



Audit and Procurement Committee

Time and Date

3.30 pm on Monday, 20th October, 2014

Place

Diamond Room 1, Council House

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 3 - 6)
 - a) To agree the Minutes from the meeting of the Audit and Procurement Committee held on 15 September 2014
 - (b) Matters Arising from the above.
4. **Work Programme 2014/15** (Pages 7 - 10)

Report of the Executive Director, Resources

Internal Audit

5. **Half Year Internal Audit Progress Report 2014-15** (Pages 11 - 22)

Report of the Executive Director, Resources
6. **National Fraud Initiative: Outcomes and Information for Elected Members and Decision Makers 2012-13** (Pages 23 - 42)

Report of the Executive Director, Resources

Accountancy

7. **Treasury Management Update** (Pages 43 - 46)

Report of the Executive Director, Resources
8. **Transformation Programme / Jeep Campaign Financial Savings Update** (Pages 47 - 52)

Report of the Executive Director, Resources

Other

9. **Ombudsman Complaints Annual Report** (Pages 53 - 64)

Report of the Chief Executive

10. **Exclusion of Press and Public**

To consider whether to exclude the press and public for the item(s) of business for the reasons shown in the report.

Procurement

11. **Procurement Monthly Progress Report (Private)** (Pages 65 - 66)

Report of the Executive Director, Resources

Chris West, Executive Director, Resources, Council House Coventry

Friday, 10 October 2014

Note: The person to contact about the agenda and documents for this meeting is Hugh Peacocke Tel: 024 76833080

Membership: Councillors S Bains (Deputy Chair), D Galliers (Chair), L Harvard, R Sandy, T Sawdon and D Welsh

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

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

Hugh Peacocke

Telephone: (024) 7683 3080

e-mail: hugh.peacocke@coventry.gov.uk

Coventry City Council
Minutes of the Meeting of Audit and Procurement Committee held at 3.30 pm on
Monday, 15 September 2014

Present:

Members: Councillor D Galliers (Chair)

Other Members: Councillors S Bains, L Harvard, T Sawdon and M Welsh

Employees (by Directorate): S Mangan, Resources Directorate
P Jennings, Resources Directorate
P Baggott, Resources Directorate
C Booth, Resources Directorate
M Burn, Resources Directorate
H Peacocke, Resources Directorate

Apologies: Councillor R Sandy

Public Business

The Chair told the meeting that due to a clash with an important all-Member briefing that he proposed to deal with the items from the External Auditors, Item 5, the Audit Findings Report 2013-14 and item 6, approval of the Statement of Accounts 2013-14 and to defer the rest of the business of the meeting to future meetings of the Committee. The Committee agreed to this proposal.

It was noted that item 8, the Annual Compliance Report - Regulatory & Investigatory Powers Act (RIPA), was due to go to the Cabinet Member for Policing and Equalities on October 2 and the Committee agreed that members should submit any comments by 30 September, to be forwarded to the Cabinet Member for his consideration when dealing with this matter.

22. Apologies

Councillor Richard Sandy

23. Declarations of Interest

None

24. Audit Findings Report 2013-14 (Grant Thornton)

Simon Turner of Grant Thornton, the Council's External Auditors, presented their audit findings report for 2013/14.

The report highlighted the key matters arising from their audit of Coventry City Council's financial statements for the year ended 31 March 2014. It was also used to report the audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA).

Grant Thornton reported positive messages and gave the accounts unqualified approval. They praised how the Council had implemented its new financial system, Agresso, and the standard of the accounts presented to them.

Among the matters included in the Report were:

- 2 principal adjustments, the revaluation of Waste disposal Company, from £5M to £51M and an adjustment on rental income, arising out of a change in reporting practice,
- Significant risks, which had all been properly dealt with
- Other risks
- Group accounts
- Accounting policies
- Disclosure adjustments and revaluations,
- Private Finance Initiative; the Council had requested time to compare its assessment model with that of the External Auditors
- Resilience and governance were strong.
- Reserves remained low
- The 2013/14 savings target had not been met due to overspending on Children's Services
- The Auditors gave a qualified opinion on Value For Money because of the OFSTED Report on Children's Services
- The auditors' fees were down £2,000 from those quoted in their Audit Plan to the Council.

Appendix A of the report set out their action plan and management response arising out of the audit and the Committee requested an update on progress on these matters at its March 2015 meeting.

The Committee Chair congratulated the Council's financial officers on the findings in the report.

RESOLVED that the Committee approve the Audit Findings Report 2013-14 as presented by the Council's external auditors.

25. **Statement of Accounts 2013-14**

This report was presented alongside the External Auditor's Audit Findings Report which detailed the key changes to the draft Statement of Accounts considered by the Audit and Procurement Committee in July. The changes had been agreed between Grant Thornton and the Executive Director of Resources.

The meeting noted that the Council had delegated authority for approval of the Statement of Accounts, including the Annual Governance Statement to the Audit & Procurement Committee. The Committee considered the audited 2013/14 Statement of Accounts and Annual Governance Statement, incorporating any agreed changes to the draft accounts which came before them in July.

The Committee also considered the letter of representation from the Executive Director, Resources, to the Council's external auditors, giving his assurance regarding the Statement of Accounts and the Annual Governance Statement.

RESOLVED that the Audit & Procurement Committee approve the final 2013/14 Statement of Accounts, the Letter of Representation to the Council's auditors and the Annual Governance Statement.

(Meeting closed at 3.55 pm)

Signed: _____
Chair

Date: _____

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Public Report

Audit and Procurement Committee

20 October 2014

Director Approving Submission of the report:
Executive Director, Resources.

Ward(s) affected:
None

Title
The Audit and Procurement Committee Work Programme 2014/15

Is this a key decision?
No

Executive Summary:

The Work Programme 2014/15 for the current Municipal Year, attached at Appendix 1, sets out the matters the Committee intends to address over the rest of the Municipal Year.

Recommendations:

That the Audit and Procurement Committee approves the Committee's Work Programme for 2014/15

List of Appendices included

1. The Audit and Procurement Committee Work Programme 2014/15

Other useful background papers:
Audit Committee Minutes

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?

No

Will this report go to Council?

No

Report author(s): Hugh Peacocke

Name and job title: Governance Services Manager

Directorate: Resources

Tel and email contact: 024 7683 3080, hugh.peacocke@coventry.gov.uk

Enquiries should be directed to the above person.

This report is published on the council's website:

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Audit and Procurement Committee

Work Programme 2014-15

9 October 2014

20th October 2014

RIPA (Regulation of Investigation Powers Act) Annual Report 2013-14
Treasury Management Update
Half Year Internal Audit Progress Report 2014-15
National Fraud Initiative: Outcomes and Information for Elected Members and Decision Makers 2012-13
Transformation Programme / Jeep Campaign Financial Savings Update
Ombudsman Complaints Annual Report
Procurement Monthly Progress Report (Private)

1st December 2014

Annual Audit Letter 2013-14 (Grant Thornton)
Quarter Two Revenue and Corporate Capital Monitoring Report 2014-15
Internal Audit Recommendation Tracking Report
Half Yearly Fraud Update
Corporate Risk Register Update
Procurement - Contract Monitoring / Social Value
Procurement Monthly Progress Report (Private)

12th January 2015

Quarter Three Internal Audit Progress Report 2014-15
Treasury Management Update
Grant Certification Report (Grant Thornton)
Council Tax Discounts / Exemptions Update
Procurement Monthly Progress Report (Private)

16th February 2015

Quarter Three Revenue and Corporate Capital Monitoring Report 2014-15
Procurement Monthly Progress Report (Private)

23rd March 2015

Annual Audit Plan (Grant Thornton)
Ombudsman Complaints Update Report
Procurement Monthly Progress Report (Private)
Update on action arising from the Audit 2013/14 Findings Report

20th April 2015

Internal Audit Plan 2015-16
Internal Audit Update Report
Six Month Corporate Risk Register Update
Informing the Audit Risk Assessment (Grant Thornton)
Procurement Monthly Progress Report (Private)

Dates to be confirmed

Arena Coventry Limited Update



Coventry City Council

Public report

Report to

Audit and Procurement Committee

20th October 2014

Name of Cabinet Member:

Cabinet Member (Strategic Finance & Resources) – Councillor Gannon

Director approving submission of the report:

Executive Director, Resources

Ward(s) affected:

City Wide

Title:

Internal Audit Plan 2014-15 – Half Year Progress Report

Is this a key decision?

No

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with an update on the internal audit activity for the period April to September 2014, against the agreed Internal Audit Plan for 2014-15.

Recommendations:

Audit and Procurement Committee is recommended to:

1. Note the performance as at quarter two against the Internal Audit Plan for 2014-15.
2. Consider the summary findings of the key audit reviews (attached at Appendix Two). Additionally, to decide whether any further action is required especially given the limited progress made by service areas, in the follow up reviews, as highlighted.

List of Appendices included:

Appendix One - Audit Reviews Completed between April and September 2014

Appendix Two - Summary Findings from Key Audit Reports

Other useful background papers:

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:

Internal Audit Plan 2014-15 – Half Year Progress Report

1. Context (or background)

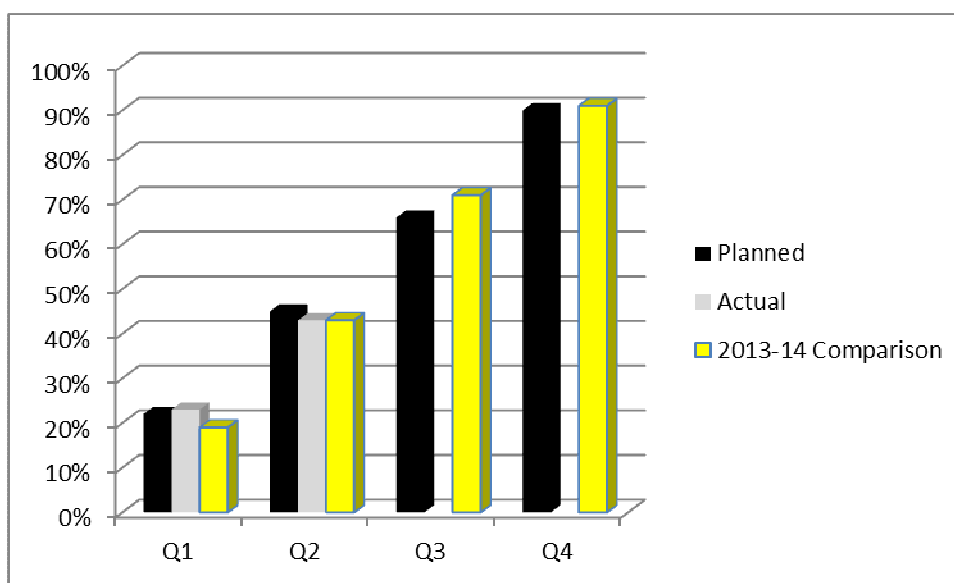
1.1 At its meeting in August 2014, the Audit and Procurement Committee formally approved the Council's Internal Audit Plan for the financial year 2014-15. This report is the first monitoring report for 2014-15, which is presented in order for the Audit and Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'.

2. Options considered and recommended proposal

2.1 Delivering the Audit Plan

The key target facing the Internal Audit and Risk Service is to complete 90% of its work plan by the 31st March 2015. The chart below provides analysis of progress against planned work for the period April to September 2014.

Chart One: Progress against delivery of Internal Audit Plan 2014-15



As at the end of September 2014, the Service has completed 43% of the Audit Plan against a planned target of 45%. Whilst slightly behind target at this point, this is not viewed as a concern and should not impact on the Service completing 90% of the plan by the end of March 2015.

2.2 Other Key Performance Indicators (KPIs)

The table overleaf shows a summary of the performance of Internal Audit for 2014-15 to date against five KPIs, with comparative figures for the financial year 2013-14. There are two indicators (i.e. draft report to deadline and audit delivered within budget days) where management continue to focus attention as part of the on-going drive for greater efficiency within the Service.

Table One: Internal Audit Key Performance Indicators 2014-15

Performance Measure	Target	Performance Q2 2014-15	Performance 2013-14
Planned Days Delivered (Pro rota against agreed plan)	100%	100%	96%
Productive Time of Team (% of work time spent on audit work)	90%	89%	87.5%
Draft Report to Deadline (Draft issued in line with date agreed)	80%	76%	75%
Final Report to Deadline (Final issued within 4 weeks of draft)	80%	89%	92%
Audit Delivered within Budget Days	80%	77%	75%

2.3 Audits Completed to Date

Attached at Appendix One is a list of the audits finalised between April and September 2014, along with the level of assurance provided.

The following audits are currently in progress:

- **Audits at Draft Report Stage** – St Augustines
- **Audits On-going** – Direct Payments, Safeguarding Children (training), John Shelton, St John Vianney, Stivichall, Safeguarding Adults, Post Implementation Review – Agresso, Talentlink, Petty Cash Usage, Care Director Income, Duplicate Payments, Troubled Families Grant, Business Continuity, Recovery of Legal Costs, Little Heath Follow Up, Route 21 Follow Up

Details of a selection of key reviews completed in this period are provided at Appendix Two. In all cases, the relevant managers have agreed to address the issues raised in line with the timescale stated. These reviews will be followed up in due course and the outcomes reported to the Audit and Procurement Committee.

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 Executive Director Resources

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

There are no legal implications associated with this report.

6. Other implications

6.1 How will this contribute to achievement of the council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / LAA (or Coventry SCS)?

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 an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of 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 and Risk Service perspective - The main risks facing the Service are that the planned programme of audits is not completed, and that the quality of audit reviews fails to meet customer expectations. Both these risks are managed through defined processes (i.e. planning and quality assurance) within the Service, with the outcomes included in reports to the Audit and Procurement Committee.
- Wider Council perspective - 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 within the Service to gain assurance that all actions agreed have been implemented on a timely basis. Such assurance is reflected in reports to the Audit and Procurement Committee. Where progress has not been made, further action is agreed and overseen by the Audit and Procurement Committee to ensure action is taken.

6.2 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

Report author(s):

Name and job title:

Stephen Mangan - Internal Audit and Risk Manager

Directorate:

Resources

Tel and email contact:

024 7683 3747 – stephen.mangan@coventry.gov.uk

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:				
Sallie Davis	Group Auditor	Resources	03/10/2014	03/10/2014
Hugh Peacocke	Governance Services Manager	Resources	03/10/2014	06/10/2014
Neelesh Sutaria	Human Resources Business Partner	Resources	03/10/2014	06/10/2014
Names of approvers: (officers and members)				
Finance: Paul Jennings	Finance Manager Corporate Finance	Resources	03/10/2014	06/10/2014
Legal: Carol Bradford	Solicitor	Resources	03/10/2014	07/10/2014

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Appendix One – Audit Reviews Completed between April and September 2014

Audit Area	Audit Title	Assurance
2013-14 B/Fwd	Accounts Payments Agresso	Moderate
	Financial Management Agresso	Moderate
	Accounts Receivable Agresso*	Limited
	Payment Audit*	N/A
	Business Rates Proactive Review*	N/A
Schools	Our Lady of the Assumption	Moderate
	Sherbourne Fields	Significant
	Grangehurst	Significant
	Park Hill	Significant
	Earlson	Moderate
	Allesley Hall	Moderate
	Clifford Bridge	Moderate
	Stoke Park	Moderate
	Charter	Moderate
	St Mary's and Benedicts	Moderate
	Ernesford Grange Primary	Moderate
	Courthouse Green	Moderate
	Moseley	Significant
	St Thomas Moore	Moderate
	Key / Audit Priorities	Paper Rationalisation – Housing Options Service Review
IT Security		Moderate
Pertemps Master Vendor		Limited
Finance	CNR	Significant
	Protocol	Moderate
Regularity	Adoption Reform Grant	Verification
	Highways Grant	Verification
	Section 256 Funding (NHS)	Verification
	Pension Scheme – Council	Verification
	Pension Scheme – Academies	Verification
	Cycle Coventry Grant	Verification
	Declaration of Interest	Annual Exercise
	Annual Governance Statement*	Annual Exercise
	Review of the System of Internal Audit*	Annual Exercise
	Follow up	Stoke Heath
Network Security (IT)		Moderate (incorporated into IT security review)
System Back Up, Recovery and Data Centre		Limited
Section 17		Limited
Contingency	Bereavement Services	Support and Advice
	Cashiers Office	Significant
	Data Migration (Oracle to Agresso)	Validation
	System Audit Trails	Fact Finding

** Key findings of review already considered by the Audit and Procurement Committee in July / August 2014*

Appendix Two – Summary Findings from Key Audit Reports Completed between April and September 2014

Audit Review / Actions Due / Responsible Officer(s)	Key Findings								
<p>Stoke Heath Primary School Follow Up Review</p> <p>March 2015</p> <p>Headteacher</p>	<p>Overall Objective: To provide assurance that management have taken appropriate action to ensure that robust systems and controls exist to support the effective management of the school's resources.</p> <p>Opinion: Limited Assurance Summary / Actions Identified:</p> <p>A summary of progress made in response to the November 2013 audit report is detailed below.</p> <table border="1" data-bbox="651 608 1821 679"> <thead> <tr> <th>Number of Actions</th> <th>Implemented</th> <th>No Progress</th> <th>On-going</th> </tr> </thead> <tbody> <tr> <td align="center">9</td> <td align="center">3</td> <td align="center">4</td> <td align="center">2</td> </tr> </tbody> </table> <p>Actions that have been implemented since the last review include:</p> <ul style="list-style-type: none"> • Final cheque run listings are presented, with cheques, for approval by a senior officer. • Petty cash reimbursements are processed on SIMS in a timely manner. • Three comparable quotes are now being obtained for purchases over £3,000 in value to support the decision for selecting a supplier. <p>The level of assurance reflects the fact that our review has highlighted continuing weaknesses, particularly in respect of income processes at the school. Key actions that have not been addressed include:</p> <ul style="list-style-type: none"> • Income received by the Willows Club and cash collected in classrooms is not reconciled to the amounts recorded on the supporting cash collection sheets when passed to the school office. Further, the reconciliation of cash prior to banking is not being carried out by two staff members. • Separation of duties across income processes at the school has not been established, with oversight provided on a termly basis, by a senior officer. • Debts are not being pursued in line with the debtors' policy. • Inconsistent practices which has resulted in key financial transactions (i.e. credit note issued against income expected and / purchase orders raised with suppliers) being generated without any senior officer approval. 	Number of Actions	Implemented	No Progress	On-going	9	3	4	2
Number of Actions	Implemented	No Progress	On-going						
9	3	4	2						

Audit Review / Actions Due / Responsible Officer(s)	Key Findings								
<p>Section 17</p> <p>February 2015</p> <p>Head of Service, Social Work and Family Intervention</p>	<p>Overall Objective: To provide assurance that agreed actions have been implemented to ensure that there are now effective systems in place to manage the key risks associated with the Council's duties under Section 17 of the Children's Act 1989.</p> <p>Opinion: Limited Assurance Summary / Actions Identified:</p> <p>A summary of progress made in response to the March 2013 audit report is detailed below.</p> <table border="1" data-bbox="651 571 1821 644"> <thead> <tr> <th>Number of Actions</th> <th>Implemented</th> <th>No Progress</th> <th>On-going</th> </tr> </thead> <tbody> <tr> <td>6</td> <td>1</td> <td>2</td> <td>3</td> </tr> </tbody> </table> <p>Since the last review, clarification has now been provided to all neighbourhood teams around the availability of the DWP Short Term Advances Scheme as an alternative to Section 17 funding. This Scheme provides financial assistance to individuals (including those eligible for Section 17 funding) whilst DWP benefit applications are being processed. Despite this awareness, the review still found some instances where cash loans were still being made.</p> <p>The level of assurance reflects the fact that whilst acknowledging that all attempts are taken to make economic purchases, without an overarching policy for Section 17 payments that provides clarity over the scope of support available, significant gaps in the control environment remain. Key actions that have not been addressed include:</p> <ul style="list-style-type: none"> • To develop an overarching policy and procedural guidance to support Section 17 payments and in doing so provide clarity around the types of support provided. • Despite legal advice that cash loans cannot be recovered by the Council, there is a need to ensure that this is embedded in practice as some neighbourhood teams were still accepting repayments. • To maximise opportunities for the joint administration of payments covering all Discretionary Funds. 	Number of Actions	Implemented	No Progress	On-going	6	1	2	3
Number of Actions	Implemented	No Progress	On-going						
6	1	2	3						

Audit Review / Actions Due / Responsible Officer(s)	Key Findings								
System Back Up, Recovery and Data Centre Head of ICT Operations March 2015	<p>Overall Objective: To provide assurance that agreed actions have been implemented to ensure that the Council now has effective systems in place to manage the risks associated with System Backup, Recovery and Data Centre within the Council.</p> <p>Opinion: Limited Assurance Summary / Actions Identified:</p> <p>A summary of progress made in response to the June 2013 audit report is detailed below.</p> <table border="1" data-bbox="651 571 1821 644"> <thead> <tr> <th>Number of Actions</th> <th>Implemented</th> <th>No Progress</th> <th>On-going</th> </tr> </thead> <tbody> <tr> <td>7</td> <td>2</td> <td>-</td> <td>5</td> </tr> </tbody> </table> <p>Actions that have been implemented since the last review include:</p> <ul style="list-style-type: none"> • A second data centre has now been set up in Nuneaton which provides for additional resilience in terms of the offsite storage of data. • Robust processes have been put in place to underpin the recording and investigation of backup failures to ensure errors are identified and resolved. <p>Key actions that still require progressing include:</p> <ul style="list-style-type: none"> • To agree with management, a list of the Council's IT business critical systems and for each system to ensure that: <ul style="list-style-type: none"> ➤ Formal disaster recovery arrangements are documented. ➤ Disaster recovery plans are developed and subject to testing. ➤ Test restores of backups are performed on a periodic basis. • To review and update the Council's Backup and Media Handling Policy. 	Number of Actions	Implemented	No Progress	On-going	7	2	-	5
Number of Actions	Implemented	No Progress	On-going						
7	2	-	5						

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Pertemps Master Vendor</p> <p>January 2015</p> <p>Human Resources Business Manager - Recruitment</p>	<p>Overall Objective: To ensure that Pertemps has effective systems and processes for completing all the necessary pre-employment checks in appointing agency staff, including where this is done through second tier agencies.</p> <p>Opinion: Limited Assurance Summary / Actions Identified:</p> <p>The review identified the following areas of good practice:</p> <ul style="list-style-type: none"> • Electronic timesheets highlight any changes to the agreed work pattern; where the working time directive has been exceeded; and ensures approval of hours worked and expenses incurred are verified by the line manager, with an audit trail maintained. • Audits of second tier agencies have recently commenced to verify compliance with contractual requirements. <p>The level of assurance reflects the key finding that pre-employment checks could not be fully evidenced for agency staff placed with the Council by Pertemps. It is acknowledged that Council managers undertake a validation check, based on the completion of an Induction Checklist. This requires the agency worker to provide photo evidence of identity, and where required a valid DBS and evidence of appropriate training, prior to commencing work with the Council.</p> <p>The following key areas for improvement have been identified:</p> <ul style="list-style-type: none"> • To ensure evidence to support the relevant level of pre-employment check has been obtained and are available for review, prior to the candidate being placed with the Council for all current bookings supplied, as well as in the future. • All job profiles provided by the Council are updated with the required level of pre-employment check. • To expedite the agreement of the flowchart detailing roles and responsibilities of both Pertemps and the Council in respect of the investigation of safeguarding incidents.

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Coventry City Council

Public report

Report to

Audit and Procurement Committee

20th October 2014

Name of Cabinet Member:

Cabinet Member (Strategic Finance and Resources) – Councillor Damian Gannon

Director approving submission of the report:

Executive Director, Resources

Ward(s) affected:

City Wide

Title:

National Fraud Initiative: Outcomes and Information for Elected Members and Decision Makers 2012-13

Is this a key decision?

No

Executive summary:

The purpose of this report is to present to the Audit and Procurement Committee, the Audit Commission's report titled 'National Fraud Initiative: Outcomes and Information for Elected Members and Decision Maker 2012-13', which considers both outcomes of the exercise at a national and local level.

Recommendation:

The Audit and Procurement Committee is recommended to consider the report and determine whether it feels the Council approach in responding to the National Fraud Initiative is appropriate.

List of Appendices included:

Appendix – National Fraud Initiative: Outcomes and Information for Elected Members and Decision Makers 2012-13

Other useful background papers:

None

Has it or will it be considered by scrutiny?

No 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:

National Fraud Initiative: Outcomes and Information for Elected Members and Decision Makers 2012-13

1. Context (or background)

- 1.1 The National Fraud Initiative (NFI) exercise is currently led by the Audit Commission, although responsibility for this will move to the Cabinet Office in 2015. The exercise commenced in 1996, takes place every two years and involves matching electronic data within and between public bodies, with the aim of detecting fraud and error.
- 1.2 As an outcome of the most recent exercise, the Audit Commission has produced a report for each participating body aimed specifically at elected Members and senior management. The report covers the following:
 - Background to the NFI.
 - Key outcomes of the 2012-13 exercise – across England.
 - Activity, engagement and outcomes – Coventry City Council.
 - Questions for elected Members and decision makers.
- 1.3 This report is presented to the Audit and Procurement Committee in order to discharge its Council wide fraud 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 Attached as an appendix is the full report of the Audit Commission. To provide context to the report, key aspects of the Council's approach to the NFI exercise are outlined below.
- 2.2 **Activity and Engagement** – The information (page 7) within the Audit Commission report indicates that the Council investigates as a percentage, significantly less matches in comparison to other local authorities. The Council's approach to investigating NFI matches has evolved over the last few years, with the focus on achieving the best outcome whilst acknowledging that Council's resources have reduced. Our approach is based on:
 - Targeting areas where the Council has had previous success with the NFI exercise.
 - Undertaking sample checks on recommended matches in other areas and using the results from this to determine whether additional work is justified.
 - Not duplicating other Council work undertaken in some of these areas (e.g. single person discount, duplicate payments).

Based on benchmarking data (pages 9-11) provided in the report, this approach does not seem to have had a detrimental effect on outcomes, as the Council's performance is some of the best in comparison with 15 council's which have been modelled by CIPFA as those with the most similar profile to Coventry City Council.

- 2.3 Governance arrangements over the NFI exercise: Page 12 of the Audit Commission's report highlights five questions that should be considered in respect of the Council's approach to NFI. These are noted below along with a description of the Council's current arrangements / approach:

- **What governance arrangements do we have in place to ensure the organisation achieves the best possible outcome from the NFI?** From a governance perspective, the NFI exercise is co-ordinated and overseen by the Internal Audit and Risk Service. The outcome of such work is reported through the six monthly fraud updates provided to the Audit and Procurement Committee.
- **Are we ensuring we maximise the benefits of the NFI for example, following up data matches promptly, recovering funds and prosecuting where possible?** Refer to section 2.2 for details around process. The area that generates the greatest return from the NFI exercise is benefit fraud. The outcome of investigations (i.e. sanctions, including prosecutions) are determined by the Council's Benefit Fraud Prosecution and Sanction Policy. For other areas, the Council's experience is that in most cases, the issue is not necessarily fraud and is often due to error. In such cases, the Council's focus is generally about recovery of monies.
- **What assurances have we drawn about the effectiveness of internal controls and the risks faced by our council?** We do not believe that the NFI exercise on its own can be used to gain assurance of the effectiveness of internal control in any area, as it does not consider all fraud risks faced by the Council. In saying this, it is used when considering the effectiveness of specific processes in areas such as recruitment and social care.
- **Are we taking advantage of the opportunity to suggest and participate in the NFI pilot exercises and using the NFI Flexible Data Matching Services?** The Council did take part in a pilot in respect of direct payments. We consider opportunities on a case by case basis regarding participation in the flexible data matching service, although there are a number of factors that underpin any decision made (i.e. timing, cost, and judgement on the value of participating).
- **How does the NFI influence the focus of our counter-fraud work for example, internal audit risk assessments, data quality improvement work or anti-fraud and corruption policy?** The NFI exercise along with other information is used to inform the Council's fraud risk assessment and, where appropriate, our planned programme of proactive reviews. It has also led to the Council looking at further opportunities to use internal data sources to identify fraud and error (e.g. business rates, council tax discounts and exemptions).

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 Executive Director Resources

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

All Housing Benefit fraud cases are conducted in accordance with the Police and Criminal Evidence Act, Regulation of Investigatory Powers Act and the Data Protection Act (DPA). In terms of corporate fraud cases, investigations are conducted in line with DPA and are referred to the police when considering criminal proceedings.

5.3 Human Resources Implications

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

6. Other implications

6.1 How will this contribute to achievement of the council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / LAA (or Coventry SCS)?

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 and Risk Service's work on both corporate and benefit fraud. This is monitored by the Audit and Procurement Committee.
- Through agreed management action taken in response to individual fraud investigations.

6.3 What is the impact on the organisation?

None

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

Report author(s):

Name and job title:

Stephen Mangan - Internal Audit and Risk Manager

Directorate:

Resources

Tel and email contact:

024 7683 3747 – stephen.mangan@coventry.gov.uk
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:				
Karen Tyler	Senior Auditor	Resources	03/10/2014	03/10/2014
Sallie Davis	Group Auditor	Resources	03/10/2014	03/10/2014
Hugh Peacocke	Governance Services Manager	Resources	03/10/2014	06/10/2014
Neelesh Sutaria	Human Resources Business Partner	Resources	03/10/2014	06/10/2014
Names of approvers: (officers and members)				
Finance: Paul Jennings	Finance Manager Corporate Finance	Resources	03/10/2014	06/10/2014
Legal: Carol Bradford	Solicitor	Resources	03/10/2014	07/10/2014

This report is published on the council's website:
www.coventry.gov.uk/meetings

National Fraud Initiative

Outcomes and Information for Elected Members and Decision Makers - 2012/13

Coventry City Council



Introduction to the slide pack



This slide pack is intended for use by elected members and senior decision makers to inform you about the National Fraud Initiative (NFI) and data matching at your organisation



We have included a summary of the key findings of the latest NFI national report and a summary of key points from the NFI checklist for decision makers and elected members which can be found in full on the [NFI website](#)

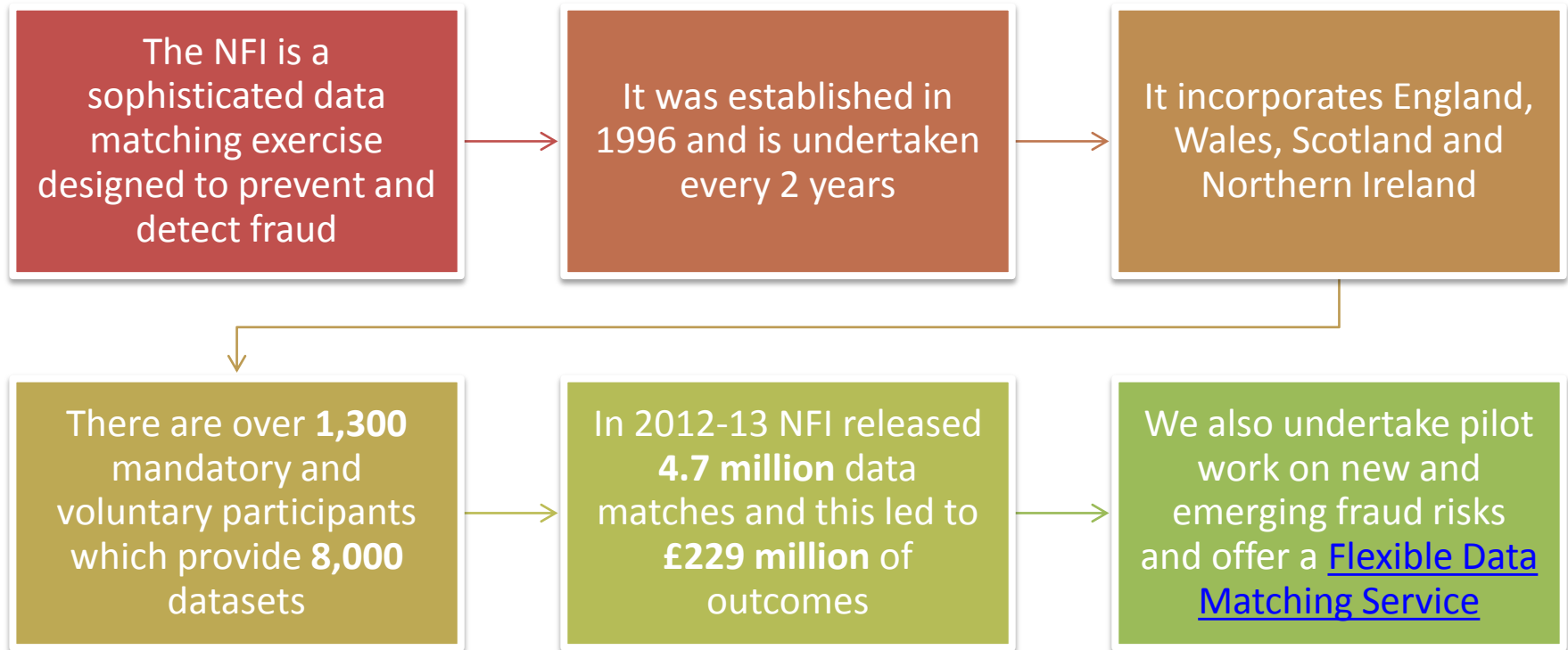


We have also included key NFI activity data for 2012/13 alongside tailored charts so you can compare your organisation with your neighbouring councils with similar profiles to yours



In case you have any questions we have included a glossary and link to further information at the end of the slide pack. If you require further information please contact nfiqueries@audit-commission.gsi.gov.uk

Background to the NFI



The NFI National Report

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Key outcomes and recommendations for bodies participating in the NFI are reported every two years in the NFI National Report

The report is intended for council members, non-executives and senior officers at audited bodies and was most recently published in June 2014

The report helps to demonstrate the effectiveness of the NFI in preventing and detecting fraud

Key Outcomes of the 2012/13 exercise - across England



£203 million in fraud and error was detected



571 prosecutions



120 people employed without the right to work in the UK were identified and as a result were dismissed or asked to resign



86 properties recovered by social landlords



21,396 blue badges and 78,443 concessionary travel passes cancelled

The figures in the national report for detection of fraud, overpayment and error include outcomes already delivered and estimates. Estimates are included where it is reasonable to assume that the fraud, overpayment and error would have continued undetected without the NFI data matching. A more detailed explanation is included in [Appendix 1 of the NFI national report](#). If you have any further queries about the data in the slides please contact the NFI team using the contact details at the end of this slide pack.

Data matching at your organisation



The table and bar charts have been provided to give you an overview of the data matching activities at your council in relation to the most relevant comparator councils.



The table highlights the proportion of data matches followed up by your council. Participants of NFI receive a report of data matches that they should follow-up, and investigate where appropriate, to detect instances of fraud, over- or under-payments and other errors, to take remedial action and update their records accordingly.



Even where data matching shows little or no fraud and error, this still assures bodies about their control arrangements. It also strengthens the evidence for a council's annual governance statement.

Activity and Engagement with NFI – Coventry City Council

	Total NFI matches in progress or processed	NFI recommended matches in progress or processed
Coventry City Council	10% (932)	44% (890)
CIPFA nearest neighbours (Mean)	24% (2,572)	62% (1,319)
Metropolitan Districts (Mean)	20% (2,778)	47% (1,143)

Understanding the bar charts

Outcomes relating to your council are highlighted in yellow in the bar charts. The performance of your 15 CIPFA nearest neighbours are shown in the green bars.

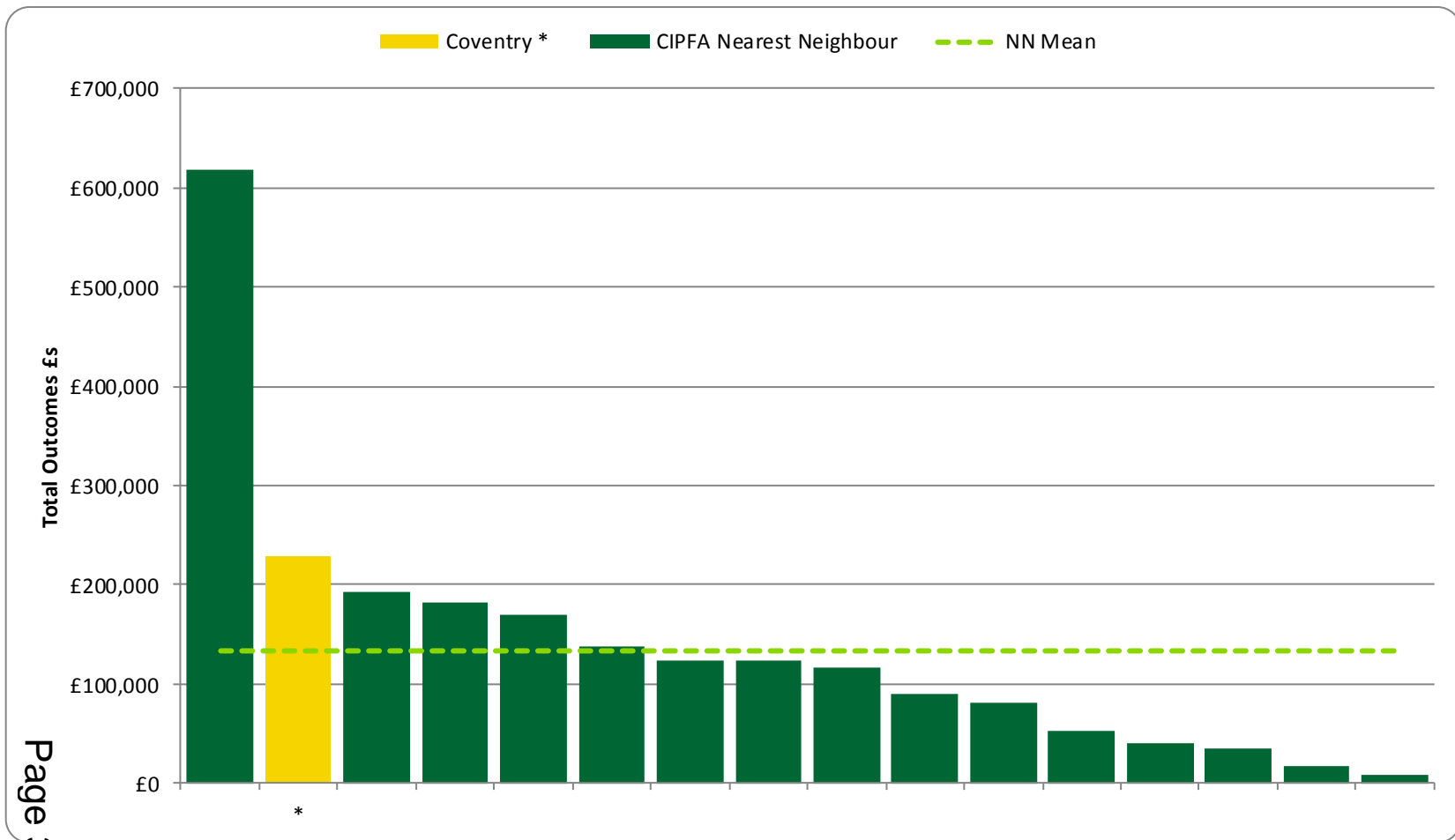


The mean value for your CIPFA nearest neighbours is highlighted by a green dashed line.



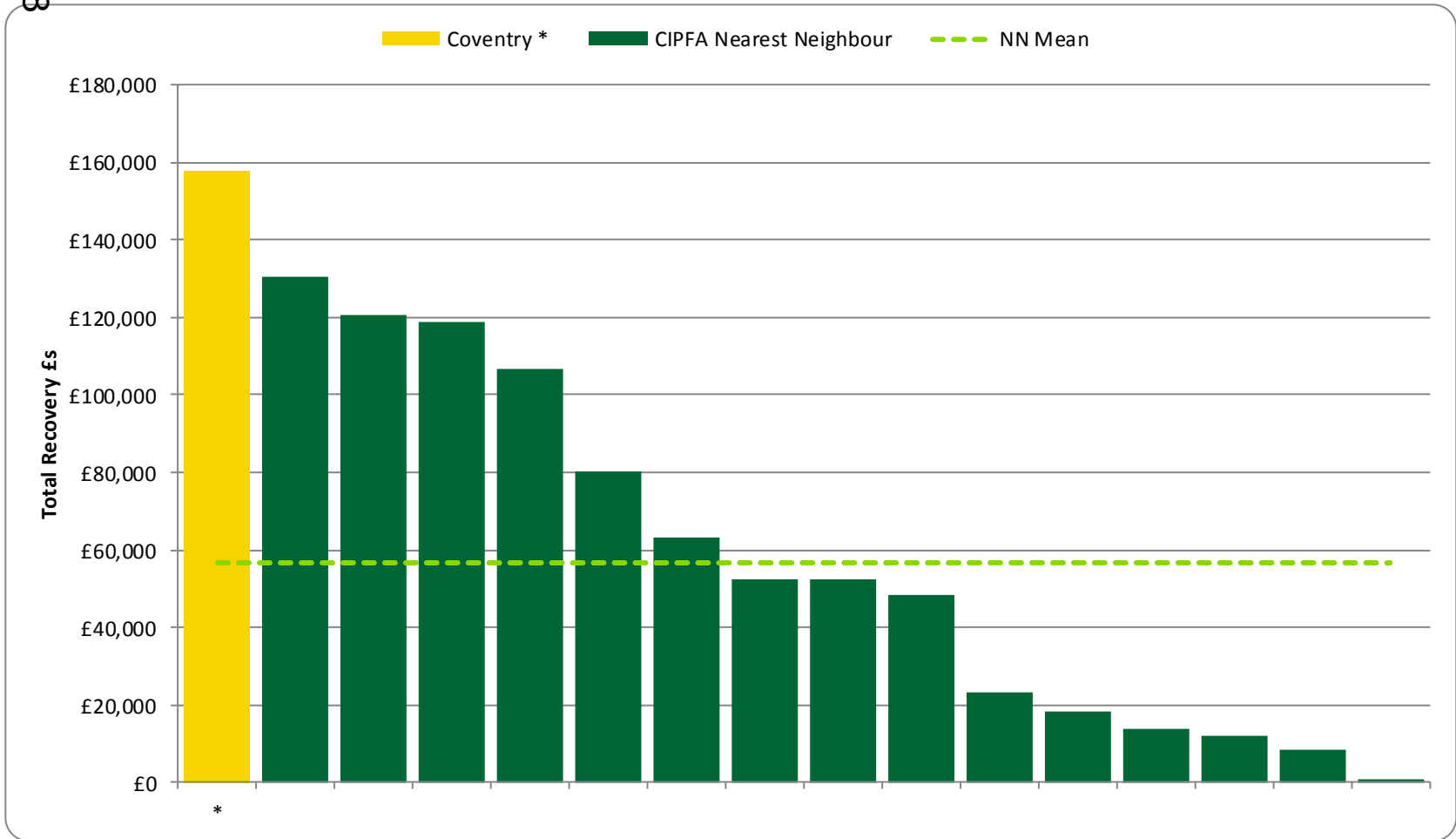
A '*' symbol has been used to denote where your council has no outcomes recorded.

Total NFI Outcomes – Coventry City Council



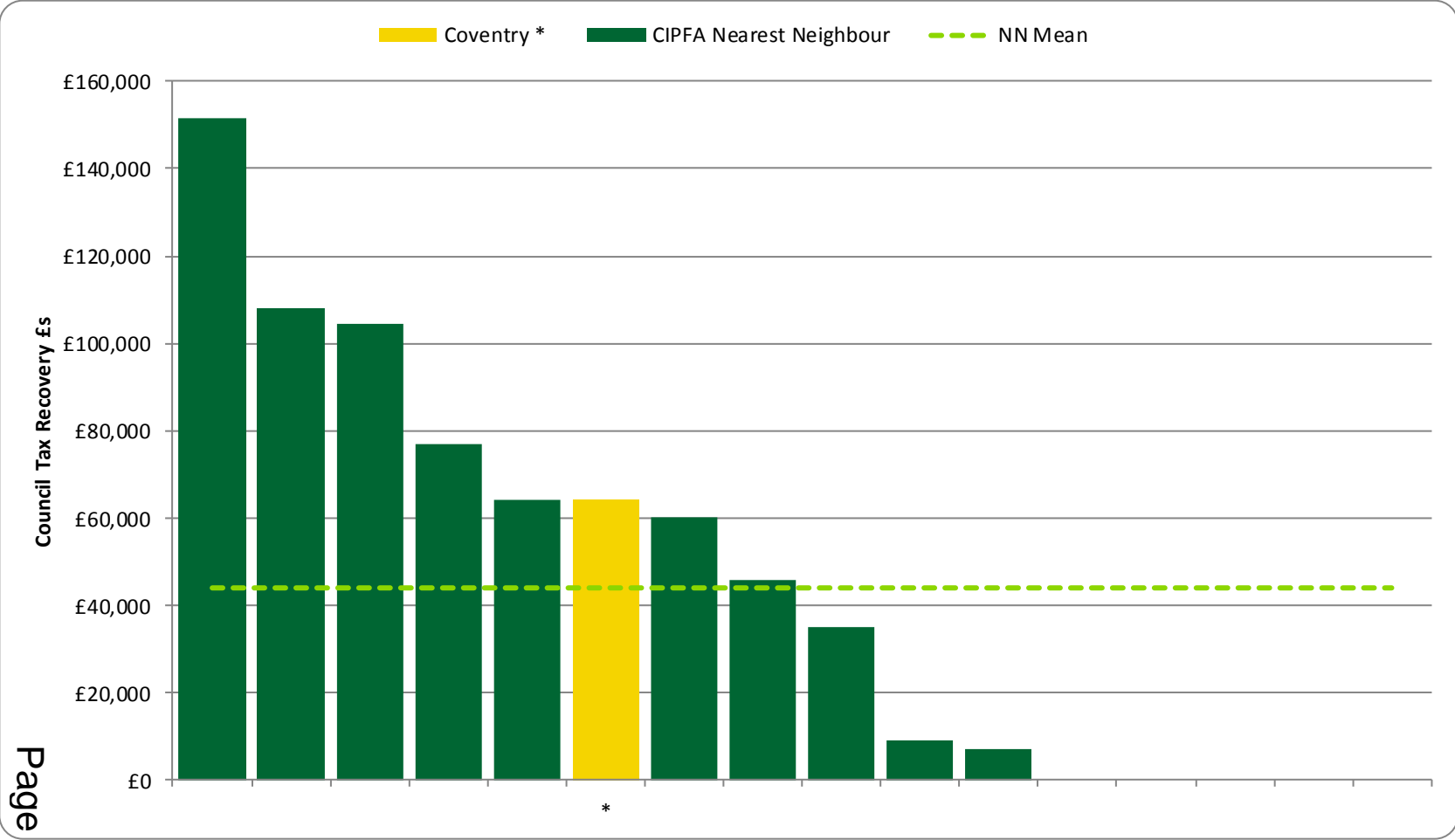
Please note outcomes from the NFI housing waiting lists pilot and council tax outcomes recorded in the NFI 2010/11 web application and FMS web application have not been included in this analysis.

Total NFI Recovery – Coventry City Council



Please note this excludes council tax recovery recorded in the 2010/11 web application and FMS web application.

NFI Council Tax Outcomes – Coventry City Council



Data relates to outcomes recorded in the 2010/11 web application and FMS web application.

Questions for Elected Members and Decision Makers

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The NFI in our council

- What governance arrangements do we have in place to ensure the organisation achieves the best possible outcomes from the NFI?

Maximising results

- Are we ensuring we maximise the benefits of the NFI for example, following up data matches promptly, recovering funds and prosecuting where possible?
- What assurances have we drawn about the effectiveness of internal controls and the risks faced by our council?

Broadening our council's engagement with the NFI

- Are we taking advantage of the opportunity to suggest and participate in the NFI pilot exercises and using the NFI Flexible Data Matching Service?

The NFI fit with wider counter-fraud policies

- How does the NFI influence the focus of our counter-fraud work for example, internal audit risk assessments, data quality improvement work or anti-fraud and corruption policy?

Glossary

Council tax outcomes	Council tax data is matched to electoral register data in order to identify instances where single persons discount may have been incorrectly awarded.
Flexible matching service	The flexible matching service allows you to re-perform any of the existing NFI data matching on demand outside of the usual two yearly programme but still using the proven NFI technology.
Mandatory participants	Bodies to which the Audit Commission appoints auditors other than registered social landlords as specified in Schedule 2 of the Audit Commission Act 1998.
NFI web application	The Commission has set up a secure, password-protected and encrypted website for its data matching exercises, known as the NFI web application.
Outcomes	Investigation of an NFI match may lead to a benefit being cancelled, overpayment generated or blue badges or concessionary travel passes being identified as invalid. These examples would be reported as NFI outcomes.
Pilots	The Commission will undertake new areas of data matching on a pilot basis to test their effectiveness in preventing or detecting fraud. Only where pilots achieve matches that demonstrate a significant level of potential fraud should they be extended nationally.
Recommended data matches	Matches considered to be of higher risk of potential fraud are signposted as a recommended data match.
Recovery	Where bodies seek to recover money lost as a result of fraud, error or overpayment.
Voluntary participants	Bodies that are outside Schedule 2 of the Audit Commission Act 1998 but elect to participate in NFI voluntarily.

Further Information

For further information about the NFI please look at our website

[NFI Website](#)



For further information about our Flexible Data Matching Service please follow the link below

[FMS Information](#)



For checklist questions for elected members and decision makers please follow link below

[NFI Checklist](#)



For any other queries please telephone 0303 444 8322 or email

nfiqueries@audit-commission.gsi.gov.uk





Coventry City Council

Briefing Note

To **Audit Committee**

Date 20th October 2014

Subject **City Council Investment Activity**

1 Background and Purpose of the Note

This note provides an update on the Council's Treasury Management activity.

2 Treasury Management Activity

2.1 Appendix 1 in this report shows the Council's Lending List – a list of those banking and government institutions that the Council's Investment Strategy allows us to invest cash balances with. Appendix 2 shows the most recent list of investments that the Council holds.

2.2 The current lending list is maintained in line with advice provided by our Treasury Management advisors (Arlingclose) which bases its judgement on information from credit rating agencies.


2.3 Since the last report in April, there have been three main changes to the lending list. The first is where institutions previously on our recommended list with a maturity limit of 12 months, now have a limit of 13 months. This is because of a change in banking legislation which has meant banks are now tailoring products which have a small pick-up in returns for deposits between 12-13 months. Secondly, increased confidence in Building Societies has seen an increase in maturity limit from 100 Days to 6 months in many cases. Finally, Barclays Bank maturity limit has reduced from 13 months to 6 months as a result of the increased risk of bail in meaning that Barclays Bank may fall below the Council's A- minimum credit rating in the future.

2.4 The total level of investment balances held by the Council stood at £118.7m as at 3rd October 2014 compared with the £110.1m as at 4th October 2013 and £101.4m reported to Audit and Procurement Committee as at 14th March 2014. The breakdown of these balances is shown below.

	23/08/2013 £m	14/03/2014 £m	03/10/2014 £m
Bank Deposits	55.7	33.7	60.0
Local Authority Deposits	13.0	37.8	13.0
Money Market Funds	18.1	12.8	28.5
Long Term Investments	23.3	17.1	17.2
Total	110.1	101.4	118.7

2.5 It is expected that some significant amounts of cash will be paid out in this financial year as part of the Council's very large Capital programme including the Friargate development.

Appendix 1

 COVENTRY CITY COUNCIL LENDING LIST 6 October 2014							Position number in 'Investment Grade'		
USING MINIMUM ACCEPTABLE CREDIT QUALITY Institution	Country	Long Term Rating			Limit £m	Term Limit	Fitch	Moody's	S&P
		Fitch	Moody's	S & P			Fitch	Moody's	S&P
Debt Management Office	UK	AA+	Aa1	AAA			2	2	1
Local Authorities	UK	AA+	Aa1	AAA	£8m	3 years	2	2	1
HSBC Bank plc (* See note below)	UK	AA-	Aa3	AA-	£7.2m	13Mths	4	4	4
Lloyds Bank Group									
Bank of Scotland plc (** See note below)	UK	A	A1	A	£4.4m	13Mths	6	5	6
Barclays Bank plc	UK	A	A2	A	£8m	13Mths	6	6	6
Close Brothers Ltd	UK	A	A3		£8m	100 Days	6	7	
Lloyds Bank Group									
Lloyds Bank plc (** See note below)	UK	A	A1	A	£4.4m	13Mths	6	5	6
Nationwide BS	UK	A	A2	A	£8m	13Mths	6	6	6
Santander UK Plc (Abbey)	UK	A	A2	A	£8m	13Mths	6	6	6
Standard Chartered Bank	UK	AA-	A1	AA-	£8m	13Mths	4	5	4
Goldman Sachs International Bank	UK	A	A2	A	£8m	100 Days	6	6	6
Leeds Building Society	UK	A-	A3		£8m	100 Days	7	7	
CUMBERLAND BUILDING SOCIETY	UK				£1m	100 Days			
DARLINGTON BUILDING SOCIETY	UK				£1m	6 Mths			
FURNESS BUILDING SOCIETY	UK				£1m	6 Mths			
HARPENDEN BUILDING SOCIETY	UK				£1m	6 Mths			
HINCKLEY & RUGBY BUILDING SOCIETY	UK				£1m	6 Mths			
LEEK UNITED BUILDING SOCIETY	UK				£1m	6 Mths			
LOUGHBOROUGH BUILDING SOCIETY	UK				£1m	6 Mths			
MANSFIELD BUILDING SOCIETY	UK				£1m	6 Mths			
MARKET HARBOUROUGH BUILDING SOCIETY	UK				£1m	6 Mths			
MARSDEN BUILDING SOCIETY	UK				£1m	6 Mths			
MELTON MOWBRAY BUILDING SOCIETY	UK				£1m	6 Mths			
NATIONAL COUNTIES BUILDING SOCIETY	UK				£1m	6 Mths			
NEWBURY BUILDING SOCIETY	UK				£1m	6 Mths			
SCOTTISH BUILDING SOCIETY	UK				£1m	100 Days			
TIPTON & COSELEY BUILDING SOCIETY	UK				£1m	6 Mths			
VERNON BUILDING SOCIETY	UK				£1m	100 Days			
Australia and New Zealand Banking Group Ltd	AU	AA-	Aa2	AA-	£8m	13Mths	4	3	4
Commonwealth Bank of Australia	AU	AA-	Aa2	AA-	£8m	13Mths	4	3	4
Westpac Banking Corporation	AU	AA-	Aa2	AA-	£8m	13Mths	4	3	4
Bank of Montreal	CA	AA-	Aa3	AA-	£8m	13Mths	4	4	4
Bank of Nova Scotia	CA	AA-	Aa2	AA-	£8m	13Mths	4	3	4
Canadian Imperial Bank of Commerce	CA	AA-	Aa3	AA-	£8m	13Mths	4	4	4
Royal Bank of Canada	CA	AA	Aa3	AA	£8m	13Mths	3	4	3
Toronto Dominion Bank	CA	AA-	Aa1	AA-	£8m	13Mths	4	2	4
Nordea Bank Finland Plc	FI	AA-	Aa3	AA-	£8m	13Mths	4	4	4
Pohjola Bank PLC-A Shs	FI	A+	Aa3	A+	£8m	13Mths	5	4	5
Deutsche Bank AG - Registered	GE	A+	A3	A	£8m	6Mths	5	7	6
LANDESBANK HESSEN-THÜRINGEN	GE	A+	A2	A	£8m	6Mths	5	6	6
Bank Nederlandse Gemeenten	NE	AAA	Aaa	AA+	£8m	13Mths	1	1	2
Cooperative Centrale Raiffe (Rabobank)	NE	AA-	Aa2	AA-	£8m	13Mths	4	3	4
ING Bank NV	NE	A+	A2	A	£8m	100 Days	5	6	6
DBS Bank Ltd	SI	AA-	Aa1	AA-	£8m	13Mths	4	2	4
Oversea-Chinese Banking Corp	SI	AA-	Aa1	AA-	£8m	13Mths	4	2	4
United Overseas Bank Ltd	SI	AA-	Aa1	AA-	£8m	13Mths	4	2	4
Svenska Handelsbanken AB	SW	AA-	Aa3	AA-	£8m	13Mths	4	4	4
Credit Suisse	SZ	A	A1	A	£8m	100 Days	6	5	6
JP Morgan Chase Bank	US	A+	Aa3	A+	£8m	13Mths	5	4	5
MONEY MARKET FUNDS (MMFs)									
Deutsche Bank Advisors	Ireland		Aaa	AAA	£8m			1	1
Federated Investors	UK	AAA	Aaa	AAA	£8m		1		1
HSBC Asset Management	Ireland		Aaa	AAA	£8m			1	1
Ignis Asset Management	Ireland	AAA		AAA	£8m		1		1
HSBC Bank plc * - (Reduced limit)	uk	£0.5m School balances at HSBC					7 = Borderline rating		
Lloyds Banking Group									
Bank of Scotland plc ** - (Reduced limit)	uk	£3.5m School balances at Lloyds TSB							
Lloyds Banking Group									
Lloyds Bank plc ** - (Reduced limit)	uk	£3.5m School balances at Lloyds TSB							

Group Limits: £8m per non UK Country, £16m in total in Building Societies, £15m in total in non specified investments.

Appendix 2

TEMPORARY LOANS BOOK

Balances as at the 03/10/14

<u>LOAN REF.</u>	<u>LENDER NAME</u>	<u>BROKER</u>	<u>PRINCIPAL</u>	<u>START DATE</u>	<u>MATURITY DATE</u>	<u>INITIAL INT RATE</u>	<u>DAYS</u>	<u>INT DUE</u>
TEMPORARY LOAN OUT (DEPOSIT)								
200003996	HSBC BANK PLC	N/A	7,200,000.00	01/10/14	06/10/14	0.400000	5	394.52
200003982	BIRMINGHAM CITY COUNCIL	CDB	5,000,000.00	14/08/14	31/10/14	0.400000	78	4,273.97
200003992	SCOTTISH BUILDING SOCIETY	FP	1,000,000.00	17/09/14	17/12/14	0.480000	91	1,196.71
200003993	CUMBERLAND B SOCIETY	MARB	1,000,000.00	17/09/14	17/12/14	0.500000	91	1,246.58
200003988	SANTANDER UK PLC	MARB	2,000,000.00	15/09/14	24/12/14	0.560000	100	3,068.49
200003997	NATIONWIDE B/SOCIETY	LCB	5,000,000.00	03/10/14	05/01/15	0.500000	94	6,438.36
200003987	NATIONWIDE B/SOCIETY	LCB	3,000,000.00	11/09/14	11/03/15	0.650000	181	9,669.86
200003989	LANDESBANK HESSEN-	MARB	6,000,000.00	15/09/14	16/03/15	0.690000	182	20,643.29
200003991	NATIONAL COUNTIES B SOCIETY	FP	1,000,000.00	17/09/14	17/03/15	0.650000	181	3,223.29
200003941	GREATER LONDON AUTHORITY	FP	8,000,000.00	01/04/14	01/04/15	0.700000	365	56,000.00
			39,200,000.00					106,155.07
TEMPORARY LOAN OUT (CALL DEPOSITS)								
200003801	BANK OF SCOTLAND(INSTANT)	N/A	3,824,507.18	17/12/12		0.400000		Call Money
200003868	BARCLAYS	N/A	8,000,000.00	08/07/13		0.587810		35 Day Notice
200003869	SANTANDER UK PLC	N/A	6,000,000.00	08/07/13		0.400000		Call Money
200003948	SVENSKA HANDELSBANKEN	N/A	8,013,142.71	14/04/14		0.550000		Call Money
			25,837,649.89					
TEMPORARY INVESTMENT (CERTIFICATE OF DEPOSIT)								
1600000004	CDS STANDARD CHARTERED	KS	8,000,000.00	10/04/14	12/01/15	0.700000	277	42,498.63
			8,000,000.00					42,498.63
MMF DEPOSITS								
2400000002	IGNIS STERLING LIQUIDITY	N/A	8,000,000.00	04/09/12		0.430335		
2400000003	HSBC STERLING LIQUIDITY	N/A	8,000,000.00	04/09/12		0.401300		
2400000004	FEDERATED PRIME RATE	N/A	6,200,000.00	17/09/12		0.387338		
2400000005	DEUTSCHE MANAGED STERLING	N/A	6,300,000.00	19/07/13		0.396426		
			28,500,000.00					
COLLECTIVE INVESTMENT FUNDS								
2600000004	PAYDEN & RYGEL	N/A	9,208,574.37	01/02/12				
2600000005	FEDERATED PRIME RATE C+	N/A	5,032,232.46	27/03/13				
2600000006	CCLA INVESTMENT MGT LTD	N/A	3,000,000.00	28/11/13				
			17,240,806.83					

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Public report Audit & Procurement Committee

Audit Committee

20th October 2014

Name of Cabinet Member:

Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

Director Approving Submission of the report:

Executive Director Resources

Ward(s) affected:

All

Title:

Transformation and JEEP Programmes Financial Savings Update

Is this a key decision?

No

Executive Summary:

The purpose of this report is to provide the Audit & Procurement Committee with an update on the financial savings anticipated from the Council's Transformation Programme and the final position in relation to achievement of the JEEP (Justify Expenditure, Examine Performance) financial savings. It is anticipated that the abc Programme will have delivered additional savings of £15.8m in 2014/15 and total annual savings over the 5 year course of the Programme to date of nearly £50m. The JEEP Programme will deliver savings of £195,000 in 2014/15.

Recommendations

Audit and Procurement Committee is recommended to:

- a) note the forecast Transformation Programme financial savings and the final position in relation to the JEEP Programme,
- b) consider whether there are any issues which it wants to refer to the Cabinet Member (Strategic Finance and Resources) or the Finance and Corporate Services Scrutiny Board.

List of Appendices included:

None

Other useful background papers:

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?

No

Will this report go to Council?

No.

Report title:

Transformation and JEEP Programmes Financial Savings Update

1. Context (or background)

- 1.1 The abc Programme - A Better Council for A Bolder Coventry – was launched in June 2009. The fundamental objective of the programme was to achieve better value for money measured principally through reductions in the costs of delivering services. The JEEP Programme (Justify Expenditure, Examine Performance) was launched in 2013 to identify everyday changes to save money suggested by staff.
- 1.2 This report outlines the degree to which existing 2014/15 abc savings targets are forecast to be achieved and where further action is required to deliver savings. It does not report in detail, savings targets set for previous years where these have already been fully delivered.
- 1.3 The report also identifies the final savings position in relation to the JEEP Programme.
- 1.4 It is anticipated that the abc Programme will have delivered additional savings of £15.8m in 2014/15 and total annual savings over the 5 year course of the Programme to date of nearly £50m. The JEEP Programme will deliver savings of £195,000 in the 2014/15.

2. Options considered and recommended proposal

- 2.1 This report does not set out any options. It reports the forecast financial position.

The abc Programme

- 2.2 The October 2013 Transformation Programme Financial Savings Report to Audit and Procurement Committee reflected abc several projects where savings had fallen short of their target. The latest position on these items is as follows:

Commercial Waste (£190,000 shortfall reported previously) – The shortfall in this area now stands at c£100,000. A price increase of 8% has helped to bridge the gap and other management actions have meant that this is not a budgetary control pressure in 2014/15. However, further action will be required to ensure that the remaining target is delivered on an on-going basis including consideration of further price increases.

Corporate Transport (£75,000 shortfall reported previously) – This saving has now been delivered.

Sustainability and Low Carbon (£25,000 shortfall reported previously) – This saving has now been delivered.

CLYP Programme (£3.3m shortfall reported previously) – This saving was removed as part of the 2014/15 Budget which recognised that it was not possible to achieve the target as a result of an increasing population of children, higher numbers of contacts, referrals and caseloads and early intervention services now supporting more families.

CCTV (£59,000 shortfall reported previously) - This saving has now been delivered.

Early Intervention Grant (£700,000 shortfall reported previously) - This saving was removed as part of the 2014/15 Budget.

2.3 The following table sets out the current forecast for new or additional savings targets in 2014/15.

	Savings Target £000	Expected Achievement £000
Public Health	(500)	(500)
Strategic Commissioning & Procurement	(3,000)	(3,000)
A Bolder Community Services (ABCS)	(5,000)	(5,000)
Special Educational Needs & Disability	(500)	(500)
Commercialisation/Income Maximisation	(1,500)	(1,500)
Financial Management/Money Matters	(705)	(705)
Review of LEA Functions	(500)	(500)
Strategic Review of Business Rate Growth	(2,000)	(2,000)
Reduce Demand for Council Services (includes £500k not delivered in 2013/14)	(1,000)	0
Strategic Asset & Property Review	(500)	(500)
Headcount Reduction Strategy	(500)	(500)
Future Shape of the Council	(500)	(500)
Review Neighbourhood Services	(300)	(300)
Cultural Trusts	(273)	(273)
	(16,778)	(15,778)

2.4 In total, the current forecast saving for the new savings in 2014/15 is £15,778k compared with the target of £16,778k. The shortfall relates to the Reducing Demand for Council Services saving for which no separate specific work-stream has been pursued. The saving in this area rises to £3m next financial year and this will now be incorporated within the budget setting process for 2015/16.

2.5 Although there will not be a separate saving line for Reducing Demand for Council Services in the 2015/16 Budget Setting proposals, other savings will be identified within the Budget that will align to the concepts behind the original saving. These savings will be linked to programmes including Kickstart and the Customer Journey and the establishment of a new Customer Contact Centre in Broadgate House. They will affect how users of Council services transact with the Council, move an increasing number of services on-line, reduce the number of locations that services are delivered from and affect the range and level of services that are provided.

2.6 The total of planned savings across all years of the programme to the end of 2014/15 based on original abc targets was £55.6m. Based on the latest position it is now anticipated that savings of £49.8m will be achieved. The shortfall is the result of savings not achieved in reviews referenced above (CLYP, Reducing Demand for Council Services, Early Intervention Grant and Commercial Waste).

The JEEP Programme

2.7 The report also sets out the final position in relation to JEEP Programme savings. In February 2014, Audit & Procurement Committee received a report that showed the following savings, amounting to £62,500 had already been delivered.

	£
Reduce no of Leaflets	(50,000)
Re-Use Used School Furniture	(500)
Fewer Citivision Issues	(12,000)
Total	(62,500)

2.8 Since then further savings of £132,500 have been identified or confirmed.

	£
Christmas Closedown	(60,000)
Unpaid Leave for Staff	(66,000)
Bin Collection Timetable	(6,500)
Total	(132,500)

Together with the previously confirmed savings above this means that savings arising directly from JEEP proposals now amount to £195,000.

2.9 Other measures that have been implemented by the City Council or are in process are aligned to several of the proposals that were made during the JEEP Programme. The move to Friargate (Use of cheaper office blocks) is due to save £500,000 as a direct result of using Council buildings more effectively, the closure of Elm Bank (Elm Bank overspill parking costs) will save c£330,000 and use of Council Fibre instead of BT indicates savings of £20,000. These savings were consistent with proposals made during the JEEP Programme rather than being driven directly by the Programme and the relevant savings have been earmarked to the delivery of other projects.

Report author(s):

Name and job title: Paul Jennings, Finance Manager (Corporate Finance)

Directorate: Resources Directorate

Tel and email contact: 02476833753 paul.jennings@coventry.gov.uk

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Cabinet Member (Policy and Leadership)
Audit and Procurement Committee

5 September 2014
20 October 2014

Name of Cabinet Member:

Cabinet Member (Policy and Leadership) Councillor Mrs Lucas

Director Approving Submission of the report:

Chief Executive

Ward(s) affected:

Nil

Title:

Complaints to the Local Government Ombudsman 2013/14

Is this a key decision?

No

Executive Summary:

The Local Government Ombudsman (LGO) provides an independent means of redress to individuals for injustice caused by unfair treatment or service failure by a local authority. As part of the Council's complaints process complainants are informed of their rights to contact the LGO if they are not happy with the Council's decision.

The Cabinet Member Community Safety and Equalities at the meeting of 27 March 2014 decided that the number and outcome of complaints received by the LGO about the Council would be formally reported to elected members through the Cabinet Member (Policy and Leadership). This is the first such report and covers complaints over the period 1 April 2013 to 31 March 2014.

In July 2014 the Ombudsman issued her Annual Letter to the Chief Executive to summarise complaints dealt with during the year. A report "Review of Local authority complaints" was also published on the LGO web pages, this has helped to compare Coventry's performance with national trends.

Recommendations:

The Cabinet Member is recommended to:

- (1) Consider the Council's performance in relation to complaints to the Local Government Ombudsman.
- (2) Request the Audit and Procurement Committee to:
 - Review and be assured that the Council takes appropriate action in response to complaints investigated and where the Council is found to be at fault.
 - Advise on the timing and focus for future reports to help to ensure that the Council learns from complaints.

The Audit and Procurement Committee is recommended to:

- (1) Consider the Council's performance in relation to complaints to the Local Government Ombudsman.
- (2) Review and be assured that the Council takes appropriate actions in response to complaints investigated and where the Council is found to be at fault.
- (3) Advise on the timing and focus for future reports to help to ensure that the Council learns from complaints.

List of Appendices included:

Appendix A: Summary of complaints investigated by the LGO – upheld/not upheld

Other useful background papers:

Local Government Ombudsman – Review of local government complaints 2013/14

<http://www.lgo.org.uk/news/2014/jul/ombudsman-publishes-local-authority-complaint-statistics-new-report/>

Cabinet Member Community Safety and Equalities 27 March 2014 – Reporting Ombudsman Complaints and Reports

<http://democraticservices.coventry.gov.uk/documents/s15781/Reporting%20of%20Ombudsman%20Complaints%20and%20Reports.pdf>

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?

Yes

Audit and Procurement Committee – 20 October 2014

Will this report go to Council?

No

Report title: Complaints to the Local Government Ombudsman 2013/14

1. Context (or background)

- 1.1 The Local Government Ombudsman (LGO) offers an independent, impartial and free service to any member of the public dissatisfied with the way that a Council has dealt with their complaint. The Council advises complainants that they have the option to contact the Ombudsman once the Council's own complaints process has been exhausted.
- 1.2 This report provides elected members with information about the number and outcome of LGO complaints received and investigated about the Council during 2013/14. It also provides more detail on those complaints which were investigated by the Ombudsman during 2013/14 including the actions taken by the Council where a complaint was upheld by the Ombudsman.

2. Options considered and recommended proposal

- 2.1 Each year the Ombudsman writes to the Chief Executive through the Annual Review Letter, this was received in July 2014. The letter includes summary statistics for 2013/14 and shows that the Ombudsman recorded 108 enquiries relating to Coventry City Council which differs slightly from the figures recorded by the Council (90). The LGO has clarified that some enquiries will result in advice being given without the need for contact between the Ombudsman and local authority. There are also some differences in the classification of complaints which explains the difference between the recorded figures.

Adult care services	Benefits & tax	Corporate & other services	Education & children's services	Environmental services & public protection & regulation	Highways & transport	Housing	Planning & development	Total
13	26	5	25	14	11	8	6	108

Table 1: Summary statistics enquiries received by the Ombudsman about the Council: Ombudsman Annual Letter to the Chief Executive July 2014 <http://www.lgo.org.uk/documents/annualreview/2014/Coventry%20City%20Council.pdf>

- 2.2 It is not possible to comment on the Council's performance based purely upon the number of enquiries that the Ombudsman receives about the Council. On one hand it could be argued that a high number of complaints would indicate that an authority has been effective at signposting people to the LGO through their complaints handling process, on the other a high number of complaints could also highlight that an authority needs to do more to resolve issues through its own complaints process.
- 2.3 Of all cases recorded the LGO investigated 19 complaints about Coventry in 2013/14, 10 (53%) of these were upheld and 9 (47%) not upheld. One upheld complaint resulted in a formal report of maladministration being issued by the Ombudsman.

LGO decision classifications have changed during 2013/14 and the following has been provided by the LGO.

Upheld: These are complaints where we (the LGO) have decided that an authority has been at fault in how it acted and that this fault may or may not have caused an injustice to the complainant, or where an authority has accepted that it needs to remedy the complaint before we make a finding on fault. If we have decided there was fault and it caused an injustice to the complainant, usually we will have recommended the authority take some action to address it.

Not upheld: Where we have investigated a complaint and decided that a council has not acted with fault, we classify these complaints as not upheld.

Wherever possible the LGO publishes decision statements on its web pages although this would not happen where the content of the report could identify the individual complainant. For Coventry there were three decision statements posted for 2013/14.

- 2.4 The 19 complaints investigated by the LGO in 2013/14 related to the following service areas.

Service Area	Upheld	Not upheld	Average Initial Response Time (Working days)
Adult social care	3	2	16
Children's social services	4	1	24
Education services	1	1	18
Housing services		1	19
Bereavement services		1	20
Highways services		1	23
Planning		1	19
Benefits	2	1	12.5
Total	10	9	19.4 (average)

- 2.5 The LGO report "Review of Local Government Complaints 2013/14" notes that the number of complaints nationally received by the LGO had remained fairly static over the last year. Complaints about benefits and tax and adult social care were the two areas where they had seen the biggest percentage increase on last year. It has not been possible to compare Coventry complaints with the previous year 2012/13 as there were no annual figures provided by the LGO, this was due to changes in the way in which complaints were classified. During 2013/14 the Council had the most investigations in Adult Social Care and Children's Social Services with Benefits the third highest. For Adult Social Care and Children's Social Services separate reports will be presented to the relevant Cabinet Members later in 2014.
- 2.6 More detail on the outcome of the complaints investigated including for those upheld, the action taken by the Council and any compensation paid, is attached in a separate table (Appendix A). The Council has taken a range of actions to respond to the fault identified. Most often this has involved issuing guidance and training for staff so that they are clear on processes and to avoid the same problem recurring. Members of the Audit and Procurement Committee are asked to review the actions taken and to comment on whether they are satisfied with the action taken and the learning from the process.
- 2.7 The average number of working days that the Council took to make an initial response to the first stage of an Ombudsman enquiry (19.4 days) is within the standard set by the LGO of 20 days. The exceptions to this were in Children's Social Services and Highways Services.
- 2.8 As an indication of Coventry's performance in relation to other local authorities the table below shows a comparison with the (CIPFA) nearest neighbours group. The table includes the number of investigations and the percentage upheld/not upheld. The 19 investigations for Coventry in 2013/14 was less than the average for the group of 22 however there were more complaints upheld 53% as compared to the average of 41%.

Local Authority	Upheld	Not Upheld	% Upheld	Total
Rochdale	5	4	56%	9
Stockton-on-Tees	5	5	50%	10
Peterborough	10	4	71%	14
Calderdale	8	8	50%	16
Dudley	3	16	16%	19
Oldham	7	12	37%	19
Coventry	10	9	53%	19
Derby	11	8	58%	19
Bolton	9	12	43%	21
Tameside	13	12	52%	25
Medway	6	20	23%	26
Walsall	9	17	35%	26
Wolverhampton	5	23	18%	28
Stoke-on-Trent	17	11	61%	28
Kirklees	13	23	36%	36
Bradford	14	22	39%	36
Average	9	13	41%	22

Complaints investigated by the LGO

Source: Extracted from data annex 2013/14 LGO

<http://www.lgo.org.uk/news/2014/jul/ombudsman-publishes-local-authority-complaint-statistics-new-report/>

- 2.9 Elected members are asked for their views on the timing and format of future reports. It is recommended that Ombudsman Complaints should continue to be reported on an annual basis to coincide with the Ombudsman's Annual Letter usually around July time. In the event that the Ombudsman issues a decision report outlining maladministration by the Council, this would be subject to a separate report as and when it occurred. This would ensure transparency and enable the Council to make sure that the appropriate corrective action had been taken and to avoid the situation recurring.
- 2.10 The reporting arrangements may need to be revised in light of any recommendations arising from a wider review of the Council's complaints management arrangements which is being led through the Customer Journey programme.

3. Results of consultation undertaken

- 3.1 There is no consultation identified in relation to LGO complaints.

4. Timetable for implementing this decision

- 4.1 The number and outcome of LGO cases will be formally reported to members on an annual basis. There will also be a separate report to the Cabinet Member at any time in the year should the Ombudsman issue a formal report about an upheld finding of maladministration.

5. Comments from Executive Director, Resources

- 5.1 Financial implications

In 2013/14 the Council paid a total of £9,236 in local settlements and this related to five complaints. The money was found from existing Directorate service budgets.

5.2 Legal implications

The Local Government Act 1974 defines the main statutory functions for the Ombudsmen:

- to investigate complaints against councils and some other authorities
- to investigate complaints about adult social care providers from people who arrange or fund their adult social care (Health Act 2009)
- to provide advice and guidance on good administrative practice

The main activity under Part III of the 1974 Act is the investigation of complaints, which the Act states is limited to complaints from members of the public alleging they have suffered injustice as a result of maladministration and/or service failure. Under Part IIIA the Ombudsman investigates complaints from people who allege they have suffered injustice as a result of action by adult social care providers.

Whilst there is no legal obligation to do so, the monitoring and reporting on the outcomes of the LGO complaints represents good practice and promotes good governance and service improvement.

6. Other implications

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

Putting local people first and their needs at the heart of the customer journey is a priority for the Council. As part of the Customer Journey programme there will be wider consideration of the Council's complaints management process to see whether further improvements can be made and this will also include ombudsman complaints.

6.2 How is risk being managed?

It is important that the Council takes action and learns from the outcome of complaints. Appendix A describes the actions that the Council has taken for example providing training, instruction and guidance to staff and improving communications between services to help to manage risk of the likelihood of the same fault happening again.

6.3 What is the impact on the organisation?

The co-ordination and management of Ombudsman complaints often involves considerable time of officers including where appropriate legal advice. The effective co-ordination and management of the Council's own complaints process is important in helping to manage this resource and this will be reviewed as part of the Customer Journey programme.

6.4 Equalities / EIA

All members of the public are able to refer complaints to the LGO if they are dissatisfied with Council services. This is made clear through the Council's complaint process and in individual letters detailing the findings of the Council's own complaints investigations.

6.5 Implications for (or impact on) the environment

None

6.6 Implications for partner organisations?

Although Ombudsman complaints primarily concern services provided by Coventry City Council they may from time to time also involve partners and third party contractors. In

these cases there is provision for them to comment or provide information as part of an Ombudsman investigation.

Report author(s):

Name and job title:

Carol Dear, Corporate Performance Co-ordinator

Directorate:

Chief Executive's

Tel and email contact:

024 7683 3226 Carol.Dear@coventry.gov.uk

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:				
Bev McLean	Performance Information Officer	Chief Executive's	11.08.14	11.08.14
Simon Brake	Assistant Director Communities and Health	People	11.08.14	13.08.14
John Teahan	Business Manager	People	11.08.14	15.08.14
Jane Simpson	Business Support Manager	Place	11.08.14	11.08.14
David Wilson	Children's Complaints Officer	People	11.08.14	12.08.14
Steve Mangan	Manager Audit	Resources	11.08.14	13.08.14
Tim Saville	Head of Revenues and Benefits	Resources	19.08.14	19.08.14
Lara Knight	Governance Services Team Leader	Resources	23.08.14	26.08.14
Other members				
Names of approvers for submission: (officers and members)				
Finance: Paul Jennings	Corporate Finance Manager	Resources	19.08.14	19.08.14
Legal: Helen Lynch	Corporate Governance and Litigation Manager	Resources	11.08.14	20.08.14
Assistant Director: Jenni Venn	Assistant Director Policy and Partnership	Chief Executive's	11.08.14	11.08.14
Director: Martin Reeves	Chief Executive		20.08.14	20.08.14
Members: Councillor Ann Lucas	Cabinet Member Policy and Leadership		20.08.14	27.08.14

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60 Decisions in 2013/14 (detailed investigations carried out)

Directorate/Division	Decisions Upheld	Monetary Settlement
People		
Adult Social Care (3)	<ul style="list-style-type: none"> • The Council did not follow agreed procedure that they would contact client's daughter regarding appointments. <ul style="list-style-type: none"> - The Council apologised and agreed to write to daughter to make any further appointments. • The Council did not deal properly with the assessment of Mr K's parents' needs or with their direct payments. <ul style="list-style-type: none"> - Injustice remedied through £3,138 additional payment agreed as part of the final decision. The Council produced a Q&A practice guide on direct payments for practitioners. • A safeguarding complaint for which the ombudsman issued a formal report. <ul style="list-style-type: none"> - The Council apologised and informed relevant parties of the Ombudsman's decision. 	£3,138
Children's Social Services (4)	<ul style="list-style-type: none"> • The Council did not follow the correct procedure regarding obtaining parental permission. <ul style="list-style-type: none"> - A settlement of £2,000 for time and trouble and distress and anxiety. All managers were reminded and made fully aware of the rules relating to parental responsibility. • The Council did not amend Core Assessment and delayed reviewing the child's care package. Record keeping was found to be poor. <ul style="list-style-type: none"> - £200 settlement for the delays experienced. The Council wrote to the complainant explaining the steps that it had taken to ensure social care staff were properly trained in their duty to record all dealings with service users. • This comprised 2 complaints relating to Education and Social Services in which it was alleged 	£2,550

Directorate/Division	Decisions Upheld	Monetary Settlement
	<p>that the Council did not deal properly with concerns about Child A, failed to provide suitable services for the child and parent and also took excessive time to deal with concerns.</p> <ul style="list-style-type: none"> - The investigator considered that there was some evidence of fault by children's social services. £350 settlement. Training provided for social workers in understanding needs of children who are on the autistic spectrum. 	
Education Services (1)	<ul style="list-style-type: none"> • The Council failed to provide suitable education for a child and delayed in finding a suitable alternative placement. The level of home tuition provided was considered to be too low. - A payment of £1,500 for the lack of educational provision and £200 for the delay in naming a suitable school for the child. 	£1,700
Resources		
Benefits (2)	<ul style="list-style-type: none"> • The Council failed to pay housing benefit direct to the landlord despite there being rent arrears in excess of 8 weeks. The complainant landlord informed the Housing Service and the information was not passed on to Housing Benefit Service. - Settlement for lost rent payments of £580 and £1,118, additional £150 for time and trouble. The Council took steps to improve liaison between the respective services. • The Council did not explain about appeal rights to a letting agent when it sought to recover a housing benefit overpayment. - The Council agreed to consider an appeal and apologised for its delay in responding to the complainant. 	£1,848
Total	10 complaints upheld	£9,236

Directorate/Division	Decisions Not Upheld
People	
Adult Social Care (2)	<ul style="list-style-type: none"> The investigator found no fault in the Council's decision not to place an adult with learning disabilities in Ms A's shared lives scheme. The Council had not finished investigating Miss X's complaint about its support to her mother so the investigator stopped the investigation.
Children's Social Services (1)	<ul style="list-style-type: none"> Mr X complained about unfair bias against him in a report for a Child Protection Conference. There was insufficient evidence of fault in the way in which the Council drew up the report or that this caused harm to the children.
Housing (1)	<ul style="list-style-type: none"> The investigator found no fault in the way the Council assessed Miss X's Housing Register application.
Education Services (1)	<ul style="list-style-type: none"> Ms X complained to the Ombudsman on behalf of her daughter but her daughter did not provide her consent to the complaint being investigated. Therefore the investigator discontinued her investigation.
Place	
Bereavement Services (1)	<ul style="list-style-type: none"> The investigator found some poor record keeping in 2012 but no other significant fault in relation to Mrs X complaint with regard to the location of her son's grave.
Highways (1)	<ul style="list-style-type: none"> The Council approved a programme of verge schemes including re-advertising of a verge parking restriction at Mr C's location. The investigator discontinued her investigation as she considered the Ombudsman's continued involvement at this stage would not achieve more.
Planning (1)	<ul style="list-style-type: none"> Mrs C complained about the way the Council considered a planning application the investigator decided to complete her investigation as she found no evidence of fault causing the complainant an injustice.

Directorate/Division	Decisions Not Upheld
Resources	
Benefits (1)	<ul style="list-style-type: none"> Mr E complained the Council made payment of housing benefit to him late and owed him a payment. The investigator found no fault by the Council.
Total	9 Complaints not upheld

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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