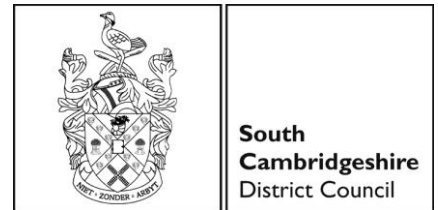


South Cambridgeshire Hall
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21 September 2022

To: Chair – Councillor Michael Atkins
Vice-Chair – Councillor Peter Sandford
Members of the Audit and Corporate Governance Committee –
Councillors Jose Hales, Geoff Harvey, Helene Leeming, Richard Stobart
and Heather Williams

Quorum: 3

Substitutes: Councillors Mark Howell, Graham Cone, Sue Ellington,
Dr. Richard Williams, Bunty Waters, James Hobro, Dr Lisa Redrup,
Pippa Heylings and Stephen Drew

Dear Councillor

You are invited to attend the next meeting of **Audit and Corporate Governance Committee**, which will be held in **Council Chamber - South Cambs Hall** at South Cambridgeshire Hall on **Thursday, 29 September 2022** at **10.00 a.m.**

Members are respectfully reminded that when substituting on committees, subcommittees, and outside or joint bodies, Democratic Services must be advised of the substitution ***in advance of*** the meeting. It is not possible to accept a substitute once the meeting has started. Council Standing Order 4.3 refers.

Yours faithfully
Liz Watts
Chief Executive

The Council is committed to improving, for all members of the community, access to its agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you.

Agenda		Pages
1.	Apologies for Absence To receive Apologies for Absence from Committee members.	
2.	Declarations of Interest	
3.	Minutes of Previous Meeting To confirm the minutes of the meeting held on 28 July 2022 as a correct record.	1 - 6

4.	Regulation of Investigatory Powers Act 2000 (RIPA) - Update on Use of RIPA	7 - 10
	Decision Items	
5.	Treasury Management - Annual Report 2021/22	11 - 24
6.	Whistleblowing Policy	25 - 34
	Information Items	
7.	Governance Risk and Control Update	35 - 46
8.	Matters of Topical Interest	
9.	Date of Next Meeting Thursday 1 December at 10 am.	

Guidance Notes for Visitors to South Cambridgeshire Hall

Notes to help those people visiting the South Cambridgeshire District Council offices

While we try to make sure that you stay safe when visiting South Cambridgeshire Hall, you also have a responsibility for your own safety, and that of others.

Security

When attending meetings in non-public areas of the Council offices you must report to Reception, sign in, and at all times wear the Visitor badge issued. Before leaving the building, please sign out and return the Visitor badge to Reception.

Public seating in meeting rooms is limited. For further details contact Democratic Services on 03450 450 500 or e-mail democratic.services@scambs.gov.uk

Emergency and Evacuation

In the event of a fire, a continuous alarm will sound. Leave the building using the nearest escape route; from the Council Chamber or Mezzanine viewing gallery this would be via the staircase just outside the door. Go to the assembly point at the far side of the staff car park opposite the staff entrance

- **Do not** use the lifts to leave the building. If you are unable to use stairs by yourself, the emergency staircase landings have fire refuge areas, which give protection for a minimum of 1.5 hours. Press the alarm button and wait for help from Council fire wardens or the fire brigade.
- **Do not** re-enter the building until the officer in charge or the fire brigade confirms that it is safe to do so.

First Aid

If you feel unwell or need first aid, please alert a member of staff.

Access for People with Disabilities

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Toilets

Public toilets are available on each floor of the building next to the lifts.

Recording of Business and Use of Mobile Phones

We are open and transparent about how we make decisions. We allow recording, filming and photography at Council, Cabinet and other meetings, which members of the public can attend, so long as proceedings at the meeting are not disrupted. We also allow the use of social media during meetings to bring Council issues to the attention of a wider audience. To minimise disturbance to others attending the meeting, please switch your phone or other mobile device to silent / vibrate mode.

Banners, Placards and similar items

You are not allowed to bring into, or display at, any public meeting any banner, placard, poster or other similar item. Failure to do so, will result in the Chairman suspending the meeting until such items are removed.

Disturbance by Public

If a member of the public interrupts proceedings at a meeting, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room. If there is a general disturbance in any part of the meeting room open to the public, the Chairman may call for that part to be cleared. The meeting will be suspended until order has been restored.

Smoking

Since 1 July 2008, South Cambridgeshire District Council has operated a Smoke Free Policy. No one is allowed to smoke at any time within the Council offices, or in the car park or other grounds forming part of those offices.

Food and Drink

Vending machines and a water dispenser are available on the ground floor near the lifts at the front of the building. You are not allowed to bring food or drink into the meeting room.

DECLARATIONS OF INTEREST

As a Councillor, you are reminded of the requirements under the Council's Code of Conduct to register interests and to disclose interests in a meeting. You should refer to the requirements set out in the Code of Conduct which are summarised in the notes at the end of this agenda frontsheet.

Disclosable pecuniary interests

A "disclosable pecuniary interest" is an interest of you or your partner (which means spouse or civil partner, a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners) which falls within the categories in [Table 1 of the code of conduct, which is set out in Part 5 of the Constitution](#).

Where a matter arises at a meeting which directly relates to one of your disclosable pecuniary interests you must:

- disclose the interest;
- not participate in any discussion or vote on the matter; and
- must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

It is a criminal offence to:

- fail to notify the monitoring officer of any disclosable pecuniary interest within 28 days of election
- fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register
- fail to notify the Monitoring Officer within 28 days of a disclosable pecuniary interest that is not on the register that you have disclosed to a meeting
- participate in any discussion or vote on a matter in which you have a disclosable pecuniary interest
- knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a disclosable pecuniary interest or in disclosing such interest to a meeting.

Other registerable interests

These are categories of interest which apply to the Councillor only (not to their partner) and which should be registered. Categories are listed in [Table 2 of the code of conduct, which is set out in Part 5 of the Constitution](#). Where a matter arises at a meeting which directly relates to the financial interest or wellbeing of one of your Other Registerable Interests, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter; and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of non-registerable interests

Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Where a matter arises at a meeting which affects – a. your own financial interest or well-being; b. a financial interest or well-being of a relative or close associate; or c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in Table 2 you must disclose the interest.

In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied. Where a matter (referred to in the paragraph above) affects the financial interest or well-being: a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and; b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest, you may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

[Where you have an Other Registerable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it]

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Agenda Item 3

South Cambridgeshire District Council

Minutes of a meeting of the Audit and Corporate Governance Committee held on Thursday, 28 July 2022 at 10.00 a.m.

PRESENT: Councillor Michael Atkins – Chair
Councillor Peter Sandford – Vice-Chair

Councillors: Jose Hales
Helene Leeming
Heather Williams

Geoff Harvey
Richard Stobart

Officers: Rory McKenna
Patrick Adams
Peter Maddock

Monitoring Officer
Senior Democratic Services Officer
Head of Finance

Auditors: Janet Dawson
Mark Russell
Jonathan Tully

E & Y
E & Y
Head of Shared Internal Audit

Councillors Cllr John Williams was in attendance remotely.

1. Apologies for Absence

There were no Apologies for Absence.

2. Declarations of Interest

Councillor Jose Hales declared an other registerable interest as a Trustee of the Melbourn Warden Scheme, which received a grant from the Council.
Councillor Peter Sandford declared an other registerable interest as an unremunerated director of South Cambs Ltd trading as Ermine Street Housing.
Councillor Richard Stobart declared an other registerable interest as the Council's Board Member the South Cambridgeshire Investment Partnership LLP.
Councillor Heather Williams declared an other registerable interest as a member of the Greater Cambridge Partnership Joint Assembly.

3. Minutes of Previous Meeting

The Minutes of the Meetings held on 29 March 2022 and 7 April 2022 were agreed as a correct record.

4. Completion of the Audit and Accounts for 2019/20 and Future Years

The Head of Finance presented this report on progress being made on the 2019/20 Statement of Accounts and the proposed timetable for signing off future Statement of Accounts.

Purchase of Science Park

The Head of Finance explained that whilst a decision had been made to purchase a property on the Science Park in March 2020 the actual purchase took place in April 2020 so it belonged in the 2020/21 Statement of Accounts.

Variances

The Head of Finance agreed to provide an explanation of the Greater Cambridge City Deal 18.1% variance and Environmental Services 46.7% variance for 2019/20.

Treasury management

The Head of Finance explained that a meeting on Treasury Management would be held in August, which would consider whether to increase the amount of longer-term borrowing. He agreed to update the Committee on this at its next meeting.

Pension scheme

The Head of Finance explained that the Council's pension scheme was evaluated once every three years and the results of the next evaluation would be revealed in the autumn. This issue would be kept under review.

Fixed Asset Register

The Head of Finance assured the Committee that the Council's Fixed Asset Register software was used by a number of local authorities and had proved to be robust.

Loan to Ermine Street Housing Ltd

The Head of Finance agreed to add a note to the report explaining why the loan to Ermine Street Housing Ltd was not being paid back to the Council in the short term.

Reserves

The Head of Finance assured the Committee that the Council reviewed its reserves annually. The Head of Finance agreed to update the next meeting of the Committee on the £19m in reserves, as shown on page 51. Councillor Heather Williams suggested that determining the level of reserves was a political decision and reviewing this was the responsibility of the Scrutiny and Overview Committee. The Chair decided that this issue could be reviewed outside the meeting.

Amending Council resolution

The Committee agreed that Council should consider whether its resolution passed on 18 October 2021 pledging to have the accounts fully up to date by October 2022 needed to be reconsidered.

The Head of Finance agreed to produce a narrative report to accompany future Statement of Accounts.

The Committee noted

- A)** that the audit of the 2019/20 accounts was ongoing;
- B)** the expected timescales for completion of that audit;
- C)** the proposed timescale for getting the remaining accounts and audits up to date.

5. 2019/20 External Audit Plan

Janet Dawson, External Auditor Partner from EY, presented this Audit Plan for the 2019/20 audit.

In response to questioning, Mark Russell explained that the audit of the 2019/20 accounts was progressing more smoothly than the audit of the previous year's accounts, with an improvement in officer support.

Non-domestic rates appeals provision

Janet Dawson explained that international auditing standards required EY to question the expert valuer appointed by the Council. The evidence provided had appeared contradictory and EY needed to assess whether the Council was achieving good value for money with the appointment. Mark Russell added that the likelihood of appeals by businesses differed due to the different information provided and the potential cost varied from £0m to £6m. The Head of Finance expressed his confidence in the work of the appointed expert.

Timetable of key stages of audit

Janet Dawson confirmed that EY were on track to complete the audit as shown in the timetable on page 138 of the report but this could change if unexpected matters arise. Disappointment was expressed at the fact that EY were not carrying out any work in August. Janet Dawson explained that EY had been scheduled to attend the Council in mid-April, mid-June and July but the Council had not completed the necessary work for this to take place.

Auditor fees

Committee members expressed their surprise and disappointment at the level of fees being charged by EY for their work. The Head of Finance explained that the Public Sector Audit Appointments (PSAA) will advise on the level of auditor fees set by EY. Janet Dawson confirmed that EY would not charge the Council extra for delays caused by EY but would charge extra for delays caused by the Council, as this necessitated extra work. Janet Dawson agreed to bring a full and frank report to justify the fees to the next meeting of the Committee.

Additional meetings

The Chair confirmed that he was prepared to arrange extra meetings of the Committee to ensure that the accounts were agreed more promptly. He agreed to consider the setting up of a sub committee at the next Committee meeting in September.

Councillor John Williams, Lead Cabinet Member for Resources, explained that he had always agreed to provide extra resources to accountancy when it had been requested. However, it had proved difficult to recruit suitably qualified officers.

The Committee **noted** the report.

6. Annual Governance Statement 2019/20 and Local Code of Governance

With the agreement of the Chair this item was discussed after agenda item 3.

The Head of Shared Internal Audit presented this item which invited the Committee to approve the draft Annual Governance Statement for 2019/20. He explained the main purpose of the Annual Governance Statement was to show that the Council was complying with the local code of governance. It was noted that the previous Annual Governance Statement of 2018/19 was signed off in March and there had been no significant changes since then.

Track changes

The Head of Shared Internal Audit noted that the track changes had been removed from the report. He offered to provide Committee members with a copy of the document with the track changes included. It was agreed that steps should be taken to ensure that reports retained their track changes in the future.

Risk

The Head of Shared Internal Audit explained that the Council had a positive risk appetite. This meant that it was prepared to take managed risks and be flexible.

Reconciliation

The Head of Finance explained that the Council would be streamlining its reconciliation process by making better use of the available technology, which would ensure that the work was carried out to clear targets in a timely manner.

Progress from the previous Annual Governance Statement

The Head of Shared Internal Audit explained that the Council's Customer Portal was on the future Internal Audit Plan. He also explained that the impact of external factors such as the increase in the cost of living and Brexit were considered.

It was noted that items identified as Opportunities for Improvement could span more than one year and their progress would be reported in the following year's Annual Governance Statement.

Impact of Covid

The Head of Shared Internal Audit stated that the Council had shown resilience and flexibility whilst dealing with the impact of the Covid-19 pandemic. The Council also had business continuity plans in place for future challenges. The Committee praised the work of the Council in responding to the challenges brought by the pandemic.

The Head of Shared Internal Audit explained that if the External Auditors found anything of material significance during the audit of the Statement of Accounts an update might be needed, which would be reported to Committee members.

The Council

Agreed to approve the Annual Governance Statement 2019/20 in advance of the Statement of Accounts.

7. Internal Audit and Corporate Governance Update

The Head of Shared Internal Audit introduced this report, which updated the Committee on topical government risk and control matters. It included a summary of reviews that had been completed in the last quarter, audits in progress and a counter fraud update.

The Committee requested that in future updates from Internal Audit include a covering report.

Guidance on audit committees

The Head of Shared Internal Audit explained that the Chartered Institute of Public Finance and Accountancy (CIPFA) would be issuing revised guidance soon, and it was expected that independent members for Audit Committees would become mandatory.

Counter fraud

The Head of Finance explained that investigations into housing benefits uncovered small discrepancies that did not merit prosecution. He agreed that fraud should be investigated even if the money recovered did not make the action financially viable. High profile successes could discourage others from fraudulent action.

It was noted that due to the Covid-19 pandemic the Council had been unable to fully investigate instances of fraud. This backlog was now being worked through.

The Committee **noted** the report.

8. Internal Audit Plan

The Head of Shared Internal Audit presented this report on the proposed Internal Audit Strategy and Plan for the next six months of the 2022/23 financial year. The report also included a progress update from the past six months' work, the current opinion on the internal control environment, guidance and risk management arrangements and finally the Charter and Code of Ethics.

The Head of Shared Internal Audit explained that he regularly liaised with the Head of Finance to provide updates on work that was being carried out and ensure that work was being properly prioritised. He also aimed to avoid duplicating the work of the External Auditors.

Carbon management audit

The Head of Shared Internal Audit noted that 3.5% of global carbon emissions were due to data processing and it was important to assess the Council's own data processing emissions and investigate ways in which this could be reduced.

Future audits

The Head of Shared Internal Audit informed the Committee that an audit of the Council's Customer Portal was on the forward plan for the end of 2022/2023, as was an audit of budgetary controls. An audit of the Council's land ownership was scheduled for 2023/2024.

By affirmation the Committee **agreed** to approve

- A)** The draft Audit Plan and Strategy; and
- B)** The supporting Charter and the Code of Ethics.

9. Regulation of Investigatory Powers Act 2000 (RIPA) - Update on Use of RIPA

The Committee **noted** that the Council had not used RIPA surveillance powers since the Committee last met or between the period March 2022 and June 2022.

10. Matters of Topical Interest

Councillor Heather Williams stated that since 2018 she had asked whether the Committee could be provided with a audit effectiveness toolkit.

The Head of Shared Internal Audit explained that a toolkit from CIPFA tailored for Local Government was expected to become available in the late summer.

The Head of Finance stated that training on Treasury Management could also be arranged.

11. Date of Next Meeting

Thursday 29 September at 10 am.

The Meeting ended at 1.05 p.m.

Agenda Item 4



**South
Cambridgeshire**
District Council

REPORT TO: Audit & Corporate Governance
Committee

29th September
2022

LEAD OFFICER: Monitoring Officer

REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)- UPDATE ON USE OF RIPA

Executive Summary

1. The purpose of this report is to update Members of the Audit and Corporate Governance Committee on the use of RIPA powers since the committee last met.

Key Decision

2. No

Recommendations

3. It is recommended that Audit & Corporate Governance Committee note the Council has not used surveillance powers since the Committee last met or between the period July 2022 – August 2022.

Reasons for Recommendations

4. The committee are to receive quarterly updates on the Council's use of Regulation of Investigatory Powers Act 2000 (RIPA) powers and to review the RIPA policy on an annual basis and make amendments as necessary.

Details

5. RIPA regulates covert investigations by a number of bodies, including local authorities. It was introduced to ensure that individuals' rights are protected while also ensuring that law enforcement and security agencies have the powers they need to do their job effectively.

- 6. Following a Home Office Review into counter-terrorism and security powers the Protection of Freedoms Act 2012 was passed in May 2012 requiring all local authority surveillance authorised under RIPA to be approved by a Magistrate from November 2012. The council’s policy and procedures were amended at that time to reflect these changes.
- 7. The Council comprehensively reviewed and updated its policy in September 2012 and last reviewed the policy in March 2022.
- 8. The Investigatory Powers Commissioner’s Office is responsible for the inspection of public authorities with regard to compliance with RIPA. The Council was the subject of a remote inspection on the 24th February 2021 and the report concluded that the information provided demonstrated a level of compliance that removes, for the present, the requirement for a physical inspection. The Inspector also commented that the policy was a well written document and easy to read.
- 9. There have been no changes to the legislation since the last revision of the policy in March 2022.

The council’s use of RIPA since July 2022

10. The information in the table below summarises the authorisations granted from July 2022 to August 2022.

	Directed surveillance	CHIS	Total
March 2021 – December 2021	0	0	0

Options

11. Members are required to note the report.

Implications

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

Financial

13. None

Legal

14. Authorisation of surveillance activity gives that surveillance “lawful authority” for the purposes of the European Convention on Human Rights.

Staffing

15. None

Risks/Opportunities

16. See legal.

Equality and Diversity

17. See legal.

Climate Change

18. None

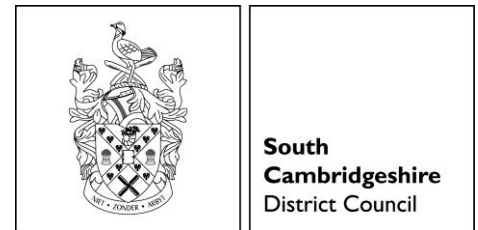
Background Papers

RIPA Policy

Report Author:

Rory McKenna – Monitoring Officer
Telephone: 07872 116523

Agenda Item 5



REPORT TO: Audit & Governance

29 September 2022

LEAD CABINET MEMBER: Councillor John Williams,
Lead Cabinet Member for Finance

LEAD OFFICER: Peter Maddock, Head of Finance

Treasury Management – Annual Report 2021/2022

Executive Summary

1. This report outlines the Treasury Management activities in the financial year 2021/2022 and invites the Audit and Governance Committee to note the Treasury Management performance and approve the report.

Key Decision

2. This is not a key decision as there are no resource implications directly arising from the report at this stage.

Recommendations

3. **That Audit and Governance Committee is requested to consider the report, to seek any clarification and, if satisfied, approve the Treasury Management Annual Report.**

Reasons for Recommendations

4. To consider a report on Treasury Management activities during the financial year 2021/2022.

Details

Treasury Portfolio 2021/2022: Summary Position

5. The summary position as at 31 March 2022 (with comparable data for 31 March 2021) is shown below:

	31 March 2021		31 March 2022	
	£000	Rate %	£000	Rate %
Borrowing				
PWLB	205,123	3.51	205,123	3.51
LOBO - Market	Nil		Nil	
Local Authority	44,000	0.50	50,000	0.35
Other Long-Term Liabilities	Nil		Nil	
Total Debt	249,123		255,123	
Investments	(111,658)		(117,560)	
Net Borrowing/(Investment)	137,465		137,563	

Investments

6. Investments are categorised into long and short term (i.e. less than 365 days). The sum of £16 million had less than one year to maturity as at 31 March 2022 and is, therefore, classified as short term. The remaining balance held of £101.56 million is classified as a long-term investment. The increase in Long Term Investments reflects the increased allocation to South Cambs Limited and loan to Cambourne Town Council during the year. A summary of the investments held is shown below:

	Balance 01/04/2021	New Investments	Maturities/ Sales	Interest Accrued	Balance 31/03/2022
	£000	£000	£000	£000	£000
Investment Counterparty					
Short Term:					
Clearing Banks	14,000	0	(14,000)	Nil	Nil
Other Banks	Nil	29,000	(21,000)	2.3	8,000
Building Societies	Nil	153,960	(151,960)	0.9	2,000
Housing Associations	5,000	2,500	(4,000)	38.0	3,500
Local Authorities	Nil	23,500	(21,000)	0.3	2,500
Money Market Funds	Nil	59,660	(57,505)	0.6	2,155
Call Account	6,265	138,950	(143,330)	0.2	1,885
Long Term:					
CLIC (Ice Rink Loan)	2,400	0	0	103.4	2,400
South Cambs Ltd	83,993	10,627	0	457.6	94,620
Cambourne Town Council	Nil	500	0	1.7	500
Total Investments	111,658				117,560
Increase/(Decrease) in Investments					5,902

7. Investment returns remained low during 2021/2022. The UK Bank Rate remained at its record low of 0.1% until 16 December 2021 and this provided a degree of stability for the Council's liquid holdings and in the short-term Local Authority Market. The increase in December 2021 to 0.25% was followed by further increases, in response to market conditions, to 0.5% on 3 February 2022 and to 0.75% from 17 March 2022. Short-term money market rates remained at relatively low levels with average 3-month London Interbank Bid Rate (LIBID) in 2021/2022 being -0.02%, 6-month LIBID 0.06% and 1-year LIBID 0.22%. These rates correlate to the anticipated return to be achieved on investments over the durations quoted. The Council's actual return of 3.20% shows the effect of the portfolio's long-term duration set out above.
8. Recurring themes throughout 2021/2022 in the UK were the process of recovery from the full effects of the Coronavirus pandemic, in line with the roadmap for lifting the lockdown fully effective from 19 July 2021 and, of significance, high inflation levels. The UK inflation rate in March 2022, as measured by the Consumer Price Index (CPI), was 7.0%. CPI measures the overall change in consumer prices based on a representative basket of goods and services over time. The alternative measure, CPIH, extends CPI to include owner occupiers' housing costs, along with council tax. The inflation measures for the year to March 2022 were as follows: CPIH inflation was 6.2% in March 2022, up from 5.5% in the year to February. CPI inflation was 7.0% in March 2022, up from 6.2% in the year to February.

9. The world appears to be moving towards a stage of acceleration in inflation not seen in the last forty years. This worldwide increase in inflation began in early 2021, and it has been attributed primarily to supply shortages caused by the COVID-19 pandemic and the Russian invasion of Ukraine, coupled with stronger consumer demand. As a result, many countries have seen their highest inflation in decades and banking institutions have responded by aggressively increasing interest rates.
10. For local authorities, increased energy prices, spiralling inflation, and national living wage pressures have added unforeseen extra cost pressures on council budgets. The cost-of-living crisis has created a perfect storm of increasing public demand for services and rising fuel and other bills for local authorities. Without funding to offset this crisis, Councils could have to scale back construction projects or make in-year reductions to services. This has prompted Councils to make recalculations and to look at further cuts as they battle budgetary pressures, exacerbated by rising costs.
11. In respect of investments generally, the overall structure of interest rates has for some time meant that short term rates have generally remained lower than long term rates. In this scenario, the strategy has continued to be to reduce investments and borrow for short periods and possibly at variable rates when required. However, this needs careful review to avoid incurring higher borrowing costs in the future when the authority may not be able to avoid new borrowing to finance capital expenditure and/or refinance maturing debt.
12. The Council's primary objective in relation to its investments is to ensure that long term capital is not put at risk but that, within acceptable risk parameters, the portfolio is managed to ensure that interest is maximised. Liquidity is managed through the use of money market funds with additional access to the liquid PWLB and Local Authority borrowing market. This objective is reinforced in the Treasury Management Strategy approved by Council on 22 February 2022. The Council has also appointed a Treasury Management Advisor, Link Asset Services, to enable independent specialist advice to be obtained on all aspects of the treasury management function, including advice on investments.
13. The Council holds £50 million of Short-term borrowing from other Local Authorities. This has funded further loans to South Cambs Ltd, the acquisition of Cambourne Business Park Limited plus Plot 4010 and the development of South Cambridgeshire Investment Partnership (SCIP).
14. The table below lists the £16 million held in fixed term investments as at 31 March 2022. These investments are deposits with Standard Chartered Sustainable Fund (an Environmental, Social and Governance (ESG) fund that the Council has used significantly during 2021/22), a registered housing provider, a local Authority and a Building Society to maintain diversification:

	Amount	Interest	Total	Term	Rate	Maturity Date
	£000	£000	£000	Days	%	
Counterparty						
Wirral Borough Council	2,500	1.2	2,501	32	0.53	25/04/2022
Standard Chartered	7,000	10.7	7,011	59	0.95	19/05/2022
Yorkshire	2,000	2.4	2,002	76	0.57	19/05/2022
Places for People	1,000	7.0	1,007	365	0.70	26/05/2022
Places for People	2,500	42.5	2,543	365	1.70	30/06/2022
Standard Chartered	1,000	6.0	1,006	161	1.36	01/09/2022

Total	16,000				
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15. The remaining £4.04 million of short-term investment balances were held in Money Market Funds and the Council's Call account for liquidity purposes.
16. Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy, as set out in its Treasury Management Strategy Statement for 2021/2022, which defined "high credit quality" organisations as those having a long-term credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.
17. All new investments are undertaken in accordance with advice from the Council's Treasury Management Adviser. A list of investment counterparties used during 2021/2022 is listed in **Appendix A**.

Borrowing

18. At 31 March 2022 the Council had external borrowing of £255.123 million:

	Balance 01/04/2021	Maturing Debt	Reclassified Debt	New Debt	Balance 31/03/2022
	£000	£000	£000	£000	£000
Borrowing					
Short Term Borrowing	44,000	(19,000)		25,000	50,000
Long Term Borrowing	205,123				205,123
Total Borrowing	249,123				255,123
Other Long-Term Liabilities	-				-
Total External Debt	249,123				255,123

19. £205,123 million of the total relates to borrowing from the PWLB. The PWLB loans were obtained for Housing Revenue Account (HRA) purposes as part of the HRA Self-Financing in 2012. These loans are fixed interest maturity loans having an average term to maturity of approximately 25 years and bearing interest at an average rate of 3.51%.

Cash Management

20. In keeping with the MHCLG's Guidance on Investments, the Council maintained a sufficient level of liquidity averaging £7.7 million through the use of Money Market Funds, Notice accounts and Call accounts.
21. Internal Treasury Management includes the management of the Council's bank account balances. The aim is for all cleared funds to be deposited in interest bearing accounts or time deposits.

Outturn Budget Monitoring

22. Council, at its meeting on 23 February 2021, approved a net budget in 2021/2022 for interest payable of £1.205 million and investment income of £5.641 million. A lower than forecast borrowing requirement and using short-term borrowing rather than

longer term in the year contributed to a decrease in interest payable. Lower than forecast capital expenditure in 2021/2022 resulted in lower Minimum Revenue Provision (MRP) cost. MRP is not applied to lending to South Cambs Ltd.

23. The budget is compared to the final outturn position in the table below:

	Budget 2021/2022	Outturn 2021/2022	Variance
	£000	£000	£000
Expenditure Description			
Interest Payable - PWLB & Short-Term Loans	575	186	(389)
Contribution to/(from) Reserves/Provision (*Est)	(1,059)	644	1,703
Minimum Revenue Provision	1,363	1,113	(250)
Interest Receivable	(3,281)	(3,384)	(103)
Net Expenditure	(2,402)	(1,441)	961

24. The significant variances against budget were the Contribution to Reserves and Interest Payable. The Reserves are estimated to increase by £0.644 million rather than the reduction forecast. This change to contribution is related to the slippage on the Greening of South Cambs Hall project and associated reduction in contribution from Renewable Reserve. MRP was lower due to changes to the Capital Programme. These changes also led to lower amounts of interest being payable as borrowing balances were smaller.

Benchmarking

25. Benchmarking data is also provided by the Council's Treasury Management Adviser. Investment return rates for the year to 31 March 2022 (excluding lending to South Cambs Ltd) are reported on a quarterly basis and were better than the client average and can be compared as follows:

Quarter Ending	Investment Returns	
	SCDC	Client Average
30 June 2021	0.52%	0.18%
30 September 2021	0.30%	0.15%
31 December 2021	0.31%	0.16%
31 March 2022	0.85%	0.45%

26. Benchmarking data on average weighted credit scores of the Council's counterparties (based in information held by the Council's Treasury Management Adviser) is set out in the table below and illustrates the credit risk position in relation to other Councils:

Quarter Ending	Weighted Average Credit Risk	
	SCDC	Comparators
31 March 2021	5.20	3.12
30 June 2021	4.82	3.07
30 September 2021	4.62	3.11
31 December 2021	4.93	3.17

31 March 2022	4.35	2.95
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27. The benchmarking shows that the Credit Risk on the Council's portfolio has reduced during the year although it has a higher than average Credit Risk compared to other District Authorities. The Council has maintained investment returns significantly above the client average.

Treasury Management Strategy for 2021/2022

(a) Interest Rates and Investments

28. The Treasury Management Strategy for 2021/2022 was prepared in the context of low, but increasing interest rates, with the Bank of England Base Rate responding to economic conditions by initially increasing the rate from its record low 0.1% to 0.25% on 16 December 2021, and then increasing it further to 0.5% on 3 February 2022 and then to 0.75% from 17 March 2022. This intervention in the financial markets has continued to affect investment returns from the Council's holdings.
29. The Council continued its policy of minimising risk by investing in Fixed Deposits only with highly rated Banks and Building Societies, Local Authority Counterparties and Registered Providers and using Money Market Funds and Bank Call Accounts to manage liquidity. This policy coupled with using pooled fund investments (suitably diversified) to maximise interest return on an element of the Council's portfolio has enabled the Council to reduce the cost of Capital Financing.

(b) Borrowing

30. The 2021/2022 borrowing strategy was based upon obtaining new PWLB loans of £60 million to fund the capital programme. Capital expenditure saw significant change related to the Investment Strategy and was significantly lower than planned due to changes in PWLB lending rules. This change and careful management of cash flows and short-term borrowing enabled the Council to fund the capital programme without entering into long term borrowing. The Council did, however, borrow a further £6 million of short-term Local Authority loans during the year, and £50 million was outstanding as at 31 March 2022.
31. During 2021/2022 there was a requirement for short term external borrowing of £50 million and this was used to finance capital expenditure. This is inclusive of additional loans to the value of £10.6 million made to South Cambs Limited. These loans are recognised as capital expenditure in the year increasing the Council's underlying need to borrow (the Capital Financing Requirement).

	Actual 2020/2021 £'000	Budget 2021/2022 £'000	Actual 2021/2022 £'000
Capital Financing Requirement (CFR) as at 1st April			
- General Fund	98,910	127,960	127,130
- HRA	204,429	204,429	204,429
Total	303,339	332,389	331,559
Change in the CFR	34,265	29,050	28,220
Minimum Revenue Provision	(870)	(1,363)	(1,113)
Capital Financing Requirement (CFR) as at 31 March	336,734	360,056	358,666

Economy

32. The Council's Treasury Management Advisers have provided a summary of the economy during 2021/2022, and related performance, and this is included at **Appendix B**.

Compliance with Performance Indicators

33. During the financial year the Council operated within the treasury limits and prudential indicators approved by Full Council on 23 February 2021.
34. Performance against prudential indicators in 2021/2022 was as follows:

(1) Acceptance of the CIPFA Treasury Management Code of Practice (National Indicator)

This indicator demonstrates that the Council adopted the principles of best practice. The Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* in January 2012. The Council adopted the CIPFA Treasury Management Code & Guidance Notes as part of its Treasury Management Policy and Strategy which was considered and approved at its meeting on 23 February 2021.

(2) Fixed Interest Rate Exposure and Variable Interest Rate Exposure

This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable interest rate exposures is expressed as the proportion of net principal borrowed.

Maturity structure of borrowing	Under 12 months	More than 12 months	Under 12 months - Actual	More than 12 months - Actual
Upper limit for fixed interest rate exposure	100%	100%	100%	100%
Upper limit for variable rate exposure	100%	0%	0%	0%

(3) Maturity Structure of Fixed Rate Borrowing

35. This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Fixed Rate Borrowing		
Lender	Repayable within	Amount £,000
Local Authorities	<12 Months	50,000
PWLB	10 – 15 years	5,000
PWLB	15 – 20 years	50,000
PWLB	20 – 25 years	50,000
PWLB	25 – 30 years	50,000
PWLB	30 – 35 years	50,123

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The 2011 revision to the CIPFA Treasury Management Code now requires the prudential indicator relating to Maturity of Fixed Rate Borrowing to reference the maturity of LOBO loans to the earliest date on which the lender can require payment.

(4) Upper Limit for Total Principal Sums Invested Over 364 Days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

The only loans exceeding 364 days are loans made to South Cambs Ltd, a wholly owned subsidiary of the Council, and Cambridge Ice and Leisure Centre (CLIC). Lending to CLIC formed 2% of the investment portfolio as at 31 March 2022.

The limit relates to the maximum amount that can be invested in year. With regard to liquidity, no more than 50% of the total average portfolio held will be invested in instruments over 364 days, excluding South Cambs Ltd.

(5) Credit Risk

The Council considers security, liquidity, and yield, in that order, when making investment decisions. Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the assessment of counterparty credit risk.

The Council also considers alternative assessments of credit strength and information on corporate developments and market sentiment towards counterparties. The following key tools are used, either by ourselves or the appointed Treasury Advisers to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns).
- Sovereign support mechanisms.
- Credit default swaps (where quoted).
- Share prices (where available).
- Economic fundamentals (such as a country's net debt as a percentage of its GDP).
- Corporate developments, news, articles, markets sentiment and momentum.

The only indicators with prescriptive values are credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

(6) Liquidity Risk

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

Implications

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

Legal

37. The Council is required to have regard to the CIPFA Code of Practice for Treasury Management in the Public Services. The Code recommends that an annual post year report on Treasury Management activities is prepared for consideration after each year end.

Policy

38. Full Council, at its meeting on 23 February 2021, approved the Council's Treasury Management Policy and Strategy Statements for 2021/2022 and the Strategy was reaffirmed by Audit and Governance Committee, at its meeting on 1 December 2021, following a mid-year review.

Finance

39. In 2021/2022 the Council managed a turnover in investments of £419 million (£403 million in 2020/2021) in-house within the Finance Team in the Finance Directorate. As at 31 March 2022, the Council had funds to the market value of £117.6 million (£111.7 million at 31 March 2021), all managed in-house. These funds include capital balances, reserves, and provisions, collection fund monies and monies held on behalf of third parties. The increase was due primarily to retained business rates.
40. At 31 March 2022 the Council had external borrowing of £255.123 million plus £Nil million of leasing liabilities (£249.1 million with no refuse vehicle leasing liabilities at 31 March 2020)

Risks

41. There are clearly inherent risks in placing investments both in terms of the security of the capital invested and the level of return from the investment. The approved Treasury Management Strategy 2021/2022 identified the Council's investment priorities as:
- (i) The security of the capital;
 - (ii) The liquidity of its investments.
42. The Treasury Management Strategy states that the Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving low investment income.

43. The Council engages an external Treasury Management Adviser to provide appropriate and timely advice on the Council's treasury portfolio (and, in particular, to provide advice on counter-party creditworthiness and investment limits). This appointment is regarded as critical given the investment risks.

Environmental

44. There are no direct environmental implications arising from the report.

Equality and Diversity

45. In preparing this report, due consideration has been given to the District Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010. A relevance test for equality has determined that the activity has no relevance to South Cambridgeshire District Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relation. An equality impact assessment is not needed.

Effect on Council Priority Areas

46. Timely and robust consideration of the Council's treasury management activities is vital to ensure that financial performance is in line with expectations.

Background Papers

Where the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require documents to be open to inspection by members of the public, they must be available for inspection:

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

The following documents are relevant to this report:

- Budget Setting Report – Report to Council: 23 February 2021
- Capital Strategy – Report to Council: 23 February 2021
- Treasury Management Strategy – Report to Council: 23 February 2021
- Mid-Year 2021/2022 Treasury Management Report – Report to Audit & Corporate Governance Committee: 1 December 2021

Appendices

- A Investment Counterparties 2021/2022
- B Treasury Management Adviser – Economic Review 2021/2022

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Investment Counterparties 2021/2022

The Council's investment counterparties used during 2021/2022 are listed below:

Category	Counterparty
Building Society	Coventry BS
Building Society	Yorkshire BS
Clearing Bank	Barclays Bank
Clearing Bank	Lloyds Bank
Clearing Bank	Santander UK
Other Bank	Close Brothers
Other Bank	Standard Chartered
Housing Association	Places for People
Local Authority	Cornwall Council
Local Authority	Guildford BC
Local Authority	PCC for Hampshire
Local Authority	Slough BC
Local Authority	Uttlesford DC
Local Authority	Wirral BC
Money Market Fund	Aberdeen Standard Life
Money Market Fund	Deutsche Bank
Money Market Fund	Aviva
Call account	Barclays Bank plc
South Cambs Ltd	Ermine Street Housing
Other investments/Loans	Cambourne Town Council

Treasury Management Adviser – Economic Review 2021/2022

The Economy and Interest Rates

UK. Economy. Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021, 0.50% at its meeting of 4th February 2022 and then to 0.75% in March 2022.

The UK economy has endured several false dawns through 2021/22, but with most of the economy now opened up and nearly back to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 6.2% and is likely to exceed 8% in April.

Gilt yields fell towards the back end of 2021, but despite the war in Ukraine gilt yields have shot higher in early 2022. At 1.38%, 2-year yields remain close to their recent 11-year high and 10-year yields of 1.65% are close to their recent six-year high. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation.

Historically, a further rise in US Treasury yields will probably drag UK gilt yields higher. There is a strong correlation between the two factors. However, the squeeze on real household disposable incomes arising from the 54% leap in April utilities prices as well as rises in council tax, water prices and many phone contract prices, are strong headwinds for any economy to deal with. In addition, from 1st April 2022, employees also pay 1.25% more in National Insurance tax. Consequently, inflation will be a bigger drag on real incomes in 2022 than in any year since records began in 1955.

Average inflation targeting. This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and *achieving the 2% target sustainably*". That mantra now seems very dated. Inflation is the "genie" that has escaped the bottle, and a perfect storm of supply side shortages, labour shortages, commodity price inflation, the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

USA. The flurry of comments from Fed officials following the mid-March FOMC meeting – including from Chair Jerome Powell himself – hammering home the hawkish message from the mid-March meeting, has had markets pricing in a further 225bps of interest rate increases in 2022 on top of the initial move to an interest rate range of 0.25% - 0.5%.

In addition, the Fed is expected to start to run down its balance sheet. Powell noted that the rundown could come as soon as the next meeting in May.

The upward pressure on inflation from higher oil prices and potential knock-on impacts on supply chains all argue for tighter policy (CPI is estimated at 7.8% across Q1), but the hit to real disposable incomes and the additional uncertainty points in the opposite direction.

More recently, the inversion of the 10y-2y Treasury yield spread at the end of March led to predictable speculation that the Fed's interest rate hikes would quickly push the US economy into recession. Q1 GDP growth is likely to be only between 1.0% and 1.5% annualised (down from 7% in

Q4 2021). But, on a positive note, the economy created more than 550,000 jobs per month in Q1, a number unchanged from the post-pandemic 2021 average. Unemployment is only 3.8%.

EU. With euro-zone inflation having jumped to 7.5% in March it seems increasingly likely that the ECB will accelerate its plans to tighten monetary policy. It is likely to end net asset purchases in June – i.e., earlier than the Q3 date which the ECB targeted in March. And the market is now anticipating possibly three 25bp rate hikes later this year followed by more in 2023. Policymakers have also hinted strongly that they would re-start asset purchases if required. In a recent speech, Christine Lagarde said “we can design and deploy new instruments to secure monetary policy transmission as we move along the path of policy normalisation.”

While inflation has hit the headlines recently, the risk of recession has also been rising. Among the bigger countries, Germany is most likely to experience a “technical” recession because its GDP contracted in Q4 2021, and its performance has been subdued in Q1 2022. However, overall, Q1 2022 growth for the Eurozone is expected to be 0.3% q/q with the y/y figure posting a healthy 5.2% gain. Finishing on a bright note, unemployment fell to only 6.8% in February.

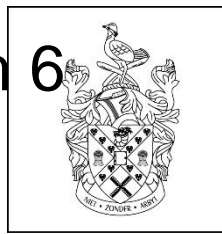
China. After a concerted effort to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of the year; however, 2021 has seen the economy negatively impacted by political policies that have focussed on constraining digital services, restricting individual freedoms, and re-establishing the power of the One-Party state. With the recent outbreak of Covid-19 in large cities, such as Shanghai, near-term economic performance is likely to be subdued. Official GDP numbers suggest growth of c4% y/y, but other data measures suggest this may be an overstatement.

Japan. The Japanese economic performance through 2021/22 is best described as tepid. With a succession of local lockdowns throughout the course of the year, GDP is expected to have risen only 0.5% y/y with Q4 seeing a minor contraction. The policy rate has remained at -0.1%, unemployment is currently only 2.7% and inflation is sub 1%, although cost pressures are mounting.

World growth. World growth is estimated to have expanded 8.9% in 2021/22 following a contraction of 6.6% in 2020/21.

Deglobalisation. Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last 30 years, which now accounts for 18% of total world GDP (the USA accounts for 24%), and Russia’s recent invasion of Ukraine, has unbalanced the world economy. In addition, after the pandemic exposed how frail extended supply lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies v. autocracies. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China (and to a much lesser extent Russia) to supply products and vice versa. This is likely to reduce world growth rates.

Central banks’ monetary policy. During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.



REPORT TO: Audit and Corporate Governance
Committee

29 September
2022

LEAD OFFICER: Head of Shared Internal Audit

Whistleblowing Policy

Executive summary

1. Counter fraud policies are part of the Council's internal controls, which contribute to maintaining good governance.

Key Decision

2. This is not a key decision because this is being presented to the Audit and Corporate Governance Committee in accordance with their terms of reference.

Recommendations

3. The committee should review and approve the Whistleblowing Policy.

Reasons for Recommendations

4. Our Whistleblowing Policy supports our Counter Fraud Framework, and we have reviewed this Policy to ensure it is up to date and reflects good professional practice.

Details

Background

5. Guidance and best practice is issued periodically from counter fraud agencies, such as the National Crime Agency, CIPFA, the Cabinet Office and the Whistleblowing charity Protect. We are keen to maintain effective policies, by implementing good practice and controls as they develop.
6. Our Whistleblowing Policy supports our Counter Fraud Framework and was developed in accordance with the Public Interest Disclosure Act 1998.
7. The Policy provides a procedure for employees, councillors, contractors and agency workers to report concerns about wrongdoing, risk or malpractice.

Policy review

8. We have reviewed the Whistleblowing framework, to ensure it continues to meet best practice standards, and the Policy has been updated.
9. The reviewed Policy is appended to this report for approval by the Audit & Corporate Governance Committee.
10. It is important that employees and contractors are aware of this policy, and promotional material will be used to raise awareness.

Summary of updates

11. Below is a summary of changes to our Policy and processes:

Theme	Details
Language	<p>The Policy continues to reflect Public Interest Disclosure Act and has not needed to be changed significantly as that legislation is the same.</p> <p>We have taken the opportunity to reflect the latest terminology and language recommended by the Whistleblowing Charity, Protect, to help make the Policy easy to read and accessible.</p> <p>We have provided clarity on how concerns are handled, and the sharing of data, which helps support good information governance.</p>
Accessibility	<p>The Council has a Whistleblowing telephone hotline and email account to help people report concerns.</p> <p>Reporting concerns can be a complex and daunting process. We have developed an Online Form to help guide people through the process of providing the right information, and this will help us to respond quickly to their concerns.</p>
Engagement	<p>Colleagues work across multiple sites. Further changes to working practices have developed since the pandemic, such as hybrid and increased remote working.</p> <p>We are keen to promote the Policy to all colleagues and are developing a communication program. This includes producing posters for display in sites where colleagues may have limited internet access.</p>

Conclusions

12. The Council remains committed to providing services carried out in accordance with the highest ethical standards and takes steps to proactively prevent fraud and investigates concerns.
13. The review of policies is completed to help embed effective standards for countering fraud and corruption. This supports good governance and demonstrates effective financial stewardship and strong public financial management.
14. As anti-fraud and corruption is part of our governance framework, it is appropriate that the Audit & Corporate Governance committee is responsible for reviewing and approving policies in this area when there has been a significant change or review.

Considerations

15. None.

Options

16. The Committee may wish to comment and suggest amendments to approve the revised Policy.

Implications

17. In the writing of this report, there are no significant implications or risks to the Council. This updates our existing framework to current best practice.

Background Papers

18. None

Appendices

19. Appendices to this report include the draft policy.

Report Author:

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Whistleblowing Policy

Version	2.0 (Draft)
Ownership	Head of Internal Audit
Approved by	Audit & Corporate Governance Committee
Approval date	September 2022
Publication date	September 2022
Date of next review	2 years

Introduction

All of us at one time or another has a concern about what is happening at work. Whistleblowing is the term that is used to refer to workers reporting a serious concern in the workplace. This could be an incident or a practice that is:

- a criminal offence;
- improper or unethical conduct;
- unauthorised use of public funds;
- a serious risk to the health and safety of employees or the Public;
- customer abuse;
- damage to the environment;
- breach of any other legal obligation;
- serious breach of Council policy, Code of Conduct or Standing Orders; or
- action to conceal any of the above wrongdoing.

Usually these are easily resolved. However, when the concern feels serious because it is about a possible fraud, danger or malpractice that might affect others or the organisation itself, it can be difficult to know what to do.

You may be worried about raising such a concern and may think it best to keep it to yourself, perhaps feeling it's none of your business or that it's only a suspicion. You may feel that raising the matter would be disloyal to colleagues, managers or to the organisation. You may decide to say something but find that you have spoken to the wrong person or raised the issue in the wrong way and are not sure what to do next.

South Cambridgeshire District Council is committed to running the organisation in the best way possible and to do so we need your help. We have this policy to reassure you that it is safe and acceptable to speak up and to enable you to raise any concern you may have at an early stage and in the right way. Rather than wait for proof, we would prefer you to raise the matter as soon as you have a concern.

This policy applies to all those who work with us, full-time or part-time, employed through an agency, work as a volunteer, or if you are a Councillor. If you have a whistleblowing concern, please let us know.

If something is troubling you which you think we should know about or look into, please use this policy. If you don't register your concern through this process, we will not know that you have raised a concern.

We also have policies for other specific matters, and you may wish to read these. If you wish to make a complaint about your employment or how you have been treated, please use the Grievance policy or Bullying / Harassment policy. If you have a concern about financial misconduct or fraud, please see our Anti-Fraud Policy. If you have a concern about the treatment of a child or adult at risk, please see our Safeguarding policy.

This Whistleblowing Policy is primarily for concerns where the public interest is at risk, which includes a risk to the wider public, customers, staff or the organisation itself.

If in doubt - raise it!

Your safety

The Council is committed to this policy. Provided you are raising a genuine concern, it does not matter if you are mistaken.

If you raise a genuine concern under this policy, you will not be at risk of losing your job or suffering any form of reprisal as a result. We will consider it a disciplinary matter if your colleagues or management treat you unfairly or cruelly by intimidating or pressurising you because you have raised a genuine concern.

Your confidence

With these assurances, we hope you will raise your concern openly. However, we recognise that there may be circumstances when you would prefer to speak to someone confidentially first. If this is the case, please say so at the outset. If you ask us not to disclose your identity, we will not do so without your consent unless required by law (this could be where a criminal act is alleged to have taken place and we have a duty to report this). You should understand that there may be times when we are unable to resolve a concern without revealing your identity, for example where your personal evidence is essential. In such cases, we will discuss with you whether and how the matter can best proceed.

Please remember that if you do not tell us who you are (and therefore you are raising a concern anonymously) it will be much more difficult for us to look into the matter. We will not be able to protect your position or to give you feedback. Accordingly, you should not assume we can provide the assurances we offer in the same way if you report a concern anonymously.

If you are unsure about raising a concern you can get independent advice from Protect (see contact details under Independent Advice).

Handling vexatious and malicious concerns

Of course, we do not extend this assurance to someone who maliciously raises a matter they know is untrue. If you deliberately raise a malicious concern or matter that you know is untrue, disciplinary action may be taken against you.

How to raise a concern internally

Please remember that you do not need to have firm evidence of malpractice before raising a concern. However, we do ask that you explain as fully as you can the information or circumstances that gave rise to your concern.

Step one

If you have a concern about malpractice, we hope you will feel able to raise it first with your manager or team leader. This may be done verbally or in writing.

Step two

If you feel unable to raise the matter with your manager, for whatever reason, please raise the matter with the Head of Internal Audit by:

Online Form	Our online form will guide you through the process.
Telephone	01223 458180
Email	internal.audit@scambsgov.uk

Alternatively, you may contact:

- Chief Executive
- Monitoring Officer
- Human Resources

If you have a concern relating to a Councillor, you should contact the Council's Monitoring Officer.

If you want to raise the matter confidentially, please say so at the outset so that appropriate arrangements can be made.

How we will handle the matter

You will receive an acknowledgement to confirm receipt of your concern within seven days. The Internal Audit Team will assess it and consider what action may be appropriate. This may involve an informal review, an internal inquiry, a more formal investigation.

We will tell you who will be handling the matter, how you can contact them, and what further assistance we may need from you. If you ask, we will write to you summarising your concern and setting out how we propose to handle it and provide a timetable for feedback. If we have misunderstood the concern or there is any information missing, please let us know.

When you raise the concern, it will be helpful to know how you think the matter might best be resolved. If you have any personal interest in the matter, we do ask that you tell us at the outset. If we think your concern falls more properly within our grievance, bullying and harassment or other relevant procedure, we will let you know.

Whenever possible, we will give you feedback on the outcome of any investigation. Please note, however, that we may not be able to tell you about the precise actions we take where this would infringe a duty of confidence we owe to another person.

While we cannot guarantee that we will respond to all matters in the way that you might wish, we will strive to handle the matter fairly and properly. By using this policy, you will help us to achieve this.

If at any stage you experience reprisal, harassment or victimisation for raising a genuine concern please contact *Internal Audit or Human Resources*.

Independent advice

If you are unsure whether to use this policy or you want confidential advice at any stage, you may contact the independent charity Protect on 020 3117 2520 or by email at whistle@protect-advice.org.uk. They can talk you through your options and help you raise a concern about malpractice at work.

You can also contact your union or professional body (where applicable) for advice.

External contacts

While we hope this policy gives you the reassurance you need to raise your concern internally with us, we recognise that there may be circumstances where you can properly report a concern to an outside body. In fact, we would rather you raised a matter with the appropriate regulator – such as [External Audit](#), [Health and Safety Executive](#) or the [Environment Agency](#) - than not at all. [Protect](#) (*or, if applicable, your trade union*) will be able to advise you on such an option if you wish.

Monitoring / oversight

The Policy will be regularly reviewed, and significant revisions will be presented to the Audit & Corporate Governance Committee. The Chair of the Audit & Corporate Governance Committee is the Whistleblowing Champion with oversight of the effectiveness of the arrangements. We will also report statistical information to the Committee as part of our good governance.

Internal Audit and Human Resources will monitor the daily operation of the policy and if you have any comments or questions, please do not hesitate to let one of the team know.

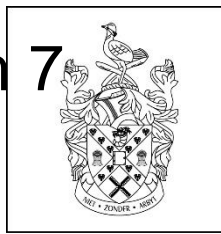
Data protection

We will keep a confidential record of your concern, and this will be held in accordance with relevant data protection legislation.

We may need to share data to help respond to your concern in the best way, or to identify if the concern is best managed via another procedure and will keep you informed of this.

We welcome reports from our Shared Service colleagues and will let you know if a partner Council is best equipped to proceed with your concern.

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REPORT TO: Audit and Corporate Governance
Committee

29 September
2022

LEAD OFFICER: Head of Shared Internal Audit

Governance Risk and Control Update

Executive summary

1. This report provides an update on topical news items which contribute to the Committee understanding of Corporate Governance Matters.

Key Decision

2. This is not a key decision because this is being presented to the Audit and Corporate Governance Committee in accordance with their terms of reference.

Recommendations

3. The Audit and Corporate Governance Committee is requested to note the report.

Reasons for Recommendations

4. The updates keep the Committee informed of key relevant matters.

Details

5. None.

Considerations

6. None.

Options

7. None.

Implications

8. In the writing of this report, there are no significant implications or risks to the Council.

Background Papers

9. Background papers used in the preparation of this report:
 - Committee Terms of Reference

Appendices

10. Appendices to this report include the update report.

Report Author:

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Committee update September 2022

Introduction

Overview and background

The purpose of this document is to provide an update to the Committee on key audit and governance themes.

The Chair suggested, at the July 2021 meeting, that a slot at the beginning of future meetings was allocated to check in on key areas of governance and provide any updates. If there are no updates in a particular area to report, that can be noted and taken as assurance.

This document provides summary updates for the Committee. Statistics are included to help provide an overview of work in progress and these are taken from the last financial quarter.

Your team

Head of Finance and Section 151 officer
Head of Shared Internal Audit
Corporate Fraud Manager
Monitoring Officer
Senior Democratic Services officer

Committee information

[Calendar of meetings](#)


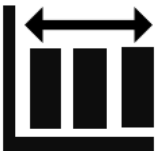
[Committee Membership and Functions](#)




Governance, Risk and Control

Internal Audit updates

Internal Audit reviews provide assurance on the Governance Risk and Control environment and this contributes to the Annual Governance Statement.

Below are a summary of reviews completed in the last quarter:

Review	Assurance and actions		Summary of report
Financial Management Code 	Assurance: Current: Full Previous: New review Actions: Critical 0 High 0 Medium 0 Low 2		<p>The CIPFA Financial Management Code supports good practice in financial management and sustainability. The code comes into full effect for the financial year 2021/2022. Local authorities are expected to be fully compliant.</p> <p>Our assessment provides assurance that the Council:</p> <ul style="list-style-type: none"> • is compliant with all seven sub-sections of the Code; • has a robust set of reports and guidelines; and • there is sufficient stakeholder engagement regarding forward business planning. <p>We recommended that the Council consider utilising CIPFA's Financial Resilience Index tool to benchmark to peers, as this will help support their medium-term financial strategy.</p>
Counter fraud Whistleblowing 	Assurance: Current: Full Previous: Full Actions: Critical 0 High 0 Medium 1 Low 0		<p>We completed a review of our framework for reporting concerns by referencing guidance and tools from the whistleblowing charity Protect.</p> <p>Our framework continues to be compliant. The review helped us to produce a revised Policy, which is being presented to the Audit & Corporate Governance Committee.</p> <p>We are now producing communications material to help promote the Policy throughout the Council.</p>

Review	Assurance and actions		Summary of report
<p>Legal Services – Follow-up</p> 	<p>Assurance: Current: Previous: Actions: Critical High Medium Low</p>	<p>Full Limited 0 0 0 0</p>	<p>We reviewed the implementation status of the four High level actions from our previous review.</p> <p>All of the actions were implemented. This included implementing improvements to accounting procedures, commissioning of work and reporting.</p> <p>Consequently, the assurance has improved from Limited to Full assurance.</p>
<p>Carbon management – Data Quality</p> 	<p>Assurance: Current: Previous: Actions: Critical High Medium Low</p>	<p>Full Reasonable 0 0 0 0</p>	<p>We completed a data quality assessment of the annual report to Climate and Environmental Committee on the Authority's carbon emissions for 2021/22.</p> <p>We reviewed emissions figures, supporting calculations and sample tested available source data.</p> <p>As part of the review process, we have also shared advice and tips on data collection, management and presentation where we identified opportunities for improvement.</p> <p>It is the fourth year of reporting, and there is evidence of improvements to the control environment. There are no recommendations following our review.</p>
<p>Grant Assurance – OHLG PPAS</p> 	<p>Assurance: Current: Previous: Actions: Critical High Medium Low</p>	<p>Full New review 0 0 0 0</p>	<p>We have completed Post Payment Assurance Sampling (PPAS) reviews for the Department for Business, Energy & Industrial Strategy (BEIS) for the following Business Grant Schemes: Omicron Hospitality & Leisure Grant</p> <p>While it is not possible to completely eradicate the risk of fraud, this review provided assurance that adequate checks were undertaken to ensure recipients were eligible with the scheme conditions, and appropriate checks were made to minimise the risk of fraud and error.</p>

Reviews in Progress and forward planning

We maintain a dynamic audit plan. Our current planned assurance and follow-up reviews include:

- Capital – Asset Register
- Asset management – Land records
- Corporate Complaints and Feedback
- Carbon Management - Strategy
- Accounts Payable – Master data
- Disabled Facility Grants
- Grant assurance – Restart PPAS

Our testing of the Capital Asset Register, and the Accounts Payable – Master data, are nearly concluded.

Overall assurance

The internal audit work and assurance mapping enables us to form an opinion on the internal control environment, governance and risk management arrangements.

There is currently a Reasonable level of assurance overall, which is similar level to the previous period.

We maintain resource to undertake unplanned and responsive investigations. We have received two referrals in this period, and do not anticipate these will have a significant impact on our audit plan.

We have commenced a review of Asset Management – Land records, which was requested by the Committee at the previous meeting.

We are also providing consultancy advice, on internal controls for grant and payment schemes such as Energy Rebate and Ukraine Homes, and emerging risks.

Counter Fraud update

Fraud Team Statistics – our quarterly position

We have included some fraud statistics below from the recent quarter. The purpose of these is to provide the Committee with an overview of the work in progress, and specific individual details are not disclosed due to sensitivity and risk of compromising any investigations in progress.

Reports of suspected fraud received

Analysis by the source of intelligence:



Fraud by type

Analysis by fraud type:



Investigations in progress (as of 30th June 2022)

Case Status	Number of Cases	Key
Live Investigation	131	
Interview Under Caution (IUC)	3	
Sanction decision	0	
Criminal Prosecution Administrative Penalty Caution Prosecution and Civil action Civil Warning Letter No Further Action Notice to quit (Secure or flexible tenancy) Notice of proceedings for possession (intro tenancy) / Notice to Seek possession (secure and flexible)		

Investigations Closed

Closure Reason	Number
A14 Uneconomical to investigate	13
A10 Fraud proven but no further action	1
A11 Not investigated, passed for visit	
A13 Not investigated - not on benefit	
A4 Closed - claimant error only	
A5 Closed - no fraud established	
A7 Not investigated - passed to DWP (Department for Work and Pensions)	

Proactive work – Prevention

Prevention is an important aspect of our Counter Fraud arrangements.

Education		
	Prevention advice to businesses.	Advice to Licensing. Housing Tenancy
Workshop Attendees	NIL	
Campaign work	NIL	
Other		
Verification checks		
Right to buy verification enquiries reported		11
Outstanding Right To Buy (RTB) Documents / Visit		
Homelessness verification enquiries reported		
General housing verification enquiries		
Ermine Street		
Local Authority Data Sharing Hub (LoCTA)		
Department of Work and Pensions Single Point of Contact (DWP SPOC)		
Local Authority Information Exchange (LAIEF)		5
General		
Data Protection Act requests - External		3
National Fraud Initiative Matching (NFI)		
Biennial exercise - Records closed		
Annual exercise CT (Council Tax) / SPD (Single Person Discount) – Records closed		

Whistleblowing

Referrals received in the period:	2
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RIPA (Regulation of Investigatory Powers Act)

Cases of RIPA used in period:	0
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Useful Links

Link	Details
Public Sector Audit Appointments	PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme.
EY.com	EY (Ernst & Young) is our current externally appointed auditor
Cabinet Office NFI (National Fraud Initiative)	The National Fraud Initiative is a data matching exercise which helps public sector organisations to prevent and detect cases of fraud and error.

Training and development

New Central Government Counter Fraud Department

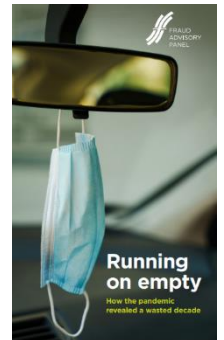
The [Public Sector Fraud Authority](#) (PSFA) has been launched by the government.

The PSFA will be made up of counter fraud and data experts, using best-in-class tools and advanced analytics to help departments and public bodies protect public money.

It be focused on ministerial departments and public bodies, but it will share practices and make available standards to the wider public sector such as Local Government.

Fraud Advisory Panel

The [Fraud Advisory Panel issued a report](#) that summarised the national fraud risk impact from the pandemic across the public sector.



Note

This document will have links to external websites where it provides more information. We are not responsible for the content of external websites.

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