management Strategy Review	The Committee receive the report which review the current performance against the prudential indicators included within the Treasury Management Strategy.	September
Corporate Risk Register	The Committee to receive an update on the Corporate Risk Register	September

External Audit – Draft Audit Plan	The Committee receive the draft Audit Plan and comment whether the planned audit is aligned with the Committee’s expectations.	December
Treasury Management Strategy Update	The Committee receive the report which provides the Audit and Governance Committee with an update on the Combined Authority (CPCA)’s Treasury Management Strategy.	December
Assurance Framework	Committee agreed in May 2019 that the A/Framework be presented to Committee on 6-month basis.	December





**AUDIT & GOVERNANCE COMMITTEE – WORK PROGRAMME**

**LEAD OFFICER(S): John Hill (CEO) & Jon Alsop (S73)**

**DEMOCRATIC SERVICES OFFICER (DSO): Emma Powley**

Date	Report Description	Relevant Officer/ Report Author
<b>Deadlines:</b>	<b>Final Reports to DSO: 4pm Friday 5<sup>th</sup> July 2019</b>	<b>Agenda Publication/Despatch: Thursday 11<sup>th</sup> July 2019</b>
19 <sup>th</sup> July 2019	Interim Monitoring Officer to update Committee – Business Board	
19 <sup>th</sup> July 2019	Internal Audit – Annual Report	Steve Crabtree
	External Audit Final Results	Ernst and Young
	Annual Financial Report	Jon Alsop
	Chairman’s Annual Audit report	Chair
	Value for Money report	Jon Alsop
	Treasury Management Strategy Review	Jon Alsop
	Human Resources – Risk reduction	HR Manager
<b>Deadlines:</b>		<b>Agenda Publication/Despatch: 19<sup>th</sup> September 2019</b>
27 <sup>th</sup> September 2019 – Public Meeting 10am	Review of the Constitution	Kim Sawyer
	External Audit – Annual Audit Letter	Ernst & Young
	Internal Audit – Progress Report	Steve Crabtree

	Treasury Management Strategy Review	Jon Alsop
	Corporate Risk Register	Kim Sawyer
	Update on the priorities and objectives of the Business Board.	John T Hill
	Presentation on accelerated delivery process	Roland Potter
	Timeline of the implementation of a significant project to include key priorities with case study and time line.	John Hill
<b>Meeting Date:</b>		<b>Agenda publication/dispatch: 5<sup>th</sup> December 2019</b>
13 <sup>th</sup> December 2019 – Public Meeting- 10am.	Timeline of the implementation of a significant project to include key priorities with case study and time line.	John Hill
	Combined Authority Board Update	Kim Sawyer
	Corporate Risk Register	Dermot Pearson
	Internal Audit – Progress Report	Steve Crabtree
	External Audit – Draft Audit Plan	Ernst & Young
	Treasury Management Strategy Update	Jon Alsop
	Assurance Framework	Kim Sawyer