



Report To: Cabinet
Lead Officer: Executive Director (Corporate Services)

15 Sep 2016

Shared Internal Audit Services

Purpose

1. Cambridge City Council (CCC), Huntingdonshire District Council (HDC) and South Cambridgeshire District Council (SCDC) have agreed to work in partnership to deliver shared services and have agreed general principles to underpin the approach.
2. This report provides the business case to establish an Internal Shared Audit Service (SAS) between the Councils and details the activity to create it.
3. This is a key decision because it results in the authority incurring expenditure which is, or the making of savings which are, significant having regard to this Council's budget for the service or function to which the decision relates and it was first published in the July 2016 Forward Plan.

Recommendations

4. Cabinet is recommended to approve the Business Case and delegate authority to the Executive Director (Corporate Services) to make decisions and to take steps which are necessary, conducive or incidental to the establishment of SAS in accordance with the business case.

Reasons for Recommendations

5. Reasons for the recommendations are set out in the Business Case.

Background

6. The business case for the establishment of the SAS can be found at Appendix A to this report. The rationale for its establishment is that it will provide the opportunity to deliver a more resilient and responsive service resulting in:
 - Improved audit coverage that is of high quality.
 - Increased productivity
 - Improved career opportunities for staff
 - Increased potential for audit services to be offered commercially

Considerations

7. It is proposed that SCDC will act as the employing authority for the SAS; its scope is solely audit services.
8. A new joint lead role post will be created to lead the implementation of the SAS. The SAS will be created by the TUPE transfer of staff from HDC (4), CCC (5) to SCDC; this is proposed to happen in 2017/18 once the joint lead role is in post. The opening staffing level of the SAS will be 10. A review will then be undertaken of the rest of the staffing structure.
9. The SAS would have an opening staffing budget of circa £425k combining the 16/17 staffing budgets for each of the 3 current audit service operations. The ratio of the budget contribution at start up is CCC 47%, SCDC 13%, and HDC 40%. This ratio forms the basis of saving distribution and additional cost incurred, if any, such as redundancy, pay protection etc.
10. Savings of £51.9k have been targeted for 17/18 for the shared service; the equivalent of a reduction of 11% of the net revenue budget, the SCDC share of the savings is £5,003
11. Set up costs of £25k have been identified; SCDC contribution will be £3k which will be funded from its Transformation Fund.
12. The work to develop the attached business case has been undertaken by a project group consisting of audit staff from each of the three Councils.
13. The work of the SAS will be driven by its Audit Plan (AP) agreed with the three client Councils. The AP will identify what has to be delivered and establish the means for measuring and assuring its performance. SCDC will act as a client of its services. The AP will be agreed on an annual basis. With regard to the SCDC's element this will be via the usual process, that being, by approval of the Audit and Corporate Governance Committee. The AP will be a key element of the operational plan for the SAS.

Options

14. Options are set out in the Business Case.

Implications

15. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

Financial

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

Staffing

17. (if not covered in Consultations Section) SCDC will become the Lead Authority for the SAS. As such, identified Audit staff in HDC and CCC will transfer under TUPE to SCDC. Formal consultation with staff, Unions (and in addition Staff Council at HDC) will take place during October / November in accordance with each Councils policy

on consultation. The consultation will be in respect of the proposed TUPE arrangements and new Senior Audit Manager post.

Equality and Diversity

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

Climate Change

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

Consultation responses (including from the Youth Council)

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

Background Papers

Shared Services Report – 16 Oct 2014

Appendices:

Appendix A – Shared Audit Service Business Case

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

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