



Audit and Procurement Committee

Time and Date

2.00 pm on Monday, 10th September, 2018

Place

Committee Room 3 - Council House

Public Business

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 3 - 10)
To agree the minutes of the meeting held on 16th July 2018
4. **Outstanding Issues** (Pages 11 - 18)
Report of the Deputy Chief Executive (Place)
5. **Work Programme 2018/19** (Pages 19 - 20)
Report of the Deputy Chief Executive (Place)
6. **2018/2019 First Quarter Financial Monitoring Report (to June 2018)**
(Pages 21 - 46)
Report of the Deputy Chief Executive (Place)
7. **Annual Fraud Report 2017-2018** (Pages 47 - 56)
Report of the Deputy Chief Executive (Place)
8. **School Audit Recommendations** (Pages 57 - 64)
Report of the Deputy Chief Executive (Place)
9. **Updated Procedural Guidance: Regulation of Investigatory Powers (RIPA) Covert Surveillance and Covert Human Intelligence Sources (RIPA Procedural Guidance)** (Pages 65 - 88)
Report of the Deputy Chief Executive (Place)
10. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

Private business

Nil

Martin Yardley, Deputy Chief Executive (Place), Council House, Coventry

Friday, 31 August 2018

Note: The person to contact about the agenda and documents for this meeting is Lara Knight / Michelle Salmon, Governance Services, Tel: 024 7683 3237 / 3065, Email: lara.knight@coventry.gov.uk / michelle.salmon@coventry.gov.uk

Membership: Councillors P Akhtar, S Bains (Deputy Chair), R Brown (Chair), T Sawdon, R Singh, H Sweet and K Taylor

Please note: a hearing loop is available in the committee rooms

If you require a British Sign Language interpreter for this meeting OR it you would like this information in another format or language please contact us.

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Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee held at 3.00 pm
on Monday, 16 July 2018

Present:

Members: Councillor R Brown (Chair)
Councillor S Bains
Councillor T Sawdon
Councillor R Singh
Councillor H Sweet

Employees (by Directorate):

Place B Hastie, P Jennings, S Lock, M Salmon, K Tyler, A West

Others in attendance Mark Stock, Grant Thornton (External Auditor)

Apologies: Councillor P Akhtar and K Taylor

Public Business

12. Declarations of Interest

There were no disclosable pecuniary interests.

13. Minutes of Previous Meeting

The minutes of the meeting held on 18th June 2018 were agreed and signed as a true record.

Further to minute 5/18 headed 'Internal Audit Annual Report 2017/2018', the Committee requested that a timeline be prepared in respect of the Audit Team restructure, and circulated to them.

Further to minute 7/18 headed 'Internal Audit Plan 2018/2019', the Committee requested that a timeline be prepared in respect of the telephony system and customer service review, and circulated to them.

Further to minute 10/18 headed 'Unaudited 2017/2018 Statement of Accounts', the Committee requested that information relating to the income from fees and charges, rents and dividends, be circulated to them.

14. Exclusion of Press and Public

RESOLVED to exclude the press and public under Section 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 22 below headed 'Procurement and Commissioning Progress Report', on the grounds that the report involves the likely disclosure of information defined in

Paragraph 3 of Schedule 12A of the Act, as it contains information relating to the financial and business affairs of a particular person (including the authority holding that information) and that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

15. Outstanding Issues

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (Place) that identified issues on which a further report / information had been requested or was outstanding so that Members were aware of them and could manage their progress.

Appendix 1 to the report provided details of an issue where a report back had been requested to a meeting, along with the anticipated date for consideration of the matter. Appendix 2 provided details of items where information had been requested outside formal meetings, along with the date when this had been completed.

RESOLVED that the Audit and Procurement Committee notes the outstanding issues report and agrees that those issues that are complete can be discharged from the report.

16. Work Programme 2018/19

The Committee considered a report of the Deputy Chief Executive (Place), which set out the Work Programme for the Committee for the coming year.

Members requested that the following reports be submitted to the Committee in due course and therefore be added to the Work Programme:

- 1) Information Governance Half-Yearly Progress Report 2018/2019 (minute 20 below refers)
- 2) Procurement and Commissioning Progress Reports – Future Reporting Arrangements (Minute 22 below refers)

RESOLVED that the Audit and Procurement Committee approves the Work Programme for 2018/2019 with the addition of the following items:

- 1) Information Governance Half-Yearly Progress Report 2018/2019**
- 2) Procurement and Commissioning Progress Reports – Future Reporting Arrangements**

17. Audit Findings Report 2017-2018

The Committee considered a report of the External Auditor, Grant Thornton, on the Audit Findings for the City Council for the year ending 31st March, 2018. Mark Stocks of Grant Thornton, attended the meeting to present their report.

The report highlighted the key issues affecting the results of Coventry City Council and the preparation of the group and financial statements for the year ending 31st March 2017. It was also used to report their audit findings to management and

those charged with governance in accordance with the requirements of International Standards on Auditing (UK and Ireland) 260, and the Local Audit and Accountability Act 2014.

Under the National Audit Office Code of Audit Practice, the External Auditors were required to report whether, in their opinion, the Council's financial statements gave a true and fair view of the financial position of the Council and its income and expenditure for the year and whether they had been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. They were also required to carry out sufficient work to satisfy themselves on whether the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ("the value for money (VFM) conclusion").

The audit approach was based on a thorough understanding of the group's business and was risk based, and in particular included:

- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of total group assets and revenues to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that a comprehensive audit response was required for the Coventry City Council component (significant component) and a targeted approach was required for Coventry and Solihull Waste Disposal Company (CSWDC); and Coombe Abbey Hotel components to address specific risks. An analytical approach was required for Coventry North Regeneration Ltd; and for North Coventry Holdings Ltd.
- Full scope audits of the significant component by the group engagement team and targeted testing for CSWDC focusing on the carrying value of the investments; and at Coombe Abbey Hotel focusing on the valuation of the hotel.
- An evaluation of the group's internal controls environment including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

The audit of the Council's financial statements were substantially complete and an unqualified audit opinion statement issued. The External Auditor did not identify any adjustments to the financial statements that resulted in an adjustment to the Statement of Comprehensive Income and Expenditure. Adjustments were only made to improve presentation or to reflect underlying records (Appendix C referred). Recommendations for management were raised (Appendix A referred) with follow up to the recommendations from the prior year's audit (Appendix B referred). The Auditor concluded that the other information published with the financial statements, which included: the Statement of Accounts; Annual Governance Statement; and Narrative Report, were consistent with their knowledge of the organisation and with the financial statements audited. They had completed their risk based review of the Council's value for money arrangements and concluded that Coventry City Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources and issued an

unqualified value for money conclusion accordingly. They had not exercised any of their additional statutory powers or duties.

The Committee acknowledged the work carried out in the preparation of the report and asked that their thanks be conveyed to the officers concerned.

RESOLVED that the Audit and Procurement Committee notes the Audit findings, as presented by the Council's External Auditor.

18. Audited 2017/2018 Statement of Accounts

The Committee considered a report of the Deputy Chief Executive (Place), which sought approval of the audited 2017/18 Statement of Accounts and Annual Governance Statement, on behalf of the Council.

The Council had given delegated authority to approve the Statement of Accounts, including the Annual Governance Statement, to the Audit and Procurement Committee.

The report was considered alongside the External Auditor's Audit Findings report (Minute 17 above referred) which detailed the key changes to the draft Statement of Accounts considered by the Committee in June 2018 (Minute 10/18 refers). The changes had been agreed between Grant Thornton and the Director of Finance and Corporate Resources.

The Committee acknowledged the work carried out in the preparation of the report and asked that their thanks be conveyed to the officers concerned.

RESOLVED that the Audit and Procurement Committee approves the final Audited 2017/2018 Statement of Accounts.

19. Audit and Procurement Committee Annual Report 2017-2018

The Committee considered the Audit and Procurement Committee's Annual Report, which would be submitted to the City Council at their meeting on 4th September 2018. The report provided an overview of the Committee's activity during 2017/2018.

During the previous municipal year, the Committee met on eight occasions. The report detailed all the routine reports considered during this time which were based around the clearly defined expectations of the services and functions that report to the Committee such as governance; internal and external audit; fraud; procurement and financial management and accounting.

The Committee also supported the Council in considering other areas linked to risk management, internal control and governance and in 2017-2018 these included: Information Commissioner's Office: Data protection Audit; 2016-17 Information Governance Annual Report; Accounts Payable Recovery Audit 2016-17; Regulation of Investigatory Powers Act 2000 Annual Report; Complaints to the Local Government and Social Care Ombudsman 2016-17; Corporate Risk Register; Contract Management Progress Report; Customer Services Update; and Code of Corporate Governance.

The Cabinet agreed to recommend that the Council considers the Annual Report 2017-2018 at their meeting on 4th September 2018.

RESOLVED that the Audit and Procurement Committee recommend that the Council considers the Audit and Procurement Committee Annual Report 2017-2018 at their meeting on 4th September 2018.

20. **2017-2018 Information Governance Annual Report**

The Committee considered a report of the Deputy Chief Executive (Place) that the City Council adopted its Information Management Strategy in March 2016. The Strategy recognised that information was one of the Council's greatest assets and its correct and effective usage was a major responsibility and essential to the successful delivery of the Council's priorities. Since the introduction of the Strategy, the Council had put a range of measures in place to embed effective information governance throughout the organisation.

The implementation of the Information Management Strategy was a key step in helping the City Council to prepare for the implementation of the General Data Protection Regulation which came into force in May 2018 and introduced the most significant change in data protection legislation in 20 years. The GDPR strengthened the rights of individuals and reflected the significant technological changes that had taken place over the last 20 years since the Data Protection Act legislation was introduced in 1998. The GDPR had been written into UK law and the new Data Protection Act 2018 also came into force in May 2018.

Data protection legislation set out the requirements on public organisations to manage information assets appropriately and how they should respond to requests for information. The Information Commissioner's Office (ICO) was the UK's independent supervisory authority set up to uphold information rights in the public interest, promote openness by public bodies and data privacy for individuals and monitors compliance with legislation.

The report set out how the Council performed during 2017/18 in responding to requests for information received under the Freedom of Information Act, Environmental Information Regulations and Data Protection Act, the completion rate, outcome of internal reviews and complaints made to the ICO. It also reported on the management of data protection security incidents reported, data protection training, preparations for the introduction of the General Data Protection Regulations and the follow up to the ICO Audit of the Council's data protection arrangements which took place during the year.

The Committee discussed the importance of high standards of information governance and the major responsibility that the Council had in protecting and using the information in compliance with legal requirements. Acknowledging that 96% of employees had now completed Data Protection Training, the Committee agreed that a letter be sent to all Elected Members from the Chair of the Audit and Procurement Committee, on the arrangements for Elected Member Training and proposed workshops to support them in understanding the requirements of the General Data Protection Regulations and the Data Protection Act 2018.

The Committee were encouraged by the improvement in responses to FOIA/EIR requests within the target time of 20 working days to 73% in 2017/2018 compared to 68% in 2016/2017. However, they expressed their concerns that the Council remained below the 90% response level required by the ICO and discussed the implications of not meeting that requirement. The Committee agreed to receive a half-year Information Governance Progress report and asked that this be added to the Work programme accordingly.

RESOLVED that the Audit and procurement Committee:

- 1) **Notes the Council's performance on Freedom of Information, Subject Access and other Data Protection Act requests, including the outcomes of internal reviews and the number and outcome of complaints made to the ICO.**
- 2) **Notes the reporting and management of data security incidents.**
- 3) **Notes the Data Protection training compliance for employees.**
- 4) **Notes the Data protection training arrangements for Members, including any requirements**
- 5) **Did not have any comments or recommendations to make to the Cabinet Member for Policy and Leadership.**
- 6) **Agrees that a half-year progress report be submitted to the Committee.**

21. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of public business.

22. **Procurement and Commissioning Progress Report**

The Committee considered a report of the Deputy Chief Executive (People) which provided an update on the procurement and commissioning undertaken by the Council since the last report submitted to the meeting on 26th March 2018. Details of the latest positions in relation to individual matters were set out in an appendix to the report.

The Committee discussed the future reporting arrangements for the Procurement and Commissioning Progress Reports and agreed that further discussions be held with the Chair of the Committee to determine the most appropriate forum for their consideration.

RESOLVED that the Audit and Procurement Committee:

- 1) **Notes the current position in relation to the Commissioning and Procurement Service.**

- 2) **Agrees that they have no recommendations to make to the Cabinet Member for Strategic Finance and Resources, Cabinet or Council on any of the matters reported.**
 - 3) **Agrees that further discussions be held with the Chair of the Committee on the future reporting arrangements for the Procurement and Commissioning Progress Reports, to determine the most appropriate forum for their consideration.**
23. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of private business.

(Meeting closed at 4.45 pm)

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Audit and Procurement Committee

10th September 2018

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director approving submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

N/A

Title:

Outstanding Issues

Is this a key decision?

No

Executive summary:

This report is to identify those issues on which further reports / information has been requested or are outstanding so that Members are aware of them and can monitor their progress.

Recommendations:

The Committee is recommended to:-

1. Consider the list of outstanding items as set out in the Appendices, and to ask the Deputy Chief Executive concerned to explain the current position on those items which should have been discharged.
2. Agree that those items identified as completed within the Appendices be confirmed as discharged and removed from the outstanding issues list.

List of Appendices included:

Appendix 1 - Further Report Requested to Future Meeting
Appendix 2 - Information Requested Outside Meeting

Other useful background papers:

None

Has it or will it be considered by scrutiny?

N/A

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

**Report title:
Outstanding Issues**

1. Context (or background)

- 1.1 In May 2004, the City Council adopted an Outstanding Minutes system, linked to the Forward Plan, to ensure that follow-up reports can be monitored and reported to Members.
- 1.2 At their meeting on 25th January 2017, the Audit and Procurement Committee requested that, in addition to further reports being incorporated into the Committee's Work Programme, that a report be submitted to each meeting detailing those additional reports requested to a future meeting along with details of additional information requested outside of the formal meeting.
- 1.3 Appendix 1 to the report outlines items where a report back has been requested to a future Committee meeting, along with the anticipated date for further consideration of the issue.
- 1.4 In addition, Appendix 2 sets out items where additional information was requested outside of the formal meeting along with the date when this was completed.
- 1.5 Where a request has been made to delay the consideration of the report back, the proposed revised date is identified, along with the reason for the request.

2. Options considered and recommended proposal

- 2.1 N/A

3. Results of consultation undertaken

- 3.1 N/A

4. Timetable for implementing this decision

- 4.1 N/A

5. Comments from the Director Finance and Corporate Resources

- 5.1 Financial implications

N/A

- 5.2 Legal implications

N/A

6. Other implications

- 6.1 How will this contribute to achievement of the Council's Plan?**

N/A

- 6.2 How is risk being managed?**

This report will be considered and monitored at each meeting of the Cabinet

6.3 What is the impact on the organisation?

N/A

6.4 Equalities / EIA

N/A

6.5 Implications for (or impact on) the environment

N/A

6.6 Implications for partner organisations?

N/A

Report author(s):

Name and job title:

Lara Knight
Governance Services Co-ordinator

Directorate:

Place

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Names of approvers: (officers and Members)				

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Appendix 1

Further Report Requested to Future Meeting

	Subject	Minute Reference and Date Originally Considered	Date For Further Consideration	Responsible Officer	Proposed Amendment To Date For Consideration	Reason For Request To Delay Submission Of Report
1.	Information Commissioner's Office – Data Protection Audit November 2017 – Update on Progress	19 th February 2018 (Minute 82/17)	October 2018	Adrian West		
2.	Information Governance Half-Yearly Progress Report 2018/19	16 th July 2018 (Min 20/18)	21 st January 2019	Adrian West / Sharon Lock		

* identifies items where a report is on the agenda for your meeting.

Appendix 2

Information/Action Requested Outside Meeting

	Subject	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed
1.	Half Yearly Fraud Update 2017 – 2018	Minute 69/17 22 nd January 2018	A press release be prepared highlighting the work undertaken, particularly data matching through NFI, to identify attempts to commit fraud.	Karen Tyler / Nigel Hart	
2.	Certification Work for Coventry City Council for Year Ended 31 st March 2017	Minute 79/17 19 th February 2018	The Committee requested information on how sampling for the certification work is undertaken.	Joan Barnett (External Auditor)	
3.	Unaudited 2017/2018 Statement of Accounts	Minute 10/18 18 th June 2018 and Minute 13/18 16 th July 2018	The Committee requested that information about the income from fees and charges, rents and dividends, be circulated to them.	Paul Jennings	18 th July 2018
4.	Internal Audit Annual Report 2017/2018	Minute 5/18 18 th June 2018 and Minute 13/18 16 th July 2018	The Committee requested that a timeline be prepared in respect of the Audit Team restructure.	Adrian West / Karen Tyler	
5.	Internal Audit Plan 2018/2019	Minute 7/18 18 th June 2018 and Minute 13/18 16 th July 2018	The Committee requested that a timeline be prepared in respect of the telephony system and customer service review.	David Ashmore	

6.	Information Governance Annual Report 2017/2018	Minute 20/18 16 th July 2018	<p>A letter from the Chair of the Committee relating to data protection training for Elected Members, be prepared and circulated to Members</p> <p>In addition to the completion of Data Protection Training, workshops be arranged for Elected Members to support them on the requirements of the GDPR</p>	Adrian West/ Sharon Lock	
7.	Procurement and Commissioning Progress Report – Future Reporting Arrangements	16 th July 2018 (Min 22/18)	Further discussion be held with the Chair of the Committee to determine the most appropriate forum for the future consideration of the reports	Karen Tyler/Mick Burns	

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Audit and Procurement Committee 10th September 2019

Work Programme 2018-2019

18th June 2018

Internal Audit Annual Report 2017-2018
Annual Governance Statement 2017-2018
Internal Audit Plan 2018-2019
Fraud and Corruption Strategy
Revenue and Capital Out-turn 2017-2018
Draft Statement of Accounts 2017-2018

16th July 2018

Audit Findings Report 2017-2018 (Grant Thornton)
Statement of Accounts 2017-2018
Audit Committee Annual Report 2017-2018
Information Governance Annual Report 2017-2018
Procurement Progress Report (Private)

10th September 2018

Quarter One Revenue and Corporate Capital Monitoring Report 2018-2019
Fraud Annual Report 2017-2018
School Audit Recommendations
Updated Procedural Guidance: Regulation of Investigatory Powers (RIPA) Covert Surveillance and Covert Human Intelligence Sources (RIPA Procedural Guidance)

12th November 2018

Annual Audit Letter 2017-2018 (Grant Thornton)
Half Year Internal Audit Progress Report 2018-2019
Treasury Management Update
ICO Update on Progress
Procurement Progress Report (Private)

21st January 2019

Quarter Two Revenue and Corporate Capital Monitoring Report 2018-2019
Corporate Risk Register Update
Half Yearly Fraud Update 2018-2019
Ombudsman Complaints Annual Report 2017-2018
Whistleblowing Policy Annual Report 2017-2018
Information Governance Half-Yearly Progress Report 2018/2019
Procurement Progress Report (Private)

25th February 2019

Grant Certification Report (Grant Thornton)
Quarter Three Revenue and Corporate Capital Monitoring Report 2018-2019
Quarter Three Internal Audit Progress Report 2018-2019
RIPA (Regulation of Investigatory Powers Act) Annual Report 2018-2019
Procurement Progress Report (Private)

25th March 2019

Annual Audit Plan (Grant Thornton)
Internal Audit Recommendation Tracking Report
Internal Audit Plan 2019-2020
Code of Corporate Governance (Adrian West)
Procurement Progress Report (Private)

Date to be agreed

Outside Body - Governance and Financial Arrangements for Coventry City of Culture Trust
Outside Body - Governance and Financial Arrangements for Culture Coventry
Outside Body - Governance and Financial Arrangements for Coombe Abbey Park Limited

Cabinet
Audit and Procurement Committee

28th August 2018
10th September 2018

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director approving submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

City Wide

Title:

2018/19 First Quarter Financial Monitoring Report (to June 2018)

Is this a key decision?

No

Executive summary:

The purpose of this report is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of June 2018.

The headline revenue forecast for 2018/19 is an over spend of £2.0m. At the same point in 2017/18 there was a projected overspend of £4.6m.

This position continues to reflect overspends in several service areas that have been subject to budgetary pressure in recent years, notwithstanding that 2018/19 Budget proposals increased budgets in these areas. Although the quarter 1 overspend position is not as large as this time last year, the Senior Management Board is aware of the need to address the range of budgetary issues facing the Council including continued challenges in relation to looked after children and housing & homelessness related costs.

The Council's capital spending is projected to be £249.4m for the year, a net decrease of £13.1m on the programme planned at the start of the year. However, Cabinet is alerted to the possibility of significant capital slippage later in the budgetary cycle.

Recommendations:

Cabinet is recommended to:

- 1) Note the forecast revenue overspend at Quarter 1.
- 2) Approve the revised capital estimated outturn position for the year of £249.4m incorporating: £5.7m net increase in spending relating to approved/technical changes and £0.3m overpend (Appendix 2), £14.7m of expenditure rescheduled from 2017/18 into 2018/19 and £33.8m net rescheduling of expenditure into 2019/20 (Appendix 4).

Audit and Procurement Committee is recommended to:

1) Consider whether there are any comments they wish to be passed to Cabinet

List of Appendices included:

Appendix 1	Revenue Position: Detailed Directorate breakdown of forecast outturn position
Appendix 2	Capital Programme: Analysis of Budget/Technical Changes
Appendix 3	Capital Programme: Estimated Outturn 2018/19
Appendix 4	Capital Programme: Analysis of Rescheduling
Appendix 5	Capital Programme: Analysis of Overspend
Appendix 6	Prudential Indicators

Background Papers

None

Other useful documents:

None

Has it or will it be considered by scrutiny?

No

Has it, or will it be considered by any other council committee, advisory panel or other body?

Audit and Procurement Committee, 10th September 2018

Will this report go to Council?

No

Report Title:

2018/19 First Quarter Financial Monitoring Report (to June 2018)

1. Context (or Background)

- 1.1 Cabinet approved the City Council's revenue budget of £234.8m on the 20th February 2018 and a Directorate Capital Programme of £262.5m. This is the first quarterly monitoring report for 2018/19 to the end of June 2018. The purpose is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and to report on the Council's treasury management activity.
- 1.2 The current 2018/19 revenue forecast is an overspend of £2.0m. The reported forecast at the same point in 2017/18 was an overspend of £4.6m. Capital spend is projected to be £249.4m, an decrease of £13.1m on the original Capital Programme.

2. Options considered and recommended proposal

- 2.1 **Revenue Forecast** - The forecast revenue overspend of £2m is analysed by service area below.

Table 1 - Forecast Variations

Service Area	Revised Net Budget £m	Forecast Spend £m	Forecast Variation £m
Public Health	0.1	0.0	(0.1)
Place Directorate Management	1.4	1.4	0.0
Education & Inclusion	13.1	13.4	0.3
Children & Young People	73.9	75.4	1.5
Adult Social Care	75.6	75.6	0.0
Customer Services & Transformation	6.0	8.8	2.8
People Directorate Management	1.5	1.5	0.0
City Centre & Major Projects	7.8	8.2	0.4
Transportation & Highways	4.2	4.3	0.1
Streetscene and Regulatory	26.5	27.4	0.9
Project Management & Property	(7.4)	(7.8)	(0.4)
Finance & Corporate Services	9.7	8.7	(1.0)
Contingency & Central Budgets	22.4	19.9	(2.5)
Total Spend	234.8	236.8	2.0

2.2 Explanation of Major Revenue Variations

A summary of the major forecast variances is provided below. Further details are shown in Appendix 1.

The largest pressure relates to the estimated costs of supporting families and individuals in temporary and supported accommodation (£2.5m), this is as a result of a continued rise in homelessness cases, and cases where insufficient Housing Benefit subsidy can be claimed from the government; this is in addition to the £2.7m budget approved for 2018/19. A recent SMB decision has consolidated operational management of homelessness services under the Director for Transformation and Customer Services which means that this area will now reflect the financial pressures associated with the most volatile, demand-led budgets against which there are clearly pressures being recognised at a national level. Although the specific financial pressure will present in this service area, both its causes and the necessary solutions to it, manifest themselves in multiple different service areas across the Council. As more detailed work is undertaken to design a programme of remedial actions and activities, it will be vital to create a series of metrics and performance management arrangements to properly measure the requirements and impacts of actions across this broader range of services on a corporate basis.

There continue to be significant recruitment problems, and some of the budget holder pressure relates to agency staffing covering vacancies. There are currently in the region of 50 agency staff in the People Directorate with the majority covering children's social worker posts as well as others to support increased demand in Housing and Homelessness and within the All Age Disability team whilst pressures in a number of Place Directorate service total c£0.9m. Agency staffing ensures service continuity whilst either staffing reviews take place, or in some cases where there has been an inability to recruit. The pressures are part funded from salary budget underspends and there are plans in place to fill as many of these vacancies as possible in year, which if successful will reduce the centralised salary underspend, and the budgetholder overspend; estimates in relation to this have been included in the forecast.

People Directorate

In addition to the pressures described above, the People Directorate continues to face significant financial challenges in the 2018/19 financial year. Whilst the overall position is a forecast £4.5m overspend an underspend of £5.6m on centralised salaries masks a significant overspend of £10.1m on other areas.

Overall Looked After Children (LAC) placements is forecasting a balanced position. The LAC population has risen significantly over the last year, with average LAC numbers at 644 in 2017/18 compared with 665 so far for 2018/19. This pressure was anticipated and additional budgetary resource was identified through the budget setting process for 2018/19, in conjunction with Children's Transformation programme targets to deliver an overall lower unit cost within LAC placements; at quarter 1 the service is on track to meet these targets, but have continued pressure within Supported Accommodation placements for careleavers.

There is also a small continuing pressure within SEN transport of £0.3m which is a combination of an undelivered savings target, and increase in activity and price; a Strategic Transport group chaired at Director level continues to meet to review options for reducing expenditure in this area. Finally, within Adult Social Care there is significant pressure relating to increasing demand in Deprivation of Liberty safeguards (DOLs), with iBCF protecting social care resources being used to manage this.

Place Directorate

In addition to the pressures described above, there are a number of material variations forecast for the Directorate in 18/19. The largest underspend of £1m relates to financial benefit from recovery of Housing Benefit subsidy grant relating to recovered overpayments. This broadly offsets to a number of pressures including a forecast £0.6m overspend in waste disposal which relate to a reduction in a recycling rebate from BIFFA of c£0.3m (after management action), and higher than expected increases in disposal tonnages as a result of the new collection arrangements of £0.3m. Also, following the decision to continue with the Godiva festival over a number of years, there is still insufficient budget for events. This together with the rising cost of securing music acts is resulting in an estimated pressure in excess of £0.25m

Contingency & Central

Underspends totalling £2.5m are anticipated relating to the Asset Management Revenue Account (£1.1m) and other corporate budgets including the Kickstart financial model, the sports contingency and the Council's WMCA contributions. The Council has received £1m of additional unbudgeted Adult Social Care Grant but is expecting £0.8m less resource to adjust for a Government error overstating the amount of 2018/19 compensation that it will receive for the Business Rates multiplier being capped.

2.4 **Capital Programme**

The 2018/19 Budget Setting report (Cabinet 20th February 2018) approved a total Directorate Capital programme for 2018/19 of £262.5m. Table 2 below updates the budget to take account of a £5.7m increase in the programme from approved/technical changes and an overspend of £0.3m. £14.7m of expenditure has been brought forward from 2017/18 and £33.9m is now planned to be carried forward into future years. This gives a revised projected level of expenditure for 2018/19 of £249.4m. Appendix 3 provides an analysis by directorate of the movement since February.

The Resources Available section of Table 2 explains how the Capital Programme will be funded in 2018/19. It shows 54% of the programme is funded by external grant monies, whilst 38% is funded from borrowing. The programme also includes funding from capital receipts of £14.1m. Overall the Capital Programme and associated resourcing reflects a forecast balanced position in 2018/19.

Table 2 – Movement in the Capital Budget

CAPITAL BUDGET 2018-19 MOVEMENT	Qtr 1 Reporting £m
February 2018 Approved Directorate Programme	262.5
Net rescheduling of expenditure from 2017/18 into 2018/19	14.7
Estimated Outturn Quarter 1	277.2
Approved / Technical Changes (see Appendix 2)	5.7
"Net" Overspending (see Appendix 5)	0.3
"Net" Rescheduling into future years (see Appendix 4)	(33.9)
Revised Estimated Outturn 2018-19	249.4

RESOURCES AVAILABLE:	Qtr 1 Reporting £m
Prudential Borrowing (Specific & Gap Funding)	96.2
Grants and Contributions	134.0

Capital Receipts	14.1
Revenue Contributions	4.7
Leasing	0.4
Total Resources Available	249.4

Final decisions on the funding of the programme will be made at year-end, based on the final level of spend and the level of resources available. These decisions will pay due regard to the need to earmark resources to fund future spending commitments. In recent years the Council has delayed prudential borrowing as a means of funding capital spend. However, £31m of Prudential Borrowing was incorporated within the 2017/18 resourcing position and it is important to be aware that significant amounts of borrowing have been approved to fund the 2018/19 and future programmes and this will come on-stream over the next few years. The revenue funding costs of this have been built into the Council's forward financial plans.

2.5 Treasury Management Activity in 2018/19

Interest Rates

Current interest rate forecasts indicate that interest rates will go up by 0.25% to 0.75% imminently. However, the Monetary Policy Committee (MPC) has tended to have a bias towards tighter monetary policy meaning a rate rise in the near future is not certain, especially when considering that the MPC's primary target when deciding on interest rates is to keep inflation close to 2%. The latest inflation figures came in lower than expected at 2.3%.

Long Term (Capital) Borrowing

The net long term borrowing requirement for the 2018/19 capital programme is £87.7m, taking into account borrowing set out in Section 2.4 above (total £96.2m), less amounts to be set aside to repay debt, including non PFI related Minimum Revenue Provision (£8.5). Although the Council's recent Capital Programmes have incorporated prudential borrowing as part of the overall resourcing package, no long term borrowing has been undertaken for several years, due in part to the level of investment balances available to the authority. However, the anticipated future high level of capital spend combined with the new lower level of investment balances available mean that the Council will need to keep this under review over the next few years. The actual pattern of these factors and the level and expected movement in interest rates will dictate when the Council next seeks to borrow.

During 2018/19 interest rates for local authority borrowing from the Public Works Loans Board (PWLB) have varied within the following ranges:

PWLB Loan Duration (maturity loan)	Minimum 2018/19 to P3	Maximum 2018/19 to P3	As at the End of P3
5 year	1.87%	2.18%	1.99%
50 year	2.45%	2.73%	2.56%

The PWLB now allows qualifying authorities, including the City Council, to borrow at 0.2% below the standard rates set out above. This "certainty rate" initiative provides a small reduction in the cost of future borrowing.

Regular monitoring continues to ensure identification of any opportunities to reschedule debt by early repayment of more expensive existing loans replaced with less expensive new loans. The premiums payable on early redemption usually outweigh any potential savings.

Short Term (Temporary) Borrowing and Investments

In managing the day to day cash-flow of the authority, short term borrowing or investments are undertaken with financial institutions and other public bodies. The City Council currently holds £20m short term borrowing at an average interest rate of 0.92%.

Short term investments were made at an average interest rate of 0.66%. This rate of return reflects low risk investments for short to medium durations with UK banks, Money Market Funds, Certificates of Deposits, other Local Authorities, Registered Providers and companies in the form of corporate bonds.

Although the level of investments varies from day to day with movements in the Council's cash-flow, investments held by the City Council identified as a snap-shot at each of the reporting stages were: -

	As at 30th June 2017	As at 31st March 2018	As at 30th June 2018
	£m	£m	£m
Banks and Building Societies	23.4	4.4	22.3
Money Market Funds	26.9	2.5	8.0
Local Authorities	0.0	0.0	21.5
Corporate Bonds	10.4	5.4	4.0
Registered Providers	8.0	8.0	5.0
Total	68.7	20.3	60.8

External Investments

In addition to the above investments, a mix of Collective Investment Schemes or "pooled funds" is used, where investment is in the form of sterling fund units and non-specific individual investments with financial institutions or organisations. These funds are generally AAA rated, are highly liquid as cash, can be withdrawn within two to four days, and short average duration. The Sterling investments include Certificates of Deposits, Commercial Paper, Corporate Bonds, Floating Rate Notes and Call Account Deposits. These pooled funds are designed to be held for longer durations, allowing any short term fluctuations in return to be smoothed out. In order to manage risk these investments are spread across a number of funds.

As at 30th June 2018 the pooled funds were valued at £28.9m, spread across the following funds: Payden & Rygel, CCLA, Royal London Asset Management and Deutsche Bank.

Prudential Indicators and the Prudential Code

Under the CIPFA Prudential Code for Capital Finance authorities are free to borrow, subject to them being able to afford the revenue costs. The framework requires that authorities set and monitor against a number of Prudential Indicators relating to capital, treasury management and revenue issues. These indicators are designed to ensure that borrowing entered into for capital purposes was affordable, sustainable and prudent. The purpose of the indicators is to support decision making and financial management, rather than illustrate comparative performance.

The indicators, together with the relevant figures as at 30th June 2018 are included in Appendix 6. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2018/19. Specific points to note on the ratios are:

- The Upper Limit on Variable Interest Rate Exposures (indicator 10) sets a maximum amount of net borrowing (borrowing less investments) that can be at variable interest rates. At 30th June the value is -£30.4m (minus) compared to +£89.1m within the Treasury Management Strategy, reflecting the fact that the Council has more variable rate investments than variable rate borrowings at the current time.
- The Upper Limit on Fixed Interest Rate Exposures (indicator 10) sets a maximum amount of net borrowing (borrowing less investments) that can be at fixed interest rates. At 30th June the value is £231.3m compared to £445.4m within the Treasury Management Strategy, reflecting that a significant proportion of the Council's investment balance is at a fixed interest rate.

2.6 Investment Framework

Local authorities are increasingly looking to invest in commercial ventures in order to secure a financial return, including property schemes, share purchase and the provision on loans to external organisations and some decisions made by the Council recently have reflected these changes. Within this context, and in particular the risk associated with such investments, changes have been made to some aspects of the regulatory framework in which authorities invest, including: the Treasury Management Code; Prudential Code for Capital Finance and the statutory Guidance on Minimum Revenue Provision. However, the greatest change is through the revised government Statutory Guidance on Local Government Investments. In the main these changes relate to commercial investments outside the treasury area; in commercial property, shares and loans. The thrust of the changes is to extend to non-treasury investments some of the arrangements that apply to treasury investments, such as the production of a formal strategy, setting investment parameters, monitoring and reporting on risk, and strengthening the processes in respect of commercial investments funded by borrowing. The precise details of how these requirements will be addressed is currently being assessed at both a national and local level, and will be reported on in due course, as part 2018/19 in year monitoring and also 2019/20 budget setting.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

4.1 There is no implementation timetable as this is a financial monitoring report.

5. **Comments from the Director of Finance and Corporate Resources**

5.1 **Financial Implications**

Revenue

Following the challenging budgetary control position faced by the Council in 2017/18 and further Government grant cuts for 2018/19 the Council continues to face significant revenue pressures. The quarter 1 position reflects a forecast revenue overspend for the year of £2.0m compared with a projected overspend of £4.6m at the same point in 2017/18. Most service areas are being delivered within budget but there are key areas of pressure relating to the costs of homelessness and supported accommodation, children's staffing and Streetscene.

The demand for and costs of Homelessness and Children's Services is a problem common to a number of local authorities across the country and the Council recognised these issues when it approved further 2018/19 budgetary allocations in these areas in February 2018. Although options are currently being explored and implemented to deliver services within budget, the areas of overspend represent continued pressure on the 2018/19 revenue position and a risk to the medium term position. It remains imperative that actions continue to be taken to tackle the budgetary issues in these areas.

At this stage of the financial year the overall bottom line position is challenging but manageable, subject to appropriate attention being given to managing the issues referenced in this report. However, concerns over the financial resilience of local authorities across the country is further sharpening the focus on the need to address financial positions over the medium term. As senior management and members begin to work in earnest on plans for 2019/20 Budget Setting, the Council is conscious of the need to work both across areas that are reporting overspends currently and other areas, to identify strategies to move towards a balanced medium term position.

Capital

Capital forecasts continue to project very high levels of spend for the year at £249m compared with the initial budgeted position of £263m. However, only £11m of actual payments have been made by the end of June, the same as the equivalent point in 2017/18 in which final spend for the year was just over £100m. This suggests that a massive acceleration is needed in order to achieve the level of expenditure projected currently for the 2017/18 Programme.

As part of this picture, there are a number of initial project steps that have not been completed yet which will hamper progress on individual schemes until they are delivered. These include, but are not limited to, the completion of the Friargate JV deal, establishment of an anchor tenant for City Centre South, procurement in relation to the Battery Plant and the future of the former Woodlands School site. Unless progress is made on some of these areas in the near future, the collective positions outlined will make it very difficult to deliver the spend levels and project progress that is implied within the current forecast for 2018/19.

Members will be aware of the enormous challenge posed within the Council's plans, both within the Capital programme but extending to other areas, not least the UK City of Culture. Steps have been taken to increase the level of project planning and officer monitoring in

these areas but it will be essential that realistic assessments are made of what is deliverable at each stage. The financial position provides some early indications that in-year delivery of a sizeable part of the Capital Programme could be at risk and Cabinet is alerted to the possibility of significant capital slippage later in the budgetary cycle.

5.2 Legal implications

None

6. Other implications

6.1 How will this contribute to achievement of the Council's Plan?

The Council monitors the quality and level of service provided to the citizens of Coventry and the key objectives of the Council Plan. As far as possible it will try to deliver better value for money and maintain services in line with its corporate priorities balanced against the need to manage with fewer resources.

6.2 How is risk being managed?

The need to deliver a stable and balanced financial position in the short and medium term is a key corporate risk for the local authority and is reflected in the corporate risk register. Budgetary control and monitoring processes are paramount in managing this risk and this report is a key part of the process.

6.3 What is the impact on the organisation?

In quarter 1 there is a forecast overspend. The Council will continue to ensure that strict budget management continues to the year-end and will also need to manage overall financial resources to accommodate any overall year-end overspend. Any use of one-off resources to balance the final position means that these resources would not be available to use fund future spending priorities.

6.4 Equalities / EIA

No impact

6.5 Implications for (or impact on) the environment

No impact

6.6 Implications for partner organisations?

No impact

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Appendix 1

Revenue Position: Detailed Directorate Breakdown of Forecasted Outturn Position

Appendix 1 details directorates forecasted variances.

Budget variations have been analysed between those that are subject to a centralised forecast and those that are managed at service level (termed “Budget Holder Forecasts” for the purposes of this report). The Centralised budget areas relate to salary costs – the Council applies strict control over recruitment such that managers are not able to recruit to vacant posts without first going through rigorous processes. In this sense managers have to work within the existing establishment structure and salary budgets are not controlled at this local level. The Centralised salaries and Overheads under-spend shown below is principally the effect of unfilled vacancies.

Directorate	Revised Budget	Forecast Spend After Action/ Use of Reserves	Centralised Forecast Variance	Budget Holder Forecast Variance	Net Forecast Variation
	£m	£m	£m	£m	£m
Public Health	0.1	0.0	(0.2)	0.1	(0.1)
People Directorate Management	1.4	1.4	0.0	0.0	0.0
Education and Inclusion	13.1	13.4	(0.1)	0.4	0.3
Children and Young People's Services	73.9	75.3	(4.8)	6.3	1.5
Adult Social Care	75.6	75.6	(0.6)	(0.6)	0.0
Customer Services & Transformation	6.0	8.8	0.0	2.8	2.8
Total People Directorate	170.1	174.5	(5.7)	10.2	4.5
Place Directorate Management	1.5	1.5	0.0	0.0	0.0
City Centre & Major Projects Development	7.8	8.2	0.0	0.4	0.4
Transportation & Highways	4.2	4.3	(0.3)	0.4	0.1
Streetscene & Regulatory Services	26.5	27.4	(0.7)	1.6	0.9
Project Management and Property Services	(7.4)	(7.8)	(0.2)	(0.2)	(0.4)
Finance & Corporate Services	9.7	8.7	(0.2)	(0.8)	(1.0)
Total Place Directorate	42.3	42.3	(1.4)	1.4	0.0
Contingency & Central Budgets	22.4	19.9	0.0	(2.3)	(2.3)
Total Spend	234.8	236.7	(7.1)	9.3	2.2
Resourcing	(234.8)	(235.0)	0.0	(0.2)	(0.2)
Total	0.0	1.7	(7.1)	9.1	2.0

Reporting Area	Explanation	£m
People Directorate	The Directorates underspend against its salary budgets and turnover target is mainly due to high levels of vacancies in Childrens Social Care which accounts for £4.8m of the underspend. This is partially offset by a non salary overspend as a result of agency staff in Childrens Social Care. It is expected that vacancy levels and agency costs will reduce in year, which will reduce the centralised salary underspend, and the budgetholder overspend; estimates in relation to this have been included in the budgetholder forecast to ensure the total position is not understated at quarter 1.	(5.7)
Place Directorate	A number of vacancies exist due to a combination of the inability to recruit to some posts and the holding of recruitment whilst reviews take place. Most reviews are now being implemented which will reduce this variation, and managers are working to recruit to the key posts where recruitment difficulties have been encountered	(1.4)
Total Non-Controllable Variances		(7.1)

People Directorate			
Service Area	Reporting Area	Explanation	£M
Public Health	Other Variances Less than 100K		0.1
Public Health			0.1
Education and Inclusion	Education Improvement & Standards	This underspend relates to historic pension liabilities. Other than inflationary increase, there are no new commitments to be incurred against this area,	(0.2)
Education and Inclusion	Libraries, Advice, Health & Information Services	The position includes an overspend as a result of non-delivery of outstanding Connecting Communities Library Savings. Further work continues on identifying in year savings to mitigate this. This is offset by an underspend on Migration which will contribute towards the council's net position, and temporarily offset any undelivered savings in 2018/19.	(0.2)
Education and Inclusion	SEND & Specialist Services	SEN Transport is forecasting a £0.3M overspend. This is based on current activity levels and the current cost of provision. Demand will be re-based in September and the release of the e-auction contracts will impact on the forecast. Educational Psychologists is forecasting a £0.2M overspend. The EP service offers both a statutory and traded service. At this point as a consequence of recruitment challenges, the traded element has been re-prioritised towards the delivery of the Council's statutory responsibilities. The budget is in balance when the centralised salary budget is offset. The service has been successful in recruiting additional capacity from September, and this is included in the forecast.	0.5

Education and Inclusion	Adult Education	To date it has only been possible to deliver £10k of a £200k financial savings target set as part of previous budget setting processes to ensure we maximise ESFA grant funding against internal training programmes	0.2
Education and Inclusion	Education Entitlement	Governor Services are forecasting a £0.1M overspend due to loss of income from schools moving to other providers. This overspend has not increased as staffing has reduced and 5 new schools have come on board. However, there is a gap in terms of the loss of 12 schools. This is being monitored and other income streams such as training and audits are now being offered. It is too early to say if this will have enough impact to bring this in line for the end of quarter 4.	0.1
Education and Inclusion	Other Variances Less than 100K		
Education and Inclusion			0.4
Children and Young People's Services	Children's Services Management Team	The service has delivered savings as a result of service changes (e.g. Youth Offending Service review). These contribute towards the delivery of the Children's Services Transformation programme, and offset against the overspend in other areas of the service.	(0.2)
Children and Young People's Services	Commissioning, QA and Performance	The budget holder overspend is largely as a result of agency staff covering vacancies, and 4 additional posts that are currently being recruited to, to respond to concerns raised by OFSTED in relation to volume and quality of the work in the Safeguarding Service. Vacancies are being held across the service to fund the 4 posts, within the centralised salary forecast which offset the overspend.	0.2
Children and Young People's Services	Help & Protection	The overspend largely relates to the costs of Agency staff covering posts across the service. This is partly offset by underspends across salary budgets, and includes the trajectory of a reduction in agency posts from September to align with an additional intake of newly qualified social workers. There is also a small overspend forecast as a result of supporting families with no recourse to public funds.	3.5
Children and Young People's Services	LAC & Care Leavers	This overspend partly also relates to the costs of Agency staff as above. There is also an overspend predicted on supported accommodation of £0.8M which as a result of a higher number of former LAC in supported accommodation than budgeted for. Work is underway as part of Children's Transformation to reduce this. Permanence allowance are forecasting a pressure of £0.3M. There is also a forecast pressure on the unaccompanied asylum seeker budget of £0.3M - this relates to costs of former LAC who continue to receive support, where there is not grant funding to cover costs. LAC Placements overall is forecasting a £0.6M overspend on the budgetholder forecast, but this offsets to a corresponding underspend on the centralised forecast, which means it is forecasting a balanced budget overall at quarter 1. This includes the Children's Transformation trajectory of increases in internal fostering and residential placements, alongside corresponding decreases in external fostering and residential placements.	2.7
Children and Young People's Services	Other Variances Less than 100K		0.1

Children and Young People's Services			6.3
Adult Social Care	Adult Social Care Director	Use of iBCF Protecting Social Care resources to manage Adult Social Care pressures	(0.4)
Adult Social Care	Older People Community Purchasing	Underlying budget pressures have reduced this year in part due to increased investment from Better Care Fund to cover cost pressures resulting from external influences such as sleep in rates, although pressures on budgets are still high. These mainly arise from social care market costs rather than increased demand. Management actions continue to ensure demand on social care is managed in the most cost effective way to reduce overall costs. Focused efforts to manage approved packages through the panel process have ensured packages of care are robustly scrutinised before being approved. Increasing our capacity for Promoting Independence approaches will further support management of financial pressures.	(0.4)
Adult Social Care	All Age Disability and Mental Health Operational	There has been a significant increase in DOLs demand leading to additional assessment costs (total £340k overspend). The All Age Disability Team has also seen increasing demand and a high turnover of staff leading to increased Agency costs (total £238k overspend) which is expected to reduce as substantive posts are appointed to.	0.6
Adult Social Care	All Age Disability and Mental Health Community Purchasing	Underlying budget pressures continue to rise in part due to the continued increases in demand for complex social care support for eligible service users. Overall control mechanisms are in place to ensure expenditure is robustly managed. Approval for packages are rigorously scrutinised at panel meetings with social workers required to explain their panel submission before approval is gained. Programmes in place to review some of the higher cost services and develop our approach to Promoting Independence which will further support the financial position.	0.4
Adult Social Care	Internally Provided Services	The overspends on other pay, overtime and variable allowances are offset by underspends on centralised salary costs due to a number of vacancies .	0.3
Adult Social Care	Older People Operational	Overall underspend with budget holder overspend pending recruitment to posts later in the year.	0.1
Adult Social Care			0.6
Customer Services & Transformation	Customer and Business Services	The Budget Holder Variance mainly comprises a £2.5M pressure in relation to the cost of supported accommodation and temporary accommodation for homeless families and individuals. There is also a circa £220K overspend in support of the Housing and Homelessness agenda (particularly the introduction of the Homelessness Reduction Act) - a combination of furniture storage costs and agency staffing. A revised staffing structure has been agreed - agency staff will continue to be needed during implementation. Other overspends across the service are offset by early achievement of the Business Services savings target.	2.7
Customer Services & Transformation	Other Variances Less than 100K		0.1
Customer Services & Transformation			2.8
Total Non-Controllable			10.2

Variances - People			
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Place Directorate	Place		
Service Area	Reporting Area	Explanation	£M
City Centre & Major Projects Development			0.4
Transportation & Highways	Traffic	Anticipated expenditure on agency cover within Urban Traffic Control (offset by salary underspend) and pressures due to unrecoverable road traffic accident damages to assets, together with pressures on car park expenditure budgets offset by additional enforcement income overall for the service.	0.3
Transportation & Highways	Other Variances Less than 100K		0.1
Transportation & Highways			0.4
Streetscene & Regulatory Services	Planning & Regulatory Services	Building Control vacancies causing an £87k underspend, together with additional Planning Enforcement income of £50k is being forecast	(0.1)
Streetscene & Regulatory Services	Streetpride & Parks	A number of vacancies are being covered by Agency staff, which together with a pressure relating to an under recovery of income from the car park at Coombe, are causing this forecast variation	0.8
Streetscene & Regulatory Services	Other Variances Less than 100K		
Streetscene & Regulatory Services			1.6
Project Management and Property Services	Other Variances Less than 100K		
Project Management and Property Services			(0.2)
Finance & Corporate Services	Revenues and Benefits	Financial benefit from recovery of Housing benefit subsidy grant relating to recovered overpayments. Partly offset by use of temporary resource to cover vacancies and fluctuating workloads (£250k)	(0.7)
Finance & Corporate Services	Financial Mgt	The majority of the underspend relates to the full year impact of a staffing restructure delivered in 2017/18. Further savings have been delivered following a review of non-staffing expenditure across the cost centre.	(0.2)
Finance & Corporate Services	Legal Services	Relates primarily to the cost of external barrister expenditure for advocacy work, together with the cost of agency cover for vacant posts & maternity cover	0.1
Finance & Corporate Services	Insurance	Income pressure due to the net effect of the loss of 10 school customers	0.1
Finance & Corporate Services	Other Variances Less than 100K		(0.1)
Finance & Corporate Services			(0.8)
Total Non-Controllable			1.4

Contingency & Central Budgets			
Service Area	Reporting Area	Explanation	£M
Contingency & Central Budgets	Contingency & Central Budgets	An underspend of £1.1m is forecast for the Asset Management Revenue Account as a result of higher than anticipated investment income (£0.5m) and lower than budgeted Minimum Revenue Provision (capital financing) charges (£0.6m) following lower than expected borrowing in 2017/18. Other underspends totalling £1m are anticipated from an overachievement on the Kickstart financial model, savings within sports contingency budgets and a lower than budgeted contribution to the WMCA. In addition the Council has received £1m of additional unbudgeted Adult Social Care Grant. Set against this the Council will receive £0.8m less resources than it had budgeted for following Coventry (and a large number of other councils) being informed of a Government error that led to an overstatement of the amount of 2018/19 compensation that it will receive for the Business Rates multiplier being capped. The Government is insisting that the adjusted amount will apply in 2018/19 and this is resulting in a financial detriment to Councils.	(2.3)
Total Non-Controllable Variances - Contingency & Central Budgets			(2.3)

Appendix 2

Capital Programme: Analysis of Budget/Technical Changes

SCHEME	EXPLANATION	£m
PEOPLE DIRECTORATE		
Basic Need	When the budgets were set for 18/19, the anticipated Basic Need Grant was £7.3m. The actual allocation is £7m so the programme has been adjusted accordingly.	-0.3
SEND	New Grant confirmed by DFE for 18/19 programme	0.8
Healthy Pupils Funding	New Grant confirmed by DFE for 18/19 Programme	0.2
Early Years 30hr Places	The funding was received in 17/18, but due to the short timescale to deliver the schemes a report was sent to DFE asking for an extension, the schemes are now in the process of starting	0.6
SUB TOTAL - People		1.3
PLACE DIRECTORATE		
Highways Investment	<p>The 2017/18 Winter period saw prolonged spells of cold weather conditions not experienced for several years, followed by a period of exceptionally wet weather in March. This in turn had an adverse effect on the road network, significantly increasing the number of localised defects which required repair, in order to keep the Highway in a safe condition and meet the Councils Statutory requirements. The increase in defects has led to a backlog in both numbers of defects and an impact on repair response times. This potentially increases the risk of claims for both vehicle damage repair costs, and more significantly, for personal injury claims against the Council. Given the critical nature of this service, the Cabinet Member for City Services requested that extra resource be engaged and targeted to reduce both the number of aged defects and improve repair response time.</p> <p>Extra resource have been in place from April 2018 and it is anticipated that this will continue until end of September 2018. Costs currently sit with revenue, so in order to minimise and manage down the impact on revenue, a virement of 360k has been made from the grant funded capital maintenance area.</p> <p>This pressure will be managed through value engineering opportunities and possible curtailment of delivery of part of the capital programme. Any curtailment and non-delivery of schemes will be deferred and delivered via the 2019/20 programme. There is also further opportunity to reduce the impact on Capital currently forecast, by way of fees generated from third party works which are delivered by the Highways Operations team.</p>	-0.4
Air Quality	The City Council has been successful in obtaining funding to help reduce NO2 levels, this includes £2.021m Early Measures and £1.5m Clean Bus Technology funding as reported in the Coventry Local Air Quality Action plan that went to cabinet on 17th July 2018.	2.9

OLEV Taxi Infrastructure	As per the ULEV Taxi Infrastructure Scheme report that went to Cabinet on 13th february 2018, this represents the estimated spending this financial year of the total £2m funding.	1.0
ESIF - Low Carbon	De-commissioned some of the Capital grant, therefore the total budget has been reduced from the original profile/budget	-0.4
ESIF - Innovation	On the Innovation programme, the existing capital forecasts are based on a Change Request that was approved by MHCLG in January 2018 and entailed the reduction of the overall capital grants fund and proportional increase in the revenue grants fund. The capital grants fund will be claimed in full by the end of Q3 2018/2019.	0.6
Wheler Road	As approved at Cabinet on 12th June 2018, this addition is for the acquisition of Wheler Road Seven Stars Industrial Estate	0.9
Children's Residential Care Provision/refurb/	At Cabinet in March 2017, it was agreed to sell The Grange and use the proceeds towards the cost of purchase and refurbishment. The increase in programme represents the forecast costs for the final purchase and refurbishment of the 3 new sites.	0.7
National Battery Manufacturing Development Facility - Faraday Challenge	Technical adjustmnet to updated programme for the reduction in grant awarded from the orginal bid	-0.9
SUB TOTAL - Place		4.4
TOTAL APPROVED / TECHNICAL CHANGES		5.7

Appendix 3

Capital Programme: Estimated Outturn 2018/19

The table below presents the revised estimated outturn for 2018/19.

DIRECTORATE	ESTIMATED OUTTURN BUDGET SETTING £m	APPROVED / TECHNICAL CHANGES £m	OVER / UNDER SPEND NOW REPORTED £m	RESCHEDULED EXPENDITURE NOW REPORTED £m	REVISED ESTIMATED OUTTURN 17- 18 £m
PEOPLE	27.4	1.6	0.0	(0.7)	28.4
PLACE	249.8	4.0	0.3	(33.2)	220.6
TOTAL	277.2	5.7	0.3	(33.9)	249.4

Appendix 4

Capital Programme: Analysis of Rescheduling

SCHEME	EXPLANATION	£m
PEOPLE DIRECTORATE		
Planned Condition	Final Condition Maintenance Programme submitted by Schools was £100k over original forecast. We have accelerated spend to reflect this from the 19/20 contingency funds	0.1
Dol-y-Moch	In March 2016 Cabinet approved £500,000 prudential Borrowing for the investment in expansion of works at Plas Doly Moch for completion 2017/18. Costing of these works and additional funds are still being sought, and unlikely that progress will be made this financial year	-0.6
Suitability /Access	The budget was set each year at £250,000, in 2017/18 the project only spent £20,000 and the remaining budget was accelerated into 18/19. Projects submitted for 18/19 have been submitted for approx £100,000 so the budget has been amended accordingly.	-0.2
SUB TOTAL - People Directorate		-0.7
PLACE DIRECTORATE		
UK Central & Connectivity - Coventry South Package - A46 Link Road	<p>The scheme construction for A46 Link Road Phase 1 has been delayed to commence early 2019, this is due to confirmation of funding, completion of statutory process that include submission of Full Business Case to DfT. Also due to prioritisation of resources focusing on phase 1, this has had an impact on development work for Phase 2 falling behind than originally programmed. Phase 3 work has now been deferred until 2019. These combining factor have resulted in £13m rescheduling.</p> <p>Highways England has secured funding from RIS1 for the Binley scheme, hence this funding has not been required - potential reallocation to other projects is being investigated with the WMCA.</p> <p>Tile Hill Station Car Park expansion is a TfWM led project, planning submission has taken longer to prepare than planned, with scheme delivery planned for 2019-20, resulting in £3m rescheduling.</p>	-18.1
UK Central & Connectivity - City Centre First - City Centre Place Plus	Due to project management resources not being in place the commissioning of the feasibility study has been delayed and is only currently commencing.	-1.8
UK Central & Connectivity - Very Light Rapid Transit - Coventry Shuttle	<p>The contract for Vehicle development was awarded to TDI in March 2018. However, Intellectual Property Rights proved difficult to agree and therefore the contract was signed in June 2018 once an agreement between all parties was reached. Consequently, this delayed the start of the R&D phase of vehicle development, which is now due to commence in early July 2018. In addition, the route design work has not commenced yet due to a slippage in the conclusion of the BCR work. This is expected to be complete in July 2018 and outline design of the first route will commence in Q3.</p> <p>This means that the Q1 forecast of £475k spend has not been achieved. As there has been no activity in terms of vehicle development or route design, only £88k expenditure is anticipated this quarter. The project has been reprofiled to reflect the delay to programme.</p>	-2.0

City Centre Regeneration	The increased forecast at q1 is due to an anticipated acceleration of the demolition of Coventry point following the Council's early acquisition of Aviva's interests in the city centre	0.2
Transportation S106 Schemes	All section 106 schemes have been reviewed along with resources required to deliver the programme and a new delivery profile has agreed to ensure we deliver the schemes within the S106 conditions and timescales.	-0.3
Public Realm Phase	The slippage on the spend and works for the PR5 scheme is mainly due to the delays associated with the requirement to undertake a List Building Consent application along with formalising the scope and extent of works. Working closely with Shearer Property Group the proposals have been refined to suit the forthcoming application and provide assurances to the planning dept. Furthermore following additional investigation it has been established that additional drainage design has been required.	-3.2
Growing Places	These Business Grant programmes have come to end, with the businesses not expending all the forecast spend resulting in some unallocated funding. These unallocated funds have been reassigned to new projects by the CWLEP, to be spent in future Financial years	-0.2
Coventry Station Masterplan	The overall project is slipping by 3 months due to delays in the completion of contract award for the footbridge and canopy.	0.7
Vehicle & Plant Replacement	Due to the age, condition, and operational requirements, the purchase of a number of refuse vehicles has been moved forward into the current financial year. This expenditure has been partly offset by a re-evaluation of a number of other vehicles including minibuses, and mowers, and as a result of this, their purchase has been re-scheduled for future years.	0.4
Alan Higgs Centre - 50m Swimming Pool	The £1.9m rescheduling on the Alan Higgs project is due to a 5 month delay in the commencement of construction that was originally intended to commence in December 2017, to allow continued usage of the existing indoor football barn	-1.9
Multi Storey Car Parks	With the movement of the site commencement date by 3 month the anticipated cashflow for the main contract works will now further overlap the financial years 18/19 & 19/20	-0.6
Housing Venture	Whitefriars have been slow progressing matters as a number of key personal have left which has delayed development.	-0.4
Miscellaneous	Schemes with slippage under £100k	-0.2
Whitley South Infrastructure	As reported at the end of 17/18 the project start was delayed due to detailed tender requirements, majority of the rescheduling will not be required until next financial year, this change bring the programme inline with predicted cashflows.	-4.4

SUB TOTAL - Place Directorate		-33.2
TOTAL RESCHEDULING		-33.9

Appendix 5

SCHEME	EXPLANATION	£m
PLACE DIRECTORATE		
Challenge Fund - Swanswell Viaduct	<p>The current forecast outturn position for the Swanswell Viaduct programme is £6,997k. This is an increase of £347k since the last report. Further to the reasons outlined within the last report additional costs have been incurred due to:-</p> <ul style="list-style-type: none"> • Target price increase of £230k as a result of site conditions such as severe weather in March (£83k) and discrepancies in surveys resulting in delays and re-work. • The Contractors construction contract costs have increased £770k, although the city council's exposure is not the full amount due to the pain/gain mechanism in the contract. <p>It should be noted that even with above changes the construction only costs (£5.3m) is still below independent valuations (£5.7m) for the scheme presenting value to the city council.</p> <p>The additional overspend, over and above that reported previously, will require further resourcing from Highways Investment over the next 2 years.</p>	0.3
SUB TOTAL - Place Directorate		0.3
TOTAL Overspend		0.3

Appendix 6

Prudential Indicators

Indicator	per Treasury Management Strategy	As at 30th June 2018
Ratio of Financing Costs to Net Revenue Stream (Indicator 1) , illustrating the affordability of costs such as interest charges to the overall City Council bottom line resource (the amount to be met from government grant and local taxpayers).	13.83%	13.36%
Gross Borrowing should not, except in the short term, exceed the estimated Capital Financing Requirement (CFR) at the end of 3 years (Indicator 3) , illustrating that, over the medium term, net borrowing (borrowing less investments) will only be for capital purposes. The CFR is defined as the Council's underlying need to borrow, after taking account of other resources available to fund the capital programme.	Year 3 estimate / limit of £551.9m	£357.3m Gross borrowing within the limit.
Authorised Limit for External Debt (Indicator 6) , representing the "outer" boundary of the local authority's borrowing. Borrowing at the level of the authorised limit might be affordable in the short term, but would not be in the longer term. It is the forecast maximum borrowing need with some headroom for unexpected movements. This is a statutory limit.	£513.2m	£357.3m is less than the authorised limit.
Operational Boundary for External Debt (Indicator 7) , representing an "early" warning system that the Authorised Limit is being approached. It is not in itself a limit, and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.	£493.2m	£357.3m is less than the operational boundary.
Upper Limit on Fixed Rate Interest Rate Exposures (Indicator 10) , highlighting interest rate exposure risk. The purpose of this indicator is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the Council's overall financial position.	£445.4m	£231.3m
Upper Limit on Variable Rate Interest Rate Exposures (Indicator 10) , as above highlighting interest rate exposure risk.	£89.1m	-£30.4m
Maturity Structure Limits (Indicator 11) , highlighting the risk arising from the requirement to refinance debt as loans mature: < 12 months 12 months – 24 months 24 months – 5 years 5 years – 10 years 10 years +	0% to 40% 0% to 20% 0% to 30% 0% to 30% 40% to 100%	13% 3% 13% 8% 63%
Investments Longer than 364 Days (Indicator 12) , highlighting the risk that the authority faces from having investments tied up for this duration.	£18m	£0.0m

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Coventry City Council

Public report

Report to

Audit and Procurement Committee

10th September 2018

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director approving submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

City Wide

Title:

Annual Fraud Report 2017-2018

Is this a key decision?

No

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with a summary of the Council's anti-fraud activity for the financial year 2017-18.

Recommendation:

The Audit and Procurement Committee is recommended to note and consider the anti-fraud activity undertaken in the financial year 2017-18.

List of Appendices included:

None

Background papers:

None

Other useful documents:

Half Yearly Fraud Update 2017-18

<http://internaldemocraticservices.coventry.gov.uk/ieListDocuments.aspx?CId=553&MId=11608&Ver=4>

Has it or will it be considered by scrutiny?

No other scrutiny consideration other than the Audit and Procurement Committee.

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

Report title:

Annual Fraud Report 2017-2018

1. Context (or background)

- 1.1 Fraud in the public sector has a national focus through the publication of "Fighting Fraud and Corruption Locally - The Local Government Counter Fraud and Corruption Strategy". Whilst the national strategy states that the level of fraud in the public sector is significant, the current trends in fraud activity includes areas which Coventry City Council does not have responsibility for, for example, social housing, and the levels of identified / reported fraud against the Council remain at relatively low levels, in terms of both numbers and value.
- 1.2 This report documents the Council's response to fraud during 2017-18, and is presented to the Audit and Procurement Committee in order to discharge its responsibility, as reflected in its terms of reference '*to monitor Council policies on whistle blowing and the fraud and corruption strategy*'.

2. Options considered and recommended proposal

- 2.1 The Internal Audit Service is responsible for leading on the Council's response to the risk of fraud. The work of the team has focused on three main areas during 2017-18, namely:

- Council Tax
- National Fraud Initiative
- Referrals and investigations considered through the Council's Fraud and Corruption Strategy

A summary of the key activity that has taken place during 2017-18 is detailed below.

- 2.2 Council Tax – Work undertaken in this area has focused on the following:

- Reviewing Council Tax Exemptions / Discounts – A rolling programme of reviews is undertaken on an annual basis to provide an appropriate response to the inherent risk of fraud / error in this area, as the Council is reliant on the customer to report any changes in circumstances which would affect their entitlement to an exemption / discount. The work in 2017-18 has resulted in:
 - 91 exemptions / discounts have been removed from customers' accounts. These exemptions / discounts were removed on the basis that the customer failed to report a change in circumstances. As such, they have been treated as an error, rather than a fraudulent application to obtain an exemption they were not entitled to.
 - Revised bills have been issued amounting to approximately £96k.
 - £90k of this money has been paid to the Council to date. The outstanding balances are being recovered through agreed payment instalment arrangements or are subject to the Council's standard recovery arrangements in relation to Council Tax.

In 2017-18, the focus of the Team's work has been on following up matches arising from the National Fraud Initiative (see 2.3 below). Consequently, this has had some impact on the volume of the exemption / discount reviews completed this year, but as a rolling programme of work, this is not viewed as a significant issue.

- Council Tax Referrals – The Council receives referrals from both internal and external sources linked to concerns around the payment of council tax support or council tax discounts / exemptions. Table one below indicates the number of referrals by source in 2017-18.

Table One – Council Tax Fraud Referrals Received 2017-18

Source	Referrals 2017-18
C/F from 16/17	1
Housing Benefits	13
Other Council departments	7
Members of the public	5
Other	2
Total	28

Whilst the vast majority of cases are passed to the Department Of Work and Pensions to investigate under agreed arrangements (i.e. where housing benefit is also in payment), we validated five concerns in 2017-18 linked to the payment of council tax. This has resulted in revised bills / overpayments of around £28,100 being issued, of which £10k has been paid to date.

- Other income – The work undertaken in relation to Council Tax has also led to four properties being identified that had not previously been put into rating. This could occur where a dwelling is built / converted but the customer has failed to notify the Council. Processes are in place for Council Tax to receive information from Planning, which will identify the vast majority of these cases, but there could be exceptions where planning permission is not applied for / not required. This has resulted in new bills being issued of around £16,360 of which £15,240 has been paid to date.

2.3 National Fraud Initiative (NFI) – The NFI exercise is led by the Cabinet Office. The exercise takes place every two years and matches electronic data within and between public bodies, with the aim of detecting fraud and error. The results of the last exercise were released in January 2017 and identified approximately 3000 high quality matches for the Council to consider. A summary of the work undertaken in 2017-18 on these matches is detailed below:

- Around 1000 matches have been reviewed and processed. Given the high number of matches, priority has been given to known problem areas and key matches as judged by the Cabinet Office.
- Table two overleaf highlights a breakdown of those areas where errors / overpayments have been identified:

Table Two – Breakdown of National Fraud Initiative results

Match type	Number of errors / discrepancies	Issue	Overpayments / other action
Housing benefit claimants to student loans	8	Housing benefit claimants who had failed to declare their student loan	£48,500 (includes outcomes reported by the DWP)
Housing benefit / council tax support claimants to in-country immigration	6	Housing benefit / council tax support claimants whose leave to remain in the UK has expired and they are not eligible to claim benefits	£100,100 (includes outcomes reported by the DWP. £43k of this sum has been classed as un-recoverable)
Council tax support to council tax support	1	A customer in receipt of council tax support moved out of the area and failed to notify the Council	£10,100
Council tax support to deceased	1	The Council had continued to pay Council Tax support after the customer had died (out of city death)	£2,300
Blue Badge / Residents Parking Permits to deceased	276	A blue badge / residents parking permit has been issued to an individual who has subsequently deceased	A note has been made on the customer's record that they are deceased so the permit cannot be renewed / misuse detected
Waiting list to deceased	4	A customer has died but has remained on the housing wait list	£12,960 (this is not classed as recoverable but is based on NFI estimated values of removing the customer from the waiting list)
Council tax to other datasets	19	A customer is in receipt of a single person discount but other NFI information suggests there may be more than one person in the household	£55,800 (includes other overpayments identified as a result of the match, for e.g. housing benefit)
Total	315		£229,760

- Whilst the NFI exercise takes place every two years, Council Tax matches relating to the award of single person discounts are received on an annual basis as they are matched to the new electoral register which is published each December. In 2017-18, we have followed up those matches relating to council tax bands E and above. In total 113 matches were reviewed and as a result six single person discounts were cancelled. This has resulted in revised bills / overpayments of around £7,100.

2.4 Referrals and Investigations – Table three below indicates the number of referrals by source in 2017-18, with figures for the previous three financial years.

Table Three – Fraud Referrals Received between 2014-15 and 2017-18

Source	Referrals 2014-15	Referrals 2015-16	Referrals 2016-17	Referrals 2017-18
Whistle blower	12	5	5	2
Manager	13	14	15	23
External	1	2	1	5
Total	26	21	21	30

In considering this information, we need to be clear that there is no way of determining the number of referrals that the Council should receive on an annual basis and it is very difficult to anticipate or identify the reasons behind fluctuations in numbers. Whilst the number of referrals received through the Council's Whistleblowing policy has reduced over time, potentially this could be reflective of employees raising more issues directly with management. However, notwithstanding this, work to refresh employees' awareness in relation to whistleblowing is currently being undertaken as part of a wider campaign to encourage employees to raise issues.

2.4.1 Of the 30 referrals received in 2017-18, ten have led to full investigations. The reasons for referrals not resulting in a full investigation include (a) our initial assessment / fact finding does not find any evidence to support the allegations, (b) appropriate action has already been taken, and (c) the nature of the event means it is impractical to pursue further.

2.4.2 In addition to the ten investigations highlighted in 2.4.1 above, a further three investigations were carried forward from 2016-17. Of the thirteen investigations, twelve related to fraud / theft or other activities linked to obtaining a financial benefit, whilst the other case involved a code of conduct issue.

Five out of the total thirteen investigations are still on-going, whilst of the remaining eight:

- In one case, the officers involved received verbal / final written warnings.
- In two cases linked to council tax, revised bills were issued amounting to £14,900 (£4,800 of this sum is also included in the council tax single person discount figure detailed in paragraph 2.3).
- In three cases, the officer left their post during the disciplinary process. (In one case, the matter has also been referred to the police.)
- In two cases, the matter was referred to the appropriate third party to take forward.

2.5 Proactive work – The Council's response to fraud also considers an element of proactive work. Due to the focus on the national Fraud Initiative in 2017-18, our ability to undertake

this work was limited, although it is planned that proactive work will be prioritised in 2018-19.

2.6 Significant frauds - Within the International Auditing Standards, there are clear expectations around the level of oversight that the Audit and Procurement Committee should have in relation to the risk of fraud within the Council. This includes an expectation that appropriate detail is provided around significant fraud. We have applied the following principles when defining significant fraud:

- A financial impact in excess of £10,000.
- Frauds of under £10,000 can be included if the Acting Chief Internal Auditor considers this justified by the nature of the fraud.
- In terms of establishing when a fraud has occurred, this is normally defined as occurring when the disciplinary process has been concluded, although in cases not involving employees, this will be linked to other management action, such as criminal prosecution.

In the period April 2017 to March 2018, no significant frauds have been identified.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

4.1 There is no implementation timetable as this is a monitoring report.

5. Comments from the Director of Finance and Corporate Services

5.1 Financial Implications

All fraud has a detrimental financial impact on the Council. In cases where fraud is identified, recovery action is taken to minimise the impact that such instances cause. This also includes action, where appropriate, to make improvements to the financial administration arrangements within the Council as a result of frauds identified.

5.2 Legal implications

The Council has a duty under S151 of the Local Government Act to make arrangements for the proper administration of their financial affairs. To effectively discharge this duty, these arrangements include Council policies and procedures which protect the public purse through managing the risk of fraud and error.

All cases are conducted in line with the Data Protection Act 2018 and if appropriate are referred to the Police for investigation.

6. Other implications

6.1 How will this contribute to achievement of the Council's plan?

The scope and content of this report is not directly linked to the achievement of key Council objectives, although it is acknowledged that fraud can have a detrimental financial impact on the Council.

6.2 How is risk being managed?

The risk of fraud is being managed in a number of ways including:

- Through the Internal Audit Service's work on fraud, which is monitored by the Audit and Procurement Committee.
- Through agreed management action taken in response to fraud investigations and / or proactive reviews.

6.3 What is the impact on the organisation?

Human Resources Implications

Allegations of fraud made against employees are dealt with through the Council's formal disciplinary procedure. The Internal Audit Service are fully involved in the collation of evidence and undertake, or contribute to, the disciplinary investigation supported by a Human Resources representative. Matters of fraud can be referred to the police concurrent with, or consecutively to, a Council disciplinary investigation.

6.4 Equalities / EIA

Section 149 of the Equality Act 2010 imposes a legal duty on the Council to have due regard to three specified matters in the exercise of their functions:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The "protected characteristics" covered by section 149 are race, gender, disability, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment. The duty to have due regard to the need to eliminate discrimination also covers marriage and civil partnership.

The Council acting in its role as Prosecutor must be fair, independent and objective. Views about the ethnic or national origin, gender, disability, age, religion or belief, political views, sexual orientation, or gender identity of the suspect, victim or any witness must not influence the Council's decisions.

6.5 Implications for (or impact on) the environment

No impact

6.6 Implications for partner organisations?

None

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Names of approvers: (Officers and Members)				
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Adrian West	Members and Elections Team Manager	Place	22/8/18	29/8/18

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Coventry City Council

Public report

Report to

Audit and Procurement Committee

10th September 2018

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director approving submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

City Wide

Title:

School Audit Recommendations

Is this a key decision?

No

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with details of the high risk school audit recommendations made in last three years and the action taken to assist schools to ensure that financial controls are complied with.

Recommendation:

The Audit and Procurement Committee is recommended to note and consider the summary of school audit recommendations and confirm its satisfaction with the action taken to assist schools to ensure that financial controls are complied with.

List of Appendices included:

None

Background papers:

None

Other useful documents:

None

Has it or will it be considered by scrutiny?

No other scrutiny consideration other than the Audit and Procurement Committee.

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

Report title:

School Audit Recommendations

1. Context (or background)

- 1.1 The responsibility for maintained schools to ensure proper financial management and financial probity is a statutory duty based on financial controls which the local authority is required to set out. These controls are detailed in the Council's Fair Funding Scheme of Delegation, which contains regulations covering all aspects of financial management. Schools are also required to complete an annual self-assessment of the effectiveness of the systems in place through completion of the Schools Financial Value Standard.
- 1.2 Alongside this, the Council's S151 Officer (Director of Finance and Corporate Services), is statutorily responsible for ensuring the proper administration of the Council's financial affairs. This includes all aspects of financial management undertaken by schools. In practice, this role is discharged through the Council's finance function and work undertaken by Internal Audit to provide assurance that effective systems of financial management are in place.
- 1.3 To deliver this assurance, the Internal Audit Service carry out a risk-based programme of school audits on an annual basis. Where areas for improvement are identified, audit recommendations are made and agreed with the school's management.
- 1.4 At the meeting of the Audit and Procurement Committee on the 26th March 2018, further information was requested on school audit recommendations. Members also requested whether other actions could be taken to assist schools to ensure they have effective financial controls in place.

2. Options considered and recommended proposal

- 2.1 The scope of internal audit work in relation to schools includes providing an opinion as to whether systems are being effectively managed. The table below provides details of the school audits carried out in the last three financial years, along with the audit opinion provided:

Year	School	Audit Opinion
2015-16	Keresley Grange	Limited
	Longford Park	Moderate
	Christ the King	Significant
	Whoberley Hall	Significant
	Mount Nod	Significant
	Southfields	Significant
	Stoke Heath (follow up)	Significant
2016-17	Aldermans Green	Moderate
	Broad Heath	Moderate
	Potters Green	Limited
	Keresley Grange (follow up)	Significant
2017-18	Hillfields	Limited
	Edgewick	Limited
	Leigh C of E	Moderate
	Whitmore Park	Moderate
	Ernesford Grange	Moderate
	Henley Green	Moderate
	Potters Green (follow up)	Significant

2.2 In practice, where the findings of an audit results in limited or moderate assurance being provided, Internal Audit will make appropriate recommendations for improvement, which are agreed with the school's management, including a timescale for implementation. The audit findings which lead to recommendations are given a risk rating, to assist schools in understanding the implications of the issue and prioritise the remedial action required. The risk level (high or medium) is determined by the Auditor, based on their professional judgement and in the context of the school environment, including the extent to which controls have not been complied with. A summary of the high risk issues raised in the last three years is detailed below:

Issue	Identified risks
Poor methods of recording cash income and banking only prepared by one officer.	An appropriate audit trail is not maintained over the recording of income. Monies are misappropriated and this is not detected.
Inappropriate use of the manual cheque book	Purchasing controls are bypassed. Inappropriate use of the schools budget.
Lack of separation of duties in raising / authorising purchase orders. Raising purchases orders after the invoice has been received.	Purchasing controls are bypassed. Inappropriate purchases are made. Management have no oversight of expenditure that the school is planning to incur.
Lack of control over purchasing cards	An appropriate audit trail to support card usage is not maintained. No management oversight over the appropriateness of the transactions. Inappropriate expenditure is made.
Lack of separation of duties in raising / authorising credit notes	Credit notes are issued inaccurately / illegitimately and this is not detected.
Non-compliance with IR35 HMRC requirements (payments to individuals)	The HMRC impose a financial penalty on the school for non-compliance with IR35 requirements
Delays in income being input to the Schools Information Management System. Not undertaking timely bank reconciliations and no separation of duties within this process, including no independent review of bank reconciliations performed.	Illegitimate bank transactions are not identified in a timely manner. Budgetary control information is not kept up to date and as a result Governors do not receive accurate information. The potential for loss / misappropriation of income as any discrepancies could be concealed / not identified.
Virements actioned without approval	Breach of the Fair Funding Scheme of Delegation. Governors are not aware of budget changes made.
Lack of training for new staff	Poor governance over financial management arrangements.

2.3 From Internal Audit's perspective it is not surprising that similar issues arise in schools given that they use resources for the same purposes and often have similar working practices, procedures and processes in place. In considering why control failings occur in schools, it is our view that typically risks arise because of:

- Manual systems of financial control – most schools rely largely on a manual approach to systems of control, which reflects the relative size / nature of the organisation. However, this increases the risk that controls are not complied with or arrangements break down, for example, where there are changes in staffing, or there is a lack of management oversight. In such circumstances, it is likely that any control issues will not be detected until a later point (e.g. when an audit is undertaken.)
- Demands on resources which results in controls being by-passed - Whilst on occasion this may be unavoidable in the context of the school environment, in our experience, the importance of consistently complying with controls is not always fully appreciated until an issue arises which could have been prevented if appropriate financial controls had been in operation.

2.4 Where audit recommendations are made, follow up processes are in place to ensure that the agreed actions have been implemented as planned. This includes formal follow up audits, where a further audit opinion will be provided as to the effectiveness of the systems in place. For those schools where we have undertaken a formal follow up in the last three years, Internal Audit subsequently provided significant assurance that appropriate financial controls were in place.

2.5 Whilst the work undertaken by Internal Audit provides assurance to the Council and governing bodies, and assists school to improve their financial management, further work has been undertaken to consider whether other actions can be taken to assist schools to discharge their statutory duty in regards to ensuring that effective systems of financial management are maintained (this is notwithstanding the on-going work already undertaken by the Council's Financial Management Service.) This has identified / led to the following:

- Internal Audit have, in-conjunction with the School Finance Team, made arrangements to produce a Finance and Audit newsletter on a termly basis, which will be issued to all local authority maintained schools. The purpose of the newsletter includes highlighting common issues found in school audits, promoting the importance of financial controls and reinforcing the requirements of the Fair Funding Scheme of Delegation. The first newsletter was issued to schools in July 2018.
- Scope to provide more feedback to other areas of the Council who work with schools to ensure that issues are dealt with not just as a response to an audit recommendation but as part of on-going dialogue / interaction with services such as Finance and Human Resources. Work has commenced in this area, with feedback on HMRC issues provided to Payroll, and issues around virements discussed with the Schools Finance Team.
- The provision of school business professional training is being considered by Human Resources. If there is sufficient interest in this from schools, a training provider will be commissioned to deliver this and in the event that this is progressed, there will be an opportunity to discuss with the provider any additions that may be required to ensure that there is appropriate coverage around financial controls.

Internal Audit will continue to develop these arrangements with colleagues and pursue other opportunities as appropriate to take action to support schools.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

4.1 There is no implementation timetable.

5. Comments from the Director of Finance and Corporate Services

5.1 Financial Implications

There are no specific financial implications associated with this report. Internal audit work has clear and direct effects, through the recommendations made, to help improve value for money obtained the probity and propriety of financial administration and / or the management of operational risks.

5.2 Legal implications

The Council has a duty under S151 of the Local Government Act to make arrangements for the proper administration of their financial affairs. . This includes all aspects of financial management undertaken by schools / governing bodies. Work undertaken by Internal Audit contributes to these arrangements by providing assurance that effective systems of financial management are in place in local authority maintained schools.

6. Other implications

6.1 How will this contribute to achievement of the Council's plan?

Internal Auditing is defined in the Public Sector Internal Audit Standards as “an independent, objective assurance and consulting activity designed to add value and improve and organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness to risk management, control and governance processes.” As such the work of Internal Audit is directly linked to the Council’s key objectives / priorities with specific focus agreed on an annual basis and reflected in the annual Internal Audit Plan.

6.2 How is risk being managed?

In terms of risk management, there are two focuses:

- Internal Audit - The key risk is that actions agreed in audit reports to improve the control environment and assist the Council in achieving its objectives are not implemented. To mitigate this risk, a defined process exists with the Service to gain assurance that all actions agreed have been implemented on a timely basis.
- School perspective - There is a risk that schools do not maintain an effective system of financial management through the operation of appropriate financial controls. This risk is managed through a number of processes, for example, assurance checks carried out by the School’s Finance Team, the work of Internal Audit and the additional actions identified in this report.

6.3 What is the impact on the organisation?

None

6.4 Equalities / EIA

None.

6.5 Implications for (or impact on) the environment

No impact

6.6 Implications for partner organisations?

None

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Audit and Procurement Committee
Cabinet Member for Policing and Equalities

10 September 2018
25 October 2018

Name of Cabinet Member:

Cabinet Member for Policing and Equalities – Councillor A Khan

Director Approving Submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

None

**Title: Updated Procedural Guidance: Regulation of Investigatory Powers (RIPA)
Covert Surveillance and Covert Human Intelligence Sources (RIPA
Procedural Guidance)**

Is this a key decision?

No

Executive Summary:

The Regulation of Investigatory Powers Act 2000 (RIPA) governs the acquisition and disclosure of communications data and the use of covert surveillance by local authorities.

The Council uses powers under RIPA to support its core functions for the purpose of prevention and detection of crime where an offence may be punishable by a custodial sentence of 6 months or more, or are related to the underage sale of alcohol and tobacco. The three powers available to local authorities under RIPA: the acquisition and disclosure of communications data; directed surveillance; and covert human intelligence sources (CHIS)

The Act sets out the procedures that Coventry City Council must follow if it wishes to use directed surveillance techniques or acquire communications data in order to support core function activities (e.g. typically those undertaken by Trading Standards and Environmental Health). The information obtained as a result of such operations can later be relied upon in court proceedings providing RIPA is complied with.

The Council's compliance with RIPA is monitored by the Investigatory Powers Commissioner's Office (formerly by the Office of Surveillance Commissioners, which was abolished in 2017) who conduct inspections on roughly a bi-annual basis. The last

inspection at Coventry City Council was December 2016.

The Home Office Code for Covert Surveillance and Property Interference recommends that elected members, whilst not involved in making decisions or specific authorisations for the local authority to use its powers under Part II of the Act, should review the Council's use of the legislation and provide approval to its policies. The Council adopted this approach for oversight of the authority's use of Parts I and II of the Act.

This report sets out the updates and amendments made to the Council's RIPA Procedural Guidance following:

1. The Inspection by the Office of Surveillance Commissioners in December 2016 and their subsequent inspection report, dated December 2016; and
2. The introduction of the General Data Protection Regulation (GDPR) on 25 May 2018.

Recommendations:

The Audit and Procurement Committee are requested to:

1. Consider the updated and amended RIPA Procedural Guidance.
2. Forward any comments and/or recommendations to the Cabinet Member for Policing and Equalities.

The Cabinet Member for Policing and Equalities is requested to:

1. Consider any comments and recommendations provided by the Audit and Procurement Committee.
2. Approve the updated and amended RIPA Procedural Guidance as a formal record of the Council's use and compliance with RIPA.

List of Appendices included:

Appendix 1: Updated and amended RIPA Procedural Guidance
Appendix 2: Use of Social Media in Investigations Guidance

Other useful background papers:

None

Other useful background information:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

The RIPA Policy was considered and approved by the Information Management Strategy Group on 22 May 2018, prior to the preparation of this report.

Will this report go to Council?

No

Report title: Updated Procedural Guidance: RIPA Covert Surveillance and Covert Human Intelligence Sources (RIPA Procedural Guidance)

1. Context (or background)

- 1.1 RIPA governs the acquisition and interception of communications data and the use of covert surveillance by local authorities. The Council can only use powers under RIPA to support its core functions for the purpose of prevention and detection of crime where an offence may be punishable by a custodial sentence of 6 months or more (e.g. offences relating to counterfeit goods which carry a maximum penalty of 10 years in prison) or the offence is related to the underage sale of alcohol and/or tobacco.
- 1.2 Where the above criteria are met, Local Authorities can make an application for the acquisition and disclosure of communications data (such as telephone billing information or subscriber details) or directed surveillance (covert surveillance of individuals in public places); and the use of covert human intelligence sources (CHIS") (such as the deployment of undercover officers). The powers are most commonly used by Trading Standards. However, powers can also be used by other Council services if their offences meet the serious crime threshold, mentioned in 1.1 above.
- 1.3 RIPA sets out the procedure that local authorities must follow when applying to use RIPA powers. These include approval by Authorised Officers that the proposed use of the powers is "necessary and proportionate". All applications must also be approved by the Magistrates Court before RIPA powers can be exercised.
- 1.4 The Council is required to have a Senior Responsible Officer to maintain oversight of the RIPA arrangements, procedures and operations. The Council's Monitoring Officer performs this function and is responsible for the integrity of the Council's process for managing the requirements under RIPA.
- 1.5 On 1st September 2017, The Office of Surveillance Commissioners (OSC) and The Interception of Communications Commissioner's Office (ICCO) were abolished by the Investigatory Powers Act 2016. The Investigatory Powers Commissioner's Office (IPCO) is now responsible for the judicial oversight of the use of covert surveillance by public authorities throughout the United Kingdom.
- 1.6 The Council's RIPA arrangements in respect of directed surveillance were inspected by the then OSC on 8 December 2016. One of the recommendations that was made in the Inspection Report was: "that Coventry City Council's Policy and Guidance documents be further revised."
- 1.7 Appendix 1 to the report contains a copy of the updated and amended Council's RIPA Procedural Guidance following the inspection of December 2016 and the introduction of GDPR on 25 May 2018. The Procedural Guidance is similar to the existing one but updates and makes amendments as follows:

- 1.7.1 References to the Data Protection Act 1998 have been updated to reflect the changes under GDPR (including the Data Protection Act 2018 and other applicable legislation and guidance, collectively referred to in the Procedural Guidance as “the Data Protection Legislation”). Any information obtained under RIPA must be collected, stored and processed in accordance with GDPR (please see paragraph 1.2 of the Procedural Guidance at Annex 1 of this report);
- 1.7.2 As detailed in this report the Office of Surveillance Commissioners was abolished in 2017 and the Investigatory Powers Commissioner’s Office will now be responsible for inspections, and reference has been made to this at paragraph 1.1 of the RIPA Procedural Guidance;
- 1.7.3 How to deliver authorisations to the Council’s Information Governance Team has been clarified at paragraph 6.23 of the RIPA Procedural Guidance. Authorising Officers are required to maintain an electronic copy and the original hard copy for their records, and send electronic copies (electronic copies only) to the Council’s Information Governance Team within three working days: to infogov@coventry.gov.uk.
- 1.7.4 All references to “oral authorisations” have been removed from the Procedural Guidance and this has been clarified at paragraph 4.1(vi) of the RIPA Procedural Guidance by saying that “**Oral authorisations are prohibited in all circumstances** (even in urgent situations). Local authorities no longer have the power to make oral authorisations under s43 (1A) RIPA, inserted by the Protection of Freedoms Act 2012”.
- 1.7.5 Whether or not an individual is a Covert Human Intelligence Source (CHIS) as a result of the fact that they have volunteered information has been clarified at paragraphs 6.18 and 6.19 of the RIPA Procedural Guidance. Where a task does not require the member of the public to establish or maintain a relationship with another person in order for the Council to obtain information, they will **not** be a CHIS. Where a person establishes, maintains and uses a personal or other relationship for the covert purpose of obtaining information they **are** a CHIS.
- 1.7.6 Separate guidance on the use of Social Media (also known as Social Networking Sites or SNS) has been produced and is at Appendix 2 to the report. Reference to the Use of Social Media in Investigations Guidance (the Social Media Guidance) has also been made in the RIPA Procedural Guidance at paragraph 7. The Social Media Guidance states that repeated viewing of Social Media could be classed as “surveillance” and as a consequence a RIPA authorisation should be sought to carry this out where the RIPA criteria are met (please see paragraph 1.1 and 1.2 of this report) or further advice should be sought from the Information Governance Team in the event that the activity falls outside of the RIPA criteria.

2. Options considered and recommended proposal

- 2.1 The Audit and Procurement Committee is recommended to approve the updated and amended RIPA Procedural Guidance attached at Appendix 1 to the report. In addition, the Committee is recommended to forward any comments or recommendations to the Cabinet Member for Policing and Equalities.
- 2.2 The Cabinet Member for Policing and Equalities is recommended to consider any comments or recommendations from the Audit and Procurement Committee, and approve the updated and amended RIPA Procedural Guidance as a formal record of the Council's Procedural Guidance for the use of RIPA.

3. Results of consultation undertaken

- 3.1 Not applicable.

4. Timetable for implementing this decision

- 4.1 Upon approval of the report, the RIPA Procedural Guidance will be published to the Council's Internet page and replace the existing RIPA Procedural Guidance.

5. Comments from Director of Finance and Corporate Resources

- 5.1 **Financial implications** – There are no specific financial implications arising from the recommendations within this report.
- 5.2 **Legal implications** – The Council is required to have RIPA Procedural Guidance under the Home Office Codes of Practice for 1) Covert Surveillance and Property Interference, Draft Revised Code of Practice, dated June 2018 (Code of Practice for Covert Surveillance) and 2) Covert Human Intelligence Sources, Revised Code of Practice, dated August 2018. Please note that at the time of writing this Procedural Guidance the Home Office has closed a consultation in relation to revision of its codes of practice under Parts II and III of RIPA. The Code of Practice for Covert Surveillance is still in draft form. Feedback from the consultation is being analysed and the final Code of Practice for Covert Surveillance has not yet been published.
Paragraph 4.47 of the Code of Practice for Covert Surveillance states that: "Elected members of a local authority should...ensure...that the policy remains fit for purpose." It is important that the Procedural Guidance is therefore regularly reviewed and updated to ensure that it is fit for purpose.

6. Other implications

6.1 How will this contribute to achievement of the Council's Plan?

As and when judicial approval is sought to use these powers, it will help support the Council's core aims by providing clear up-to-date RIPA Procedural Guidance in relation to preventing and detecting crime associated with enforcement activities such as: investigations relating to counterfeiting and fraudulent trading activity, or underage sales of alcohol or tobacco (in addition to support from Information Governance and Legal Services).

6.2 How is risk being managed?

There is no direct risk to the organisation as a result of the contents of this report, but a failure to implement and maintain up-to-date RIPA Procedural Guidance could lead to a sanction by the Investigatory Powers Commissioner's Office and / or a Council officer making a decision based on outdated information.

6.3 What is the impact on the organisation?

The updating of the RIPA Procedural Guidance should assist in facilitating good, clear and transparent decision making on the basis of the latest information available.

6.4 Equalities / EIA

There are no public sector equality duties which are of relevance at this stage.

6.5 Implications for (or impact on) the environment?

There are no implications on the environment.

6.6 Implications for partner organisations?

There are no implications on partner organisations.

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UNCLASSIFIED

Procedural Guidance: RIPA Covert Surveillance & Covert Human Intelligence Sources

(Regulation of Investigatory Powers Act 2000)

Status/Version: Approved v3.0 May 2018

1 Introduction

- 1.1 This document sets out the procedures that need to be followed to ensure compliance with the law and the national codes of practice issued by the Home Office, Investigatory Powers Commissioner's Office (IPCO), formerly the Office of Surveillance Commissioners (OSC) and the Information Commissioner's Office (ICO).
- 1.2 In the document the Data Protection Legislation means the Data Protection Act 2018 (DPA) and the General Data Protection Regulation (GDPR) as amended, replaced or superseded from time to time. This definition includes any national implementing laws, regulations and secondary legislation, as amended or updated from time to time, in the UK and then any successor legislation to the DPA or the GDPR, and all guidance, standards and codes of practice published by the ICO, or any replacement body, which relate to data protection.
- 1.3 The Data Protection Legislation, Human Rights Act 1998 (HRA), and the Regulation of Investigatory Powers Act 2000 (RIPA) together with published codes of practice, define what surveillance is lawful.
- 1.4 All Council surveillance must be lawful and approved by an appropriate officer, ie by an Authorising Officer for RIPA covert surveillance activities. The Council's remit is also **restricted to conducting surveillance to prevent or detect crime and to prevent disorder for core functions**, eg in order to support enforcement functions when there is no other alternative and not for 'ordinary functions' such as employment issues, eg the disciplining of an employee (please see paragraph 2.1 of this procedural guidance, below). Disciplining of employees is not a 'core function' (although related criminal investigations may be – in such cases seek guidance from the Solicitor for information governance).
- 1.5 Evidence obtained without appropriate authorisation is likely to be challenged in any subsequent legal proceedings, and may leave the Council open to criticism.

2 Scope of Procedural Guidance

- 2.1 Only core functions within Coventry City Council are authorised to use **directed surveillance**, under RIPA, in order to prevent and detect criminal offences that are either punishable by a maximum term of at least 6 months' imprisonment OR criminal offences relating to the underage sale of alcohol, tobacco and e- cigarettes.
- 2.2 This procedural guidance covers directed surveillance for:
 - i) Core functions, eg enforcement activities undertaken by Trading Standards;
 - ii) Directed surveillance that is likely to result in obtaining private information about a person,

including the use of internet and social networking sites; and
iii) Use of Covert Human Intelligence Sources (CHIS).

3 Types of Surveillance

- 3.1 Surveillance takes many forms. It can include monitoring, observing, listening to persons, watching or following their movements, listening to their conversations and other activities and/or communications, including the use of internet and social networking sites. It can also include recording such observations and also surveillance by and/or with the assistance of appropriate surveillance devices. Surveillance can be **overt** or **covert**.
- 3.2 **Overt surveillance** is what is typically carried out by the Council. There will be nothing secretive, clandestine or hidden about it. In many cases, Council officers will be behaving in the same way as a normal member of the public and/or will be going about Council business openly (eg an environmental health officer inspecting food premises).
- 3.3 Surveillance may also be overt if the subject has been told it will be happening (eg where a noise maker has been warned that details will be recorded if the noise continues; or where an entertainment licence is issued subject to conditions and the licensee is told that officers may visit without notice or identify themselves to the owner/proprietor to check that license conditions are being met).
- 3.4 Such overt surveillance, which includes the open and transparent use of CCTV, does not normally require authorisation. However, if a camera is to be used for a specific purpose, such as prolonged surveillance on a particular individual, authorisation will be required. More information regarding the use of CCTV can be found in the Council's CCTV Code of Practice and Procedures Manual, a copy of which can be found at the following link (this document is in the process of being updated to reflect GDPR):
- https://coventrycc.sharepoint.com/:w:/r/_layouts/15/WopiFrame.aspx?sourcedoc=%7B6A4BAE65-3271-41C4-9865-B3B71D759D6D%7D&file=CCTV%20Code%20of%20Practice%20and%20procedure%20manual.docx&action=default&DefaultItemOpen=1
- 3.5 **Covert surveillance** is intended not to alert the subject to the fact that they are being watched. The legislation also covers '**covert human intelligence sources**' (commonly referred to as CHIS – these are people who establish or maintain a relationship with someone in order to covertly obtain information without telling the subject that they are doing this).
- 3.6 Covert surveillance must be within the law and can only start after authorisation has been provided.
- 3.7 In terms of monitoring the use of Council ICT, it is important to recognise the important interplay and overlaps with the Council's information security policies and standards covering computers, internet, email and telephones etc.
- 3.8 Surveillance is **directed surveillance** if the following apply:
- i) It is covert, but not intrusive surveillance;
 - ii) It is conducted for a specific investigation or operation;
 - iii) It is likely to result in the obtaining of **private information** about a person (whether or not a person has been specifically identified for the purposes of the investigation); and
 - iv) It is planned and conducted otherwise than as an immediate response to a situation, the nature of which is such that it would not be reasonably practicable for an authorisation (please see paragraph 6.1 (iii) of this procedural guidance, below for further guidance).

3.9 **Intrusive surveillance** is covert surveillance of activity taking place on residential premises or in a private vehicle, when the investigator is inside the building or vehicle, or if they are using a surveillance device. It also includes surveillance from outside if it consistently provides information of the same quality and detail as may be expected to be obtained from a device inside. **Local authorities are not permitted to conduct intrusive surveillance - to do so would be unlawful** and may result in the prosecution of individuals and civil claims including claims under the Human Rights Act 1998.

4 Types of Information

4.1 **Private information** includes any information relating to a person's private or family life. Whilst a person may have a reduced expectation of privacy when in a public place, covert surveillance of that person's activities in public may still result in obtaining private information.

4.2 **Confidential or Privileged Information** is that which would normally attract an even higher expectation of privacy, eg information subject to legal privilege, confidential medical information etc. The probability of the Council undertaking an operation where there is likelihood that knowledge of confidential information will be acquired is extremely low. However, should such a situation arise, authorisation must be obtained from the Chief Executive Officer prior to the operation being undertaken.

5 Necessity and Proportionality

5.1 Authorising Officers have to be satisfied that there is a **necessity** to use covert surveillance in a proposed operation, ie there must be an identifiable offence to prevent or detect before an authorisation can be granted. For example, in relation to planning enforcement and noise nuisance there is no offence before service of an enforcement notice. This does not prevent the use of covert surveillance but such unauthorised activity should not be afforded the protection of RIPA.

5.2 Prior to an Authorising Officer granting an authorisation for directed surveillance, they must believe that the request is proportionate to what is sought to be achieved. This involves balancing the seriousness of the intrusion into the privacy of the subject of the operation (or any other person who may be affected) against the need for the activity in investigative terms. The authorisation will not be proportionate if it is excessive in the overall circumstances of the case. No activity should be considered proportionate if the information which is sought could reasonably be obtained by less intrusive means. The following elements of proportionality should therefore be considered:

- i) Balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
- ii) Explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others and that where there might be intrusion on the subject and others such intrusion is proportionate to what is sought to be achieved;
- iii) Considering whether the activity is an appropriate use of RIPA and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result;
- iv) Evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented.

6 General Best Practice

- 6.1 The following procedural guidance should be considered as best working practice with regard to all applications for directed covert surveillance and/or use of a CHIS:
- i) Applications should avoid any repetition of information or simply copying and pasting from previously authorised applications;
 - ii) Information contained in applications should be limited to that required – refer to section 5 of Home Office Code of Practice for Covert Surveillance and Property Interference, a copy of which can be found at the following link: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/716458/CCS207_CCS0618781142-1_Covert_Surveillance_Property_Interference_Code_of_Practice_Web_Accessible.pdf ;
 - iii) Applications must be authorised by an Authorising Officer;
 - iv) Where other agencies will be involved in carrying out the surveillance, these agencies must be detailed in the application - the 'lead organisation' should raise the required application form;
 - v) Authorisations should not generally be sought for activities already authorised following an application by the same or a different public authority;
 - vi) **Oral authorisations are prohibited in all circumstances** (even in urgent situations). Local authorities no longer have the power to make oral authorisations under s43 (1A) RIPA, inserted by the Protection of Freedoms Act 2012.

7 Authorisation procedures

- 7.1 The Council's Senior Responsible Officer for RIPA Part II is responsible for:
- i) The integrity of the Council's processes for managing directed covert surveillance and use of a CHIS;
 - ii) Supporting the Cabinet Member (Policing and Equalities) and the Audit and Procurement Committee in ensuring the Council's use of RIPA are compliant with Council procedural guidance and the law.
- 7.2 The practice of using a **vulnerable person as CHIS** rarely, if at all happens in the Council. However, if such a request arose authorisation must be sought from the Chief Executive Officer, or in their absence, their deputy.
- 7.3 If any person is unsure as to whether the activity they are proposing constitutes surveillance that requires authorisation, they should seek advice from an Authorising Officer or the Information Governance Team before commencing the activity.
- 7.4 It is vital that all reasonable alternative methods (such as test purchases, obtaining statements, interview, or changing methods of working or levels of security) are exhausted before covert surveillance is considered. The outcome of such considerations must be recorded and any application for covert surveillance must clearly demonstrate why alternative methods are inadequate or not appropriate.
- 7.5 The disciplining of an employee would typically fall under 'ordinary functions' of the Council and not 'core functions', eg an officer is suspected by their manager of failing to maintain accurate time recording sheets. The manager wishes to undertake covert surveillance of when the employee starts and finishes work. Such activity, even if it is likely to result in obtaining of private information, does not constitute directed surveillance under RIPA - it relates to carrying out ordinary functions (ie employment matters) which are common to both public and private sector. Activities of this nature are covered by the Data Protection Legislation and the Information Commissioner's Employment Practices Code. An exception may be where the employee's activities are suspected of being part of a criminal investigation, eg selling counterfeit goods while at work. Anyone considering covert surveillance of an

employee must seek guidance from the Council's Solicitor for information governance in order to ensure any activities remain lawful.

- 7.6 For any covert surveillance activities that are deemed **necessary**, the Authorising Officer granting the authorisation must believe that they are **proportionate** to what is sought to be achieved by carrying them out. This involves balancing the intrusiveness of the activity on the target and others who might be affected by it against the need for the activity in operational terms. **The activity will not be proportionate if it is deemed to be excessive in the circumstances** of the case or if the information which is sought could reasonably be obtained by alternative and less intrusive means. All such activity should be carefully managed to meet the objective in question and must not be arbitrary or unfair.
- 7.7 All requests to conduct, extend or discontinue covert surveillance must be made on the appropriate forms available on the [Information Governance Handbook](#).
- 7.8 All requests must be submitted to an Authorising Officer (a list of Authorising Officers can be found by using the link shown above) who will consider and either authorise or reject the application in writing. This will take place prior to covert surveillance commencing and also applies where contractors or outside agencies are employed to carry out covert surveillance on behalf of the Council.
- 7.9 **The Authorising Officer can only grant permission when they believe directed surveillance is necessary and proportionate.** No one else can grant, extend or discontinue authorisations - thus ensuring independence and consistency. Authorising Officers will ensure a review date is set at the same time as authorising an application. Where applications are rejected, the Authorising Officer will include reasons why. This may result in further work on the application or outright refusal for the operation to proceed (eg insufficient evidence that all other reasonable measures have been exhausted etc).
- 7.10 **The Council's use of directed surveillance is subject to judicial approval by the Coventry Magistrates' Court.** The date for commencement of the authorisation (and therefore the surveillance activity) is the date that judicial approval is obtained. The Authorising Officer and / or the Council officer attending Court should take the original hardcopy authorisation and show this to the magistrates but retain the original to keep with the Authorising Officer's records. It is recommended that the Authorising Officer should attend the Magistrates Court rather or in addition to the Council officer making the application. The Authorising Officer **must** be in attendance in the event of any unusual authorisations including any which involve a CHIS.
- 7.11 Written authorisation for covert surveillance is valid for a maximum of three months. Written authorisation for a CHIS is valid for a maximum of twelve months. Both periods run from the date of the original authorisation or renewal.
- 7.12 Judicial approval may be renewed for a further three or twelve months for covert surveillance and a CHIS respectively. Renewal must take place prior to expiration and takes effect from the date authorisation would have ceased. The Authorising Officer must be satisfied that the activity is still necessary and proportionate.
- 7.13 The Authorising Officer must review all authorisations (including renewals) at least monthly (sooner if the circumstances of the case are such that a review is required).
- 7.14 All authorisations with judicial approval must be formally cancelled and not left to expire. The operative of the activity should notify the Authorising Officer if the activity is no longer necessary and proportionate and the authorisation should thereafter be cancelled and the activity cease immediately. The Authorising Officer should complete a cancellation form detailing the information obtained and whether or not the objectives were achieved.

- 7.15 Applications for Council **covert surveillance** must be **carefully planned** so that the necessary consultations about **risk assessment, insurance and health and safety** can be carried out, and the necessary provision made **before surveillance commences**.
- 7.16 Surveillance that is unforeseen / unplanned and undertaken as an immediate response to a situation, which is not reasonably practicable to obtain authorisation, falls outside the definition of 'directed surveillance' - therefore, authorisation is not required.
- 7.17 **Surveillance equipment** can only be installed (or a CHIS used) after judicial approval has been obtained. Equipment will only be installed (or a CHIS used) in residential premises if a member of the public has requested help, has agreed to equipment being installed in order to assist the Council with an operation, or referred a complaint to the Council and investigation is only possible using covert surveillance techniques after all the following has been considered:
- i) Sufficient **evidence** has been documented to warrant the exercise
 - ii) Surveillance is shown to be both the **least harmful** means of meeting that purpose and **proportionate** to what it seeks to achieve

NB: This does not apply where residents are asked to keep diary sheets recording incidents of noise nuisance.

- 7.18 There may be occasions where the Council needs to consider asking a member of the public to assist with an operation. Tasking a person to obtain information covertly may result in an authorisation of a CHIS being required, however this may not be true in all circumstances. **If the task does not require the member of the public to establish or maintain a relationship with another person in order for the Council to obtain the information, they will not be a CHIS.** For example:

The Council has received a number of complaints regarding fly tipping on land. While notices have been put up to warn the public that overt surveillance may take place, because of the location and technical limiting factors (eg inadequate or no power supply for the cameras and/or the field of view), the Council may approach a local resident to obtain approval to install a camera in their home looking out on the affected area. In addition to demonstrating the necessity and proportionality of such an application, the requester must address issues such as the security of both the equipment and recorded information, and take into account the risk of obtaining private information about persons who are not subjects of the surveillance. The resident in this instance is not a CHIS as they are not establishing or maintaining a relationship with another person in order for the Council to obtain information.

- 7.19 **A person who establishes, maintains and uses a personal or other relationship for the covert purpose of obtaining information is a CHIS.** For example:

A local resident who provides information about miscreant neighbours may be a CHIS if he has acquired the information as an "insider", rather than by mere observation from behind his net curtains. He may be vulnerable to reprisals if and when the Council takes action, and there is a risk of the Council being found in breach of its duty of care to him.

- 7.20 NB: Special rules apply **if a person under 18** is to be authorised as a CHIS (refer to Section 4 of the Covert Human Intelligence Sources Revised Code of Practice, dated August 2018, which can be found at the following link: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data

[ta/file/733220/20180802_CHIS_code_reformatted_for_publication_002.pdf](#)). No **person under 16** can be authorised as a CHIS to give information against their parents or any person having parental responsibility for them. A person under 18 can only be authorised to act as a CHIS for one month.

- 7.21 A **vulnerable individual** is a person who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of themselves, or be unable to protect themselves against significant harm or exploitation. Any individual of this description should only be authorised to act as a CHIS in the most exceptional circumstances. In these cases authorisation **must** be obtained from the Council's Chief Executive Officer, or the person acting in that capacity.
- 7.22 In authorising a CHIS, the Authorising Officer should ensure a risk assessment has been undertaken to safe guard the individual from exploitation and protect their safety and identity.
- 7.23 A central record of surveillance requests and authorisations for covert surveillance will be maintained by the Information Governance Team (IGT). Authorising Officers are required to maintain an electronic copy and the original hard copy for their records, and send electronic copies (electronic copies only) to IGT within three working days: to infogov@coventry.gov.uk. Reasons why any requests were denied and a note of any recorded material handed to third parties, eg the police, must also be maintained by the Information Governance Team.
- 7.24 **All records must be marked Official Sensitive**, in line with the Council's Standard for Information Classification and must be kept securely.
- 7.25 All records will be kept for a period of 3 years following the end of the authorisation.
- 7.26 Authorising Officers must keep a **register of all reviews of material recorded and collected** covertly.
- 7.27 Recordings must be on high quality media and identified uniquely. Authorising Officers must keep a register of all recordings (please see paragraph 10.2 of this procedural guidance).

8 Covert surveillance of Social Networking Sites (SNS)

- 8.1 The fact that digital investigation is routine or easy to conduct does not reduce the need for authorisation. Care must be taken to understand how the SNS being used works. Authorising Officers must not be tempted to assume that one service provider is the same as another or that the services provided by a single provider are the same.
- 8.2 Whilst it is the responsibility of an individual to set privacy settings to protect unsolicited access to private information, and even though data may be deemed published and no longer under the control of the author, it is unwise to regard it as "open source" or publicly available; the author has a reasonable expectation of privacy if access controls are applied. In some cases data may be deemed private communication still in transmission (instant messages for example).
- 8.3 Where privacy settings are available and not used, the information is therefore publicly available and may be considered "open source"; therefore an authorisation is not usually required. However privacy implications still apply. This is because although the information has no protection by way of privacy settings, the intention when making such information available was not for it to be used for a covert purpose (such as investigative activity). This is regardless of whether a user of SNS has sought to protect such information by restricting its access by activating privacy settings.
- 8.4 Repeat viewing of SNS may constitute directed surveillance on a case by case basis and this

should be borne in mind e.g. if someone is being monitored through, for example, their Facebook profile for a period of time and a record of the information is kept for later analysis, this is likely to require a RIPA authorisation for directed surveillance. An authorisation for the use and conduct of a CHIS is necessary if a relationship is established or maintained by a Council Officer or by a person acting on the Council's behalf (i.e. the activity is more than mere reading of the site's content).

- 8.5 It is not unlawful for a member of a Council Officer to set up a false identity. A false identity could be used for occasional viewing of information but it is inadvisable for the officer to set up a false identity for a covert purpose without an authorisation for directed surveillance when private information is likely to be obtained. Officers should not adopt the identity of a person known, or likely to be known, to the subject of interest or users of the site without authorisation, and without the consent of the person whose identity is used, and without considering the protection of that person.
- 8.6 For more information, please refer to the specific Use of Social Media in Investigations Guidance.

9 Interception of Communications

9.1 Interception of Communications takes two forms:

- i) the collection and monitoring of **communications data** (e.g. records of who contacted whom, when, from where and for how long);
- ii) the interception of the **content** of the communications themselves.

9.2 It is a criminal offence to intercept the **content** of communications (whether by post, email or telephone) without lawful authority. The circumstances in which the Council can intercept the content are rare.

9.3 The Council may intercept the content of communications if one party to the communication has consented to the interception and the surveillance of the communication (eg a telephone call) has an authorisation as detailed at Section 7 of this procedural guidance.

9.4 The Council is also permitted to record calls made to its Contact Centre for the purpose of ensuring that staff comply with standard procedures when dealing with the public. The Council must notify callers that monitoring and recording may take place and explain the purpose concisely.

9.5 The Council can only apply to access communication data for for the prevention and detection of crime or prevention of disorder.

9.6 Access to communications data includes identifying:

- i) the devices called from and to;
- ii) location of communicating parties;
- iii) nature and service being used;
- iv) duration of the communication;
- v) other details held by the Communications Service Provider (CSP) about the subscriber to the service (e.g. their address).

9.7 Access to communications must be authorised by an Authorising Officer.

10 Monitoring

10.1 To ensure that the Council is using its powers under RIPA consistently and in line with the

authority's procedural guidance, quarterly reports on its use will be presented to the Information Management Strategy Group and an annual report to the Cabinet Member (Policing & Equalities) and the Audit and Procurement Committee. They will also be responsible for endorsing the authority's procedural guidance at least once per year and ensuring it remains 'fit for purpose'. Neither the Cabinet Member nor the Audit and Procurement Committee will be involved in making decisions on specific investigations.

- 10.2 During a covert operation, **recordings and information collected must be stored and transported securely, i.e. in line with the protective marking of "Official" or "Official-Sensitive"**. It must be reviewed monthly (or sooner if required) and access to it restricted. Access will generally only be allowed to limited and prescribed parties, including law enforcement agencies, prosecution agencies, legal representatives and the people subject to the surveillance (except where disclosure would prejudice any criminal enquiries or proceedings or breach privacy laws, eg Data Protection Legislation). Recordings must be on high quality media and identified uniquely. Recordings should not be kept for any longer than needed. Authorising Officers must keep a register of all recordings in order to control the retention period before wiping or securely destroying when no longer needed (such as if they are not required for evidence or the court case / investigation the recording is required for is completed).

11 Acknowledgements

- 11.1 This document has drawn on the key areas within the Home Office Codes of Practice for 1) Covert Surveillance and Property Interference, Draft Revised Code of Practice, dated June 2018 (Code of Practice for Covert Surveillance) and 2) Covert Human Intelligence Sources, Revised Code of Practice, dated August 2018. Officers should refer to the codes for more detailed guidance if necessary. Please note that at the time of writing this procedural guidance the Home Office has closed a consultation in relation to revision of its codes of practice under Parts II and III of RIPA. The Code of Practice for Covert Surveillance is still in draft form. Feedback from the consultation is being analysed and the final Code of Practice for Covert Surveillance has not yet been published. This RIPA Procedural Guidance will be updated as and when the final version is published.

12 Notes

- 12.1 Enquiries regarding this document should be directed to the Information Governance Team at: infogov@coventry.gov.uk or phone: (024) 7683 3323.

13 Document Control: Version History

Version	Status	Date	Author	Summary of changes
1.0	Approved	September 2010	J Hutchings	Minor amendments from Technical review have been incorporated
2.0	Approved	October 2010	S Gilbert	Minor amendments to web links and contact addresses
2.1	Draft	April 2017	R Kotonya	Amendments from OSC Inspection recommendations and included covert surveillance of social media sites
3.0	Approved	May 2018	S Harriott	Minor amendments including reference to GDPR, how to deliver authorisations to InfoGov and hyperlink to separate Social Media in Investigations Guidance

Technical Review

Name	Role	Business Area
A Harwood	Trading Standards and Consumer protection Manager	Place Directorate

Management Approval

Name	Role	Date
J Newman	Legal Services Manager and Acting Monitoring Officer	August 2018
Information Management Strategy Group	Information Governance	May 2018

Management Approval

Name	Organisational Department	Format
All	Coventry City Council	PDF via intranet/IG Handbook

Use of Social Media in Investigations Guidance

Approved v1:0

Information Classification: Official

Effective: August 2018

1 Introduction

- 1.1 This Policy sets out how the Council may utilise Social Media when conducting investigations into alleged offences or in the discharge of other duties performed by the Council. This includes but is not limited to trading standards investigations, child protection investigations, alleged breaches of the Council's Code of Conduct for employees and proactive reviews in relation to Revenues and Benefits.
- 1.2 The aim is to ensure that information gathering, investigations or surveillance involving the use of Social Media are conducted lawfully and correctly in accordance with an individual's human rights and with due consideration of relevant legislation including:
- the Human Rights Act 1998 (HRA);
 - the Data Protection Legislation (the Data Protection Act 2018 (DPA) and the General Data Protection Regulation (GDPR) as amended, replaced or superseded from time to time. This definition includes any national implementing laws, regulations and secondary legislation, as amended or updated from time to time, in the UK and then any successor legislation to the GDPR or the DPA, and all guidance, standards and codes of practice published by the Information Commissioner's Office, or any replacement body, which relate to data protection); and
 - the Regulation of Investigatory Powers Act 2000 (RIPA) together with the published codes of practice from the Home Office, Investigatory Powers Commissioner's Office (IPCO), formerly the Office of Surveillance Commissioners (OSC), and the Information Commissioner's Office.
- 1.3 Use of Social Media in investigations refers to any instance where an officer accesses Social Media as described to formally or informally gather evidence for any kind of investigation.

2 What is meant by 'Social Media' for the purposes of this Policy

- 2.1 Social Media will always be a web-based service that allows individuals and/or businesses to construct a public or semi-public profile (also known as social network services or "SNS") and will often have some, or all, of the following characteristics;
- the ability to show a list of other users with whom they share a connection; often termed "friends" or "followers",
 - the ability to view and browse their list of connections and those made by others within the system, and /or
 - hosting capabilities allowing users to post audio, photographs and/or video content that is viewable by others
- 2.2 Some current examples of the most popular forms of Social Media, and therefore the most likely to be of use when conducting investigations, include: Facebook, Twitter, Instagram, LinkedIn and YouTube.

3 Privacy Settings

- 3.1 The fact that digital investigation is routine or easy to conduct does not mean that relevant legislation should not be considered. Care must be taken to understand how the Social Media website in question operates. Any officer using Social Media for investigation must not be tempted to assume that one service provider is the same as another or that the services provided by a single provider are the same.
- 3.2 Whilst it is the responsibility of an individual to set privacy settings to protect unsolicited access to private information, and even though data may be deemed published and no longer under the control of the author, it is unwise to regard it as “open source” or publicly available; the author has a reasonable expectation of privacy if access controls are applied. In some cases data may be deemed private communication still in transmission (instant messages for example).
- 3.3 Council officers **should not** attempt to circumvent privacy settings and view an individual’s information on multiple occasions unless authorisation has been sought under RIPA. Such attempts may include, but are not limited to;
- sending “friend” or “follow” requests to the individual;
 - setting up or using bogus Social Media profiles in an attempt to gain access to the individual’s private profile;
 - contacting the individual through any form of instant messaging or chat function requesting access or information;
 - asking family, friends, colleagues or any other third party to gain access on their behalf, or otherwise using the Social Media accounts of such people to gain access; and /or
 - using any other deceptive or misleading method
- 3.4 By setting their profile to private, a user does not allow everyone to access and use their content. This **does not**, however, extend to instances where a third party takes it upon themselves to share information which originated on a private profile on their own Social Media profile. For example:
- Person A publicises on their private Social Media page that they intend to throw a party, at which they will be selling alcohol and providing other forms of licensable activities, despite not having a licence from the Council to do so. Person B, who “follows” Person A’s Social Media page, re-publishes this information on their public Social Media page. The information on Person A’s profile **cannot** be used, however the same information on Person B’s profile, can.*
- 3.5 Where privacy settings are available but not applied the data **may** be considered “open source” or publicly available (ie there is a reduced expectation of privacy). However in some circumstances privacy implications still apply. This is because the intention when making such information available was not for it to be used for a covert purpose such as investigative activity. This is regardless of whether the Social Media user has sought to protect such information by restricting its access by activating privacy settings. Multiple and systematic viewing of the information would therefore require a RIPA authorisation.

3.6 When the use of Social Media is allowed or not allowed:

What is allowed	What is not allowed
Using different Social Media platforms to gather information that is publicly available	Sending “friend” or “follow” requests, set up a profile in an attempt to gain access to the individual’s private profile or ask family, friends, colleagues or any other third party to gain access without a RIPA Authorisation
Using information posted on a public profile without RIPA Authorisation	Repeated and/or regular viewing (more than 2 or 3 times) of “open source” content without a RIPA authorisation
Using Social Media for surveillance with a RIPA authorisation where the investigation is unusual and /or is likely to capture confidential information and the risks to privacy have been assessed as being proportionate and justified	Making contact through Social Media without a CHIS authorisation

4 Regulation of Investigatory Powers Act 2000 (RIPA)

- 4.1 This guidance should be read in conjunction with the Council’s Procedural Guidance: RIPA Covert Surveillance & Covert Human Intelligence Sources (RIPA Procedural Guidance).
- 4.2 RIPA issues do not normally arise at the start of any investigation which involves accessing “open source” or publically available material but what may begin as a lawful overt investigation can drift into covert surveillance which falls into the legislation.
- 4.3 Repeat and/or regular viewing of publically available Social Media sites as opposed to one-off viewing may constitute directed surveillance and require authorisation under RIPA / other legislation. A person’s Social Media profile should not, for example, be regularly monitored without a RIPA authorisation. You should not view the information / source more than twice within a limited timeframe. If you feel further viewing is necessary for an investigation you should refer to the RIPA Procedural Guidance. It is important to note that RIPA authorisations have to pass a serious crime threshold, ie there must be an offence which is being capable of being punished by imprisonment of six months or more.
- 4.4 In the case of viewing material related to Council officers, authorisation should be sought under the Council’s policy for Covert Monitoring of Employees.
- 4.5 Where an officer intends to engage with others online using a false identity and establish / maintain a relationship without disclosing his or her identity, a CHIS authorisation may be required.

5 General Considerations

- 5.1 For those individuals/businesses who do have a public profile on Social Media, data posted can be viewed, recorded and possibly used as evidence e.g. photographs, video content, messages or status.

- 5.2 Only information that is relevant to the investigation at hand, and goes some way toward proving the offence, issue or child protection concern, should be gathered. Information about third subjects should be kept to a minimum.
- 5.3 Please note that the location and identity of an officer carrying out a search can be easily traced and the profiles can be flagged as a 'suggested friend'.
- 5.4 Officers should evaluate findings objectively and ensure that they are sure of the source and can rely on the information obtained.

6 Record Keeping

- 6.1 Where evidence takes the form of any readable or observable content, such as text, status updates or photographs, it is acceptable for this to be copied directly from the site, or captured via a screenshot and copied onto a relevant electronic system. If necessary audio or video content can be captured.
- 6.2 When capturing evidence from a public Social Media profile, steps should be taken to ensure that all relevant aspects of that evidence are recorded effectively. For example, the time, date and status update should be visible on the screenshots.
- 6.3 When capturing evidence from a Social Media profile, steps should be taken to minimise the risk of collecting third party personal or private details alongside that of the person under investigation / suspected offender's, either before capturing the evidence, or subsequently through redaction.
- 6.4 Where relevant records are obtained during the course of an investigation they should not be destroyed but kept for as long as they are needed. They should be retained in accordance with the requirements of the Data Protection Legislation, the Freedom of Information Act 2000, Criminal Procedures and Investigations Act 1996 (ie consider using the evidence obtained in a sensitive unused material schedule) and any other legal requirements.

7 Review

This Policy will be reviewed regularly to ensure that it remains current and compliant with relevant legal requirements and best practice guidance.

Document Control:**Version History**

Version	Status	Date	Author	Summary of Changes
0.1	Draft	13/04/2017	R Kotonya	New Policy

Reviewers

Name	Role	Business Area
K Nicholls	Information Governance Solicitor	Legal Services
S Harriott	Information Governance Solicitor	Legal Services
A Harwood	Trading Standards and Consumer Protection Manager	Trading Standards

Management Approval

Name	Date	Version No.
IMSG	22/05/2018	1.0

Distribution

Name	Organisational Department	Format
All	Coventry City Council	Word Document via Intranet

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