



Audit and Procurement Committee

Time and Date

3.30 pm on Monday, 14th December, 2015

Place

Diamond Room 2 - Council House

Public Business

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 3 - 12)
To agree the minutes of the meeting held on 26th October 2015
4. **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.
5. **Work Programme 2015/16** (Pages 13 - 14)
Report of the Executive Director of Resources
6. **2015/16 Second Quarter Financial Monitoring Report (to September 2015)**
(Pages 15 - 34)
Report of the Executive Director of Resources
7. **City Council Investment Activity** (Pages 35 - 38)
Report of the Executive Director of Resources
8. **Internal Audit Recommendation Tracking Report** (Pages 39 - 48)
Report of the Executive Director of Resources
9. **Half Yearly Fraud update 2015-16** (Pages 49 - 56)
Report of the Executive Director of Resources
10. **Capital Receipts & Property Transactions** (Pages 57 - 58)
Briefing Note of the Executive Director of Place

11. **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

12. **Procurement Progress Report** (Pages 59 - 70)
Report of the Executive Director of Resources
13. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

Chris West, Executive Director, Resources, Council House Coventry

Friday, 4 December 2015

Note: The person to contact about the agenda and documents for this meeting is Lara Knight Tel: 024 7683 3237 Email: lara.knight@coventry.gov.uk

Membership: Councillors S Bains (Deputy Chair), J Blundell, L Harvard, T Sawdon, B Singh and T Skipper (Chair)

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.

Lara Knight

Telephone: (024) 7683 3237

e-mail: lara.knight@coventry.gov.uk

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee held at 3.30 pm
on Monday, 26 October 2015

Present:

Members: Councillor S Bains
 Councillor L Harvard
 Councillor T Sawdon
 Councillor B Singh

Employees (by Directorate):

Chief Executive's C. Dear
Resources M Burn, P Jennings, L Knight, H Lynch, S Mangan,
 H Williamson

Apologies: Councillor J Blundell and T Skipper

Public Business

23. Declarations of Interest

There were no disclosable pecuniary interests.

24. Minutes of Previous Meeting

The minutes of the meeting held on 3rd August 2015 were agreed and signed as a true record.

With regard to Minute 17, headed "Review of the Effectiveness of the System of Internal Control 2014-15", in particular Resolution 3, the Executive Director of Resources reported that a training plan for the Committee had been established for discussion with the Chair of the Committee. However, as the Chair had been unavailable for some weeks due to ill health, the Committee requested that if the Chair remained unavailable for more than two weeks, the training plan be progressed.

25. 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 35 headed "Procurement 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.

26. **Work Programme 2015-16**

The Committee considered a report of the Executive Director of Resources, which set out the work programme for the Committee for the coming year.

The Executive Director of Resources provided an update on the position in relation to the Corporate Risk Register, RIPA Annual Report and the Property Review/Disposal which had been listed for consideration at this meeting. It was agreed that these matters should be rescheduled to an appropriate future meeting.

RESOLVED that the work programme be approved and updated as indicated.

27. **Annual Audit Letter 2014-15**

The Committee considered Annual Audit Letter from the Council's External Auditors, Grant Thornton, which set out the key findings from the work that they had carried out at the Council for the year ending 31st March 2015.

The letter communicated key messages to the Council and external stakeholders, including members of the public. The annual work programme, which included nationally prescribed and locally determined work, had been undertaken in accordance with the Audit Plan that was issued on 23rd March 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

Appendix A of the Letter set out the key issues identified and recommendations, along with a management response and timescale for implementation.

RESOLVED that the Annual Audit Letter 2014/15 be approved.

28. **Internal Audit Plan 2015-16**

The Committee considered a report of the Executive Director of Resources, which set out the draft Internal Audit Plan for 2015-16.

The draft Internal Audit Plan documented the outcome of the audit planning process for 2015-16 and provided a mechanism for allowing the Audit and Procurement Committee to "discharge its responsibility to consider the Head of Internal Audit's Annual Report and Opinion and a summary of internal audit activities (actual and proposed) and the level of assurance given within the Annual Governance statement incorporated in the Annual Accounts'. The report also enabled the Committee, as a key stakeholder of the Internal Audit Service, to comment on the content and scope of the proposed internal Audit Plan.

The Committee noted that normally the plan would be presented to them in April each year but that it had been delayed this year whilst the Legal and Democratic Services Review was undertaken. Whilst the second stage of the review was due to start shortly, it was envisaged that any impact from this would not occur until the later stages of the 2015-16 financial year or 2016-17.

The report set out the background to the plan, along with the planning process. In relation to the scope of the audit work, a key factor for limiting the work undertaken was the level of audit resource available. For 2015-16 the resources available were 880 days for audit and corporate fraud work. This was a reduction of just under 400 days when compared with 2014-15 and was due to the fact that one post had been deleted through the early retirement / voluntary redundancy process and a further two posts were vacant pending the outcome of the current service review.

In considering the resources available for 2015-16, this was believed to be sufficient for the work required to report on key risks and controls in the year and to prepare for the annual opinion and report.

The Committee noted that a key requirement in developing the Audit Plan was to align resources to the Council's corporate risk register. Whilst there were currently 13 corporate risks, the Audit Plan would consider only four of these areas during 2015-16. The reasons why there would be no audit coverage in relation to the remaining 9 risks was set out within the report.

Appendix 1 of the report set out the audit areas under the key driver headings of corporate risk, key / audit priorities, financial systems, regularity and other. Against each of the audit areas, the level of risk was identified, along with the planned audit days.

RESOLVED that the draft Internal Audit Plan for 2015-16 be approved.

29. **Half Year Internal Audit Progress Report 2015-16**

The Committee considered a report of the Executive Director of Resources which provided an update on the internal audit activity for the period April to September 2015, against the Internal Audit Plan 2015-16.

The Committee noted that the key target facing the Internal Audit Service is to complete 90% of its work plan by the 31st March 2016. As at the end of September 2015, the Service was on track to meet its target in that it had achieved its planned performance of 43% by the end of quarter two. Despite the performance to date, the Service still faced significant challenges in completing 90% of the plan by the end of March 2015 given that delays in individual audits could have a major impact given the reduction in the size of the audit plan for 2015-16.

Appendix one of the report submitted detailed the audits finalised between April and September 2015, along with the level of assurance provided. Appendix two provided a summary of findings from key audit reports completed and, in all cases, the relevant managers had agreed to address the issues raised in line with the timescales indicated. These reviews would be followed up in due course and outcomes reported to the Committee.

The Committee noted that there were also a number of audits ongoing and further audits at draft report stage.

Having considered the report and the matters referred to in Appendix two, the Committee requested that further information be provided to them in respect of the budgeted income for the Performing Arts Service and that a further report be submitted to the Committee following the December follow up audit of Care Director Expenditure.

In addition, the Committee raised the issue of the Council's cyber security, what level of assurance can be provided that the Council's IT network is secure and whether there is the possibility of transferring the risk to other organisations to manage on the Council's behalf. It was agreed that a briefing note would be submitted to the next scheduled meeting on this matter.

RESOLVED that the Audit and Procurement Committee:

- 1. Note the performance as at quarter two against the Internal Audit Plan for 2015-16.**
- 2. Having considered the summary findings of the key audit reviews attached at Appendix two, request:-**
 - a) Further information on the budgeted income for the Performing Arts Service.**
 - b) A further report following the December follow up audit of Care Director Expenditure.**
- 3. Request that a briefing note be submitted to the next meeting of the Committee in relation to the Council's cyber security and the possible transfer of risk to other organisations to manage on the Council's behalf.**

30. 2014-15 Annual Freedom of Information/Data Protection Act Report

The Committee considered a report of the Executive Director of Resources, which provided an overview of the number of requests for information received under the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 (EIR) and the Data Protection Act 1998 (DPA).

Under the Freedom of Information Act, the Council is required to provide the public with a means for requesting information held by the Authority, subject to any exemptions that may apply. In addition, Section 39 of Freedom of Information Act required the Council to process requests for environmental information under the Environmental Information Regulations 2004. The EIR process, whilst similar to FOIA, promoted 'proactive dissemination' of information and provided fewer grounds for the Council to withhold information. Both FOIA and EIR permit personal data, as defined by the Data Protection Act 1998, to be withheld where the applicant is not the subject of the data.

The Council is obliged to respond to information requests within 20 calendar days, provided that the requests are in writing, an address for responding to has been provided and it contains sufficient information for the Council to be able to confirm or deny whether information is held, subject to any exemptions. The Information

Commissioner's Office (ICO) monitors and publishes information about those authorities who respond to 85% or less of requests within 20 working days. During 2014/15, the Council received 1,307 requests (1,237 FOIA and 70 EIR) of which 1,029 (79%) were completed within 20 working days. Although the Council did not record the reasons why requests exceeded the statutory timescales, this could be due to delays in identifying whether information is held/and or internal deliberations around the application of any valid exemptions.

The Data Protection Act 1998 requires the authority to process personal data in accordance with the principles of the Act, which includes providing a means for an individual to request access to information that the Council processes about them, subject to any exemptions that may apply. Requests have to be responded to if the applicant has provided sufficient information to identify and confirm who they are and a payment of the statutory £10 fee, if applicable, has been made. DPA requests have to be completed within 40 calendar days. During 2014/15, the Council received 224 DPA subject access requests, of which 154 (69%) were completed within 40 calendar days.

For all requests, the Council was required to inform the requester of its internal review process to consider complaints in regard to how requests had been handled. This process was handled by the Information Governance Team. After a review had been completed, the applicant had a right to complain to the ICO for an independent ruling on the outcome of the review. The ICO would issue a decision notice on whether the complaint had been upheld, partially upheld or not upheld and, where applicable, the actions the authority had to undertake.

The Council received 20 requests for FOIA/EIR internal reviews and the report set out the grounds for the review, along with the outcome. The Council did not receive any ICO complaints during the course of the year in relation to FOIA/EIR requests. In addition, the Council received 15 requests for DPA internal reviews and the grounds for the review and the outcome was also set out in the report. The Council received 8 ICO complaints during the course of the year in respect of DPA requests and the Committee noted that none of the complaints were upheld.

The Committee were advised that, while the percentage of requests responded to within the statutory time limits had fallen during the year, staff turnover within the Information Governance Team and across the Council, as well as changes to the way in which requests were handled had impacted on the performance rate. The team had also been restructured and there were currently 2 vacant posts, including the Senior Information Governance Officer, which were in the process of being recruited to. The recent programme of ER/VR had an impact as well in that the people who routinely dealt with requests for information were no longer employed by the Council.

Whilst the Committee noted that the report indicated that there were no specific financial implications in relation to the report submitted, they were of the view that it would be helpful to have an understanding of the cost implications of undertaking FOIA/EIA and DPA requests, such as officer time incurred. It was agreed that future reports should include this information.

RESOLVED that the Audit and Procurement Committee:-

- 1. Note the Council's performance for responding to access to information requests report, the number and outcome of internal reviews and the number and outcome of complaints made to the Information Commissioners Office.**
- 2. Request that following the appointment of the Senior Information Governance Officer, a further update report be submitted to the Committee and the relevant Cabinet Member on the performance for responding to requests for information.**
- 3. Request that future reports include detail on the level of costs, such as officer time, incurred in responding to Freedom of Information Act, Environmental Information Regulations and Data Protection Act requests.**

31. Complaints to the Local Government Ombudsman 2014-15

The Committee considered a report of the Director of Public Health, which set out the complaints about Coventry received by the Local Government Ombudsman (LGO) during 2014/15 and the outcomes.

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.

Each year the Ombudsman writes to the Chief Executive through the Annual Review Letter. This was received in June 2015 and included summary statistics for 2014/15 that showed that the Ombudsman recorded 110 complaints and enquiries relating to Coventry City Council. This was very close to the figure of 108 recorded for the previous year 2013/14. The Committee noted that there is always a slight difference between this figure and the numbers recorded by the Council as some enquiries to the LGO will result in advice being given without the need for contact between the Ombudsman and local authority.

There were 107 decisions made for Coventry in 2014/15 and the LGO investigated 27 complaints, this was more than 19 of the previous year. There were 9 upheld cases in 2014/15 (33% of the total investigated) which compared favourably with 10 (53%) for the previous year. The Ombudsman did not issue formal reports of maladministration for any of the complaints upheld during 2014/15. This compares to one for the previous year.

Of the 27 complaints investigated, 9 were upheld and 18 were not upheld. The report provided a breakdown of the complaints by service area and a comparison between the complaints received by service area during the previous year. In addition, comparative data was provided between Coventry and its nearest neighbours which showed that whilst Coventry was slightly above average on the total number of complaints investigated (27 against an average of 23) it performed better than average in relation to the number of complaints upheld (33% against

an average of 40%). Full details of the complaints investigated, the outcome and, where necessary the action required by the Council, was provided as an Appendix to the report.

RESOLVED that the Audit and Procurement Committee:

- 1. Note the Council's performance in relation to complaints to the Local Government Ombudsman.**
- 2. Are assured that the Council takes appropriate actions in response to complaints investigated and where the Council is found to be at fault.**

32. European Funding

The Committee considered a briefing note from the Executive Director of Resources, which provided an update on the European Funding the Council had received and how it was managed.

Since 2010, the Council had received £45.2m of European Funding, covering both capital and revenue schemes, and would continue to finalise the European Programme until December 2015. Table 1 of the briefing note set out the projects that the Council had developed and invested into, covering historic projects, job creation and business grants, and one-off major schemes. The briefing note also set out in Table 2, the potential new allocation from the European Structural and Investment Fund (ESIF). The Committee noted that the Council had been provisionally allocated £15.9m from 2015 to 2019.

The Committee further noted that there was a rigorous governance process in the application/bid stage for European Funding which was required by the Department for Communities and Local Government, which administered the grant on behalf of Central Government. Locally, the Resources and New Projects Team within the Place Directorate co-ordinated the European Funding regimes on behalf of the Council. In addition, a dedicated Project Manager and Team were appointed to manage each individual project delivery.

Cabinet and Cabinet Member approval was sort in advance of bidding applications and project delivery, in order to seek approval in line with the Council's delegated financial limits. Further reports were provided by the Project Lead and through quarterly budgetary control reporting.

The briefing note indicated that European Funding was issued to the City Council based on the bidding round, but was not generally issued on a 100% basis. Match funding (contributions from another source) was often required to fully match and fund the total costs of the project. Each month or quarter, grant claims were submitted to the DCLG for review. DCLG would then select 10% audit checks from each claim, for which the City Council was required to provide evidence. Upon successful completion of the 10% check, the claim would be paid to the City Council. All claims had to be evidenced from the ledger for actual payment (defrayal) with supporting invoices and bank statements.

RESOLVED that the Audit and Procurement Committee note the position in relation to European Funding.

33. **Sub Regional Procurement Strategy 2015-2020**

The Committee considered a report of the Executive Director of Resources, which set out the proposed Sub-Regional Procurement Strategy for 2015-2020.

The Committee noted that the report was to also be considered by the Finance and Corporate Services Scrutiny Board (1) on 11th November and the Cabinet Member for Strategic Finance and Resources on 7th December 2015.

Through the shared procurement service, Coventry City Council, Solihull Metropolitan Borough Council and Warwickshire County Council agreed the first Sub-Regional Procurement Strategy in June 2010, which ran for 5 years, expiring in June 2015.

In July 2014, the Local Government Association (LGA) published the National Procurement Strategy, giving local authorities a structure for the outcomes that need to be achieved to deliver procurement good practice, based round the four themes of Making Savings; Supporting Local Economies; Demonstrating Leadership; and Modernisation.

For the shared procurement service to work effectively with contracts being let by one authority on behalf of the two other authorities, it is important that there are shared goals and desired outcomes. If there were no agreed direction on strategy, contracts could be let that were commercially sound without delivering the Council's priorities. The proposal is therefore that a sub-regional procurement strategy will clarify expectations and required outcomes leading to the delivery of Council priorities.

The shared procurement service management team reviewed the procurement vision contained in the existing strategy in the light of the current and future national context and pressures that need to be addressed by local government procurement professionals. The revised Sub-Regional Procurement Strategy for the period 2015-2020 has therefore been based around the National Procurement Strategy themes and priorities for local government and was appended to the report submitted.

Across the three upper tier authorities, the Coventry, Solihull and Warwickshire (CSW) sub-region spends approximately £883m each year on bought in goods, services and works. Spending this money well through effective procurement would be fundamental to achieving organisational success for the three authorities and supporting prosperity across the sub-region.

RESOLVED that the Audit and Procurement Committee support the proposed Sub-Regional Procurement Strategy 2015-2020.

34. **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.

35. **Procurement Progress Report**

The Committee considered a report of the Executive Director of Resources which provided an update on the procurement and commissioning undertaken by the Council since the last report submitted to the meeting on 3rd August, 2015. Details of the latest positions in relation to individual matters were set out in an appendix attached to the report.

In considering the report, the Committee requested that additional information be provided into the level of savings identified in relation to the Health and Wellbeing Service and Supervised Child Contact.

RESOLVED that the Audit and Procurement Committee:

1. **Note the current position in relation to the Commissioning and Procurement Services.**
2. **Do not intend to make recommendations to either the Cabinet Member for Strategic Finance and Resources, Cabinet or Council on any of the matters reported.**
3. **Do not require changes to the format in which the information is provided at this time.**

36. **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 5.15 pm)

This page is intentionally left blank

Audit and Procurement Committee

Work Programme 2015-16

3rd August 2015

Audit Findings Report 2014-15 (Grant Thornton)
Statement of Accounts 2014-15
Quarter One Revenue and Corporate Capital Monitoring Report 2015-16
Treasury Management Update
Review of the Effectiveness of the System of Internal Audit
Fraud Annual Report 2014-15
Audit Committee Annual Report 2014-15
Procurement Progress Report (Private)

26th October 2015

Annual Audit Letter 2014-15 (Grant Thornton)
Internal Audit Plan 2015-16
Half Year Internal Audit Progress Report 2015-16
FOI / DPA Annual Report 2014-15
Ombudsman Complaints Annual Report 2014-15
European Funding
Procurement Progress Report (Private)

14th December 2015

Quarter Two Revenue and Corporate Capital Monitoring Report 2015-16
Treasury Management Update
Internal Audit Recommendation Tracking Report
Half Yearly Fraud Update 2015-16
Procurement Progress Report (Private)
Property Review / Disposal

15th February 2016

Grant Certification Report (Grant Thornton)
Annual Audit Plan (Grant Thornton)
Quarter Three Revenue and Corporate Capital Monitoring Report 2015-16
Quarter Three Internal Audit Progress Report 2015-16
Contract Management Review
Procurement Progress Report (Private)
RIPA (Regulation of Investigatory Powers Act) Annual Report 2014-15
Cyber Security Review

11th April 2016

Internal Audit Plan 2016-17
Procurement Progress Report (Private)

Dates to be confirmed

Corporate Risk Register Update



Public report Cabinet Report

Cabinet
Audit and Procurement Committee

26th November 2015
14th December 2015

Name of Cabinet Member:

Cabinet Member for Strategic Finance & Resources – Councillor Gannon

Director approving submission of the report:

Executive Director, Resources

Ward(s) affected:

City Wide

Title:

2015/16 Second Quarter Financial Monitoring Report (to September 2015)

Is this a key decision?

Yes – Cabinet is being asked to approve expenditure in excess of £1m

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 September 2015. The headline revenue forecast for 2015/16 is an overspend of £4.7m. This is a significant deterioration from the £1.0m projected at Quarter 1. At the same point in 2014/15 there was a projected underspend of £0.4m.

The overall revenue position incorporates a headline overspend of £7.7m within the People Directorate, the majority of which relates to Adult Social Care Community Purchasing budgets. These are offset to some degree by underspends within the corporate Asset Management Revenue Account.

Capital spending is projected to be £118.4m for the year. This represents a net decrease of £7m on the £125.4m reported at the first quarter. The Programme comprises £4.4m approved net additions to the programme and £11.1m rescheduling of expenditure into 2016/17.

Recommendations:

Cabinet is recommended to:

1. Approve the forecast revenue overspend at Quarter 1 and the proposed actions to be taken by the Strategic Management Board set out in section 5.
2. Approve the revised capital estimated outturn position for the year of £118.4m incorporating: £4.4m net increase in spending relating to approved/technical changes

(Appendix 2), £11.1m net rescheduling of expenditure into 2016/17 (Appendix 4) and £0.3m net underspend (Appendix 5).

Audit and Procurement Committee is recommended to:

3. 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 2015/16
Appendix 4	Capital Programme: Analysis of Rescheduling
Appendix 5	Capital Programme: Analysis of Over/Under Spending
Appendix 6	Prudential Indicators

Background Papers

None

Other useful documents:

Budgetary Control 2015/16 file, location CRH 3

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, 14th December 2015

Will this report go to Council?

No

Report Title:

2015/16 Second Quarter Financial Monitoring Report (to September 2015)

1. Context (or Background)

- 1.1 Cabinet approved the City Council's revenue budget of £238.3m on the 24th February 2015 and a Directorate Capital Programme of £124m. This is the second quarterly monitoring report for 2015/16 to the end of September 2015, the purpose of which 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 2015/16 revenue forecast is an overspend of £4.7m, an increase of £3.7m on the quarter 1 position of £1.0m. The reported forecast at the same point in 2014/15 was an underspend of £0.4m.
- 1.3 Capital spend is projected to be £118.4m, a decrease of £7m since the quarter 1 report. This spend will all be met by resources identified previously.

2. Options considered and recommended proposal

- 2.1 **Revenue Forecast** - The Quarter 2 revenue budget monitoring exercise has identified an overall overspend of £4.7m. Table 1 below provides details of the forecast directorate variances.

Table 1 - Forecast Variations

Directorate	Revised Budget	Forecast Spend After Action/ Use of Reserves	Net Forecast Variation
	£m	£m	£m
Chief Executives	1.7	1.7	0.0
Public Health	(0.4)	(0.4)	0.0
People	165.2	172.9	7.7
Place	27.2	28.7	1.5
Resources	12.5	12.4	(0.1)
	206.2	215.3	9.1
Contingency & Central Budgets	32.1	27.7	(4.4)
Total	238.3	243.0	4.7

The key reasons for the predicted directorate overspends are set out below. A set of specific actions to be taken by Strategic Management Board to address this position are set out in section 5.

2.2 Individual Directorate Comments for Revenue Forecasts

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

People

Latest estimates indicate a projected People Directorate overspend by year-end of £7.7m, a £4m increase from the Quarter 1 position. The majority of this relates to Adult Social Care Community Purchasing budgets with an over-spend of £4.2m in the areas of Mental Health, Learning Difficulties and Physical Impairment, and £2.5m in Older People. The increased costs now being experienced reflect significant increases in the number of users accessing externally commissioned packages of care in addition to the increasing needs and higher cost packages of existing service users adding to the existing underlying overspends reported at Quarter 1.

The Adults Social Care position also includes a projected £1.7m shortfall in savings targets agreed as part of “A Bolder Community Services” and “Doing Things Differently” programmes in recent Budget exercises. These savings, such as Telecare, rely upon the service managing cost and activity levels. The challenges now emerging in the ability to exercise this control are limiting the degree to which these savings can be delivered.

There are further overspends on Children's Placements of £0.6m (made up from non-delivery of internal fostering target £0.4m and Staying Put £0.2m), and an over-spend on supported accommodation for 17 and 18 years olds of £0.7m. This is offset by some other underspends across the Directorate. The position includes the additional £10m of resource for Children's Services as approved in the budget report; and £2m of the £3m reserve funding set aside. The reserve is being used to offset further overspend in Children's Placements and a £1.2m pressure across children's permanency allowances.

Work is under way to fully understand the position within Adult Social Care and a fundamental review of all People Directorate Budgets is being carried out to ensure this significant Directorate variance can be mitigated both within this financial year and into the future. As an initial step, additional approval processes are being introduced to ensure high cost adult placements are subject to further scrutiny and monitoring of all activity and decision making is being increased.

Place

Place Directorate is forecasting a deficit of £1.5m, caused primarily by the following.

The delivery of the Streetpride & Greenspace structural review, and the School Crossing patrol charging to schools review are both required to deliver the “Doing Things Differently” savings in the 2015/16 Budget. The reductions in spend will be delivered in full, but only implemented part way through the year. This will result in a part year/one off pressures in 2015/16 of £0.6m.

Waste disposal is experiencing year on year pressures. In 2015/16 this is resulting in a projected pressure of £0.7m caused by 2 factors. Firstly a growth in waste disposal tonnages due to both existing 'normal' household growth, and also the expected additional new households that will come into being as a result of the successful growth of the city. In addition, the cost of recycling waste has increased following the retendering of the Material Recovery Facility (MRF or recycling) contract.

Other pressures total c£0.2m. This is primarily due to the Employment Support Service (TESS) which has a financial pressure of c£70k in 2015/16 whilst the service is being remodelled and on-going resources are being sought. The remainder reflects income generating services forecasting shortfalls against budget for the year, primarily in Monitoring and response services (£174k) and corporate catering (£151k), offset by an expected over recovery in Highways (£146k)

Resources

Resources is showing an underspend of £0.1m. This is largely the result of a number of pressures including loss of school income within HR and Workforce services, and some non-delivery of turnover targets, offset against an overachievement of income on the agency rebate, and benefits income. There are a number of volatile areas that can impact upon the Resources Directorate position largely within Revenues and Benefits, such as Housing Benefit Subsidy, Community Support grant, and level of court fees income.

Contingency & Central

Corporate budgets include underspends within the Asset Management Revenue Account (AMRA, £4.3m) and inflation contingencies (£1.5m), and a refund relating to a long-running legal dispute over debt repayments on the Magistrates Court building (£0.9m). They also reflect a £0.5m shortfall in achievement of the City Centre First Project savings and of £0.7m shortfall in the achievement of Commissioning and Procurement savings target. Both the AMRA and contingency budgets are being reviewed currently and will be rebased as part of 2016/17 Budget Setting. Past service pension costs will also be reviewed in the third quarter to examine any scope for flexibility towards the year-end.

2.4 Capital Position 2015/16

Table 2 below updates the budget to take account of £4.4m increase in the programme, £0.1m net underspend and an additional £11.1m which is now planned to be carried forward into future years. This gives a revised projected level of expenditure for 2015/16 of £118.4m. Appendix 3 provides an analysis by directorate of the movement since quarter 1.

The Resources Available section of Table 2 explains how the capital programme will be funded in 2015/16. It shows that 60% of the programme is funded by external grant monies and 29% is funded from borrowing. The Programme also includes funding from capital receipts of £1.1m. A further £4.6m of capital receipts arising predominantly from the sale of Council assets will enable the Council to avoid future borrowing although it is important to note that the majority of the reduced future capital financing costs that will result from this are earmarked to deliver existing Property savings targets.

Overall the capital programme and associated resourcing reflects a forecast balanced position in 2015/16.

Table 2 – Movement in the Capital Budget

CAPITAL BUDGET 2015-16 MOVEMENT	£m
Estimated Outturn Quarter 1	125.4
Approved / Technical Changes (see Appendix 2)	4.4
"Net" Underspending (see Appendix 5)	(0.3)
"Net" Rescheduling into future years (see Appendix 4)	(11.1)
Revised Estimated Outturn 2015-16	118.4

RESOURCES AVAILABLE:	£m
Prudential Borrowing (Specific Approvals)	21.4
Prudential Borrowing (Gap Funding)	13.2
Grants and Contributions	78.0
Capital Receipts	1.1
Revenue Contributions	4.6
Leasing	0.1
Total Resources Available	118.4

2.5 Treasury Management Activity in 2015/16

Interest Rates

National economic recovery is continuing with quarter 2 growth for 2015 of 0.7%. National wage growth has strengthened over the past year with unemployment falling by 2 percentage points over the last two years. However, further declines in oil prices mean that inflation is likely to remain below 1% until Spring 2016. This would indicate an increase in interest rates may be imminent. However, continuing very low inflation rates & significant weakness in the external environment, mainly caused by China, means that interest rates are expected to remain unchanged until the second quarter of 2016. Even when rates do rise, the pace of the rises will be gradual and the extent of these rises limited.

Long Term (Capital) Borrowing

The net long term borrowing requirement for the 2015/16 capital programme is £24.6m, taking into account borrowing set out in Section 2.3 above (total £36.4m), less amounts to be set aside to repay debt, including non PFI related Minimum Revenue Provision (£11.8m). No long term borrowing has been undertaken for several years, in part due to the level of investment balances available to the authority. Any future need to borrow will be kept under review in the light of a number of factors, including the anticipated level of capital spend, interest rate forecasts and the level of investment balances.

During 2015/16 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 2015/16 to P6	Maximum 2015/16 to P6	As at the End of P6
5 year	2.02%	2.55%	2.19%
50 year	3.21%	3.78%	3.39%

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. In addition the Council has previously received approval to take advantage of a “project rate” as part of the Coventry and Warwickshire Local Enterprise Partnership (LEP), enabling it to access PWLB borrowing at 0.4% below the standard rate for £31m of borrowing required for delivery of the Friargate Project.

Regular monitoring continues to ensure identification of any opportunities to reschedule debt by early repayment of more expensive existing loans with less expensive new replacement loans. However, the current premiums payable on early redemption currently 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 hold no short term borrowing.

Short term investments were made at an average interest rate of 0.61%. 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 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 September 2014	As at 30th June 2015	As at 30th September 2015
	£m	£m	£m
Banks and Building Societies	47.8	76.9	69.3
Money Market Funds	24.3	10.7	6.9
Local Authorities	13.0	0	0
Corporate Bonds	0	21.8	15.6
Total	85.1	109.4	91.8

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 September 2015 the pooled funds were valued at £28.7m, spread across the following funds: Payden & Rygel; Federated Prime Rate, CCLA and Standard Life Investments.

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 September 2015 are included in Appendix 6. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2015/16. Specific points to note on the ratios are:

- The Ratio of Financing Costs to Net Revenue Stream (indicator 1) is 14.42% compared to 14.83% within the Treasury Management Strategy, in part due to lower levels of Prudential Borrowing resourced capital spend in 2014/15;
- 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 September the value is -£67.8m (minus) compared to +£83.9m 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 September the value is £216.8m compared to £419.3 within the Treasury Management Strategy, reflecting that a significant proportion of the Council's investment balance is at a fixed interest rate.

3. Results of consultation undertaken

- 3.1** The early relocation of staff from Christchurch and Spire Houses is an extension of Kickstart and mirrors the organisation agility agenda which was already consulted on as part of Kickstart. A communication strategy will be developed to keep staff fully informed at all stages. The Trade Unions will be briefed as part of the process.

4. Timetable for implementing this decision

- 4.1** The early relocation of staff will commence in early 2016 and be completed in August 2016. The decommissioning of CRH/SH will be completed by the end of September 2016 ready for demolition.

5. Comments from Executive Director, Resources

5.1 Revenue

The quarter 2 position indicates a serious deterioration in the revenue position, overwhelmingly due to a worsening of the position within Adult Social Care (ASC). Work is under way to fully understand this ASC movement including the underlying position in service user numbers and any potential impact of the Care Act.

In overall terms it is clear that the Council faces a significant challenge in order to balance its budgetary control position by year-end. It is some years since the Council has faced an overspend of this scale half-way through the financial year and budget savings made to address reductions in Government funding since 2010 have reduced the Council's capacity to take action part-way through the year. Nevertheless, the forecasted £4.7m overspend position demands urgent attention from Senior Management Board and budget holders across all Directorates and Cabinet is recommended to approve that the following set of actions is pursued to address the budgetary position.:

- The new People Directorate senior management team to initiate a fundamental review of all the Directorate's budgets with a particular focus on areas causing recent increases in cost/activity.
- Place Directorate to seek to identify compensating underspends to help move its overall bottom line towards a balanced position at year-end.
- Resources Directorate to identify opportunities for delivering underspends across its bottom line to compensate likely over-spends in the other Directorates.
- All Directorates to re-energise efforts to apply vacancy control and ensure that recruitment is restricted to operationally essential posts only.
- All options to be explored including technical solutions, that might be available to manage the year-end position including maximising the use of reserve balances to fund in-year spending.

On top of the forecast overspend there is also a key challenge for the remainder of the year to identify resources to fund the costs of early retirement and redundancy that will result from the Council's plans to further reduce its employee numbers going forward. This is covered further in a report on achieving staffing reductions across the Council on today's Cabinet agenda. Work to support this objective has been undertaken by a Working Group looking at reserve balances and previous underspends and early indications are that in excess of £5m has been identified for this purpose.

In terms of the on-going position there are some clear challenges in terms of Adult Social Care and the achievement of savings already built into the Council's budget. Any known underlying pressures have been built into the Pre-Budget Report on today's Cabinet agenda but on-going projects will continue into 2016/17 to deliver savings programmes.

5.2 Capital

The Capital Programme shows a projected balanced position for 2015/16. The borrowing requirement in 2015/16 has fallen to £36.4 (Budget Setting report £45.6m) and the overall level of borrowing continues to be contained within previously approved parameters. Of this, £21.4m relates to spending on specific schemes approved by Cabinet. The remaining £15m predominantly relates to borrowing that has previously been approved but not undertaken. Cabinet is reminded that at the end of 2014/15 available external grant funding of £3.4m along with similar amounts in previous years was used to fund spending which had been forecast to be funded from prudential borrowing. This report incorporates the need now to call on the associated level of Prudential Borrowing approvals not previously utilised. Similarly, there will be a need to incorporate this approach in future years as capital spending is incurred.

The Executive Director, Resources will review the overall level of prudential borrowing undertaken in 2015/16 together with other sources of funding as part of the year end process and continue to re-evaluate future capital spending profiles taking into account economic circumstances, the ability to generate capital receipts and the profile of other areas of significant investment managed by the Council. Due to reasons explored elsewhere within this report relating to the need to identify revenue resources, it is now less likely than previously that tactical use of revenue resources will be deployed as a mechanism to delay borrowing.

The position reported at quarter 1 included cost pressures reported across the Friargate Bridgedeck, Whitley Junction & Public Realm. The extent of these pressures was reported to Cabinet in September and the Capital Programme now reflects those approvals.

5.3 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 to managing this risk and this report is a key part of the process.

6.3 What is the impact on the organisation?

In Quarter 2 there is a forecasted overspend. The Council will continue to ensure that strict budget management continues to the year-end as described elsewhere within the report.

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.

Report author(s):

Name and job title: Charlotte Booth, Accountant- Resources Directorate

Directorate: Resources

Tel and email contact: 024 7683 3827 – charlotte.booth@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:				
Michael Rennie	Lead Accountant	Resources	20/10/15	20/10/15
Paul Hammond	Accountant	Resources	20/10/15	20/10/15
Helen Williamson	Lead Accountant	Resources	20/10/15	20/10/15
Lara Knight	Governance Services Co-ordinator	Resources	22/10/15	22/10/15
Paul Jennings	Finance Manager	Resources	20/10/15	22/10/15
Barry Hastie	Assistant Director Finance	Resources	22/10/15	29/10/15
Names of approvers: (officers and members)				
Carol Bradford	Lawyer, Regulatory Team, Legal Services	Resources	22/10/15	22/10/15
Exec Director: Chris West	Exec Director, Resources	Resources	16/10/15	16/10/15
Members: Cllr Gannon	Cabinet Member (Strategic Finance and Resources)		19/10/15	19/10/15

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

Appendix 1 Revenue Position: Detailed Directorate Breakdown of Forecasted Outturn Position

Appendix 1 details directorates forecasted variances.

REPORTING AREA	EXPLANATION	£m
PEOPLE DIRECTORATE		
Overspends:		
Mental Health, Learning Disabilities & Physical Impairment	Increasing activity across Adult Social Care (£1.6m) is adding to the continuing significant underlying pressure (£3.8m) which existed at the end of the last financial year. In addition, budgetary savings linked to managing activity levels and reducing cost (£1.7m) are being impacted by the current levels of increased demand. These pressures are partly offset by underspends within Adult Social Care Teams. Additional approval processes are being introduced to ensure high cost placements are subject to further scrutiny and increased monitoring of activity and decision making at all levels is taking place	4.3
Older People	Increasing activity across Adult Social Care (£1.6m) is adding to the continuing significant underlying pressure (£3.8m) which existed at the end of the last financial year. In addition, budgetary savings linked to managing activity levels and reducing cost (£1.7m) are being impacted by the current levels of increased demand. These pressures are partly offset by underspends within Adult Social Care Teams. Additional approval processes are being introduced to ensure high cost placements are subject to further scrutiny and increased monitoring of activity and decision making at all levels is taking place.	2.5
Child Protection	This relates to an activity overspend in discretionary and Section 17 payments to prevent children from becoming looked after (£0.6M). There is also an overspend on Legal (0.4M) as a result of high activity and the use of agency staff. These overspends are partly offset by underspends in Children & Families First and Multi-Systemic Therapy, largely as a result of staffing vacancies.	0.9
LAC Services	The main source of overspend is Children's Placements £0.6M (including the Staying Put Scheme). A pressure of £1.2M in Children's permanency allowances is being offset by 1-off reserve. Changes in policy, and high activity within adoption and special guardianship orders has resulted in unit cost and activity increase. The placements pressure is a result of continuing high numbers of LAC, and placement mix with too high a proportion of LAC in external fostering and residential provision. £0.8M of the £3M 1-off reserve for Children's Services has been applied to the Placements budget to reduce the overspend in line with agreed usage. We are looking to refresh the LAC Strategy alongside additional approval processes to ensure high cost placements are subject to further scrutiny and increased monitoring of activity and decision making at all levels is taking place.	0.8
Strategy & Commissioning (CLYP)	The contract with a key supported accommodation provider (responsible for 81 beds) was terminated by mutual agreement from January 2015. It was expected that some of the capacity gap that was created could be replaced by extending the adult homelessness and ex-offender contract to include young people, but this has not proved possible. The overspend is due to additional spot purchasing and use of B&B to meet demand. A procurement process is in place to provide an alternative solution by 1 April 2016, and further action is being taken to generate additional capacity and reduce the use of B&B in the interim.	0.6
ASC Provider Services	This is a combination of both salary related pressures across Internally Provided Services services as well as a shortfall of income against budget due to higher than normal vacant placements.	0.2
Safeguarding	There has been a slight reduction in agency staff in the Independent Reviewing Officer service. The new structure for the service will be in place by November 2015, including permanent recruitment to the manager posts. There will also be the removal of one Child Protection chair once the number of children subject to a child protection plan reduces to 450 (forecast by the end of March 2016).	0.2
Inclusion & Participation	This overspend mainly relates to transport costs (£459K offset by a number of underspends in other areas), and are attributable to an increase in volume. All travel assistance policies will be reviewed through the formal consultation processes during the Autumn/Spring terms 2015/16. Reduction in expenditure is wholly dependent upon the agreement and implementation of new policies that secure the Council's statutory obligations.	0.1
Business Performance (SPQ)	There is an overspend on School Redundancy costs £284K, which has been partially offset by underspends in other budgets. This is as a result of an increase in the number of staff made redundant by schools this financial year; the cost of which is borne by the City Council. HR and Finance are currently reviewing the regulations with a view to reducing this spend in current and future years.	0.1
Other Variations less than 100k		0.2

REPORTING AREA	EXPLANATION	£m
PEOPLE DIRECTORATE (Continued)		
Underspends:		
SCTEI Strategic Management	This is the financial strategy deployed to balance the directorate's bottom line including Education Services Grant income, and utilisation of non-ring-fenced grant funding for existing expenditure. This cost centre offsets against other pressures within the directorate, and the budget will be allocated across these pressures in 16/17.	(1.4)
Strategic Commissioning (Adults)	This underspend is the effect of early delivery of future budget reductions across a number of contracts.	(0.4)
Business & Cont Improvement	The service has had a number of vacancies, which have now been recruited to. As a result the underspend will reduce by Quarter 3. There has also been a small restructure, which will deliver savings towards the directorate targets.	(0.2)
Early Years, Parenting & Childcare	Underspend as a result of staffing vacancies and over-achievement of nursery income for 2,3 and 4 year olds.	(0.2)
Forecast Overspend/(Underspend)		7.7

REPORTING AREA	EXPLANATION	£m
PLACE DIRECTORATE		
Overspends:		
Streetpride & Greenspace	Streetpride & Greenspace is currently being restructured in order to achieve the MTFS targets totalling £1.5m. Implementation is expected from November 2015 which will result in a part year delivery and therefore a one off pressure of £467k in the current year. In addition, there are pressures arising as a result of Traveller Incursions.	0.6
Waste & Fleet Services	Pressure primarily due to growth in existing household waste disposal tonnages of approx 1% plus a further increase due to the number of new planned households.	0.5
Traffic & Transportation	A combination of income and expenditure pressures within School Crossing Patrols and Monitoring & Response (MRS): The implementation of the School Crossing Patrol review has been delayed and this is likely to cause a pressure of £80k. The MRS pressure (£174k) relates to the delayed delivery of the MTFS commercialisation savings which are being delivered via cost reductions and income growth.	0.3
Corporate & Commercial Catering	£100k trading income deficit due to insufficient activity, together with the slipped delivery of a £50k MTFS optimisation target	0.2
Other Variations less than 100k		0.3
Underspends:		
Directorate & Support	Management actions to offset current and future targets and pressures	(0.2)
Highways	Forecast trading surplus projected due to the higher volume of capital programme works expected in 15/16	(0.2)
Forecast Overspend/(Underspend)		1.5

REPORTING AREA	EXPLANATION	£m
RESOURCES DIRECTORATE		
Overspends:		
Financial Mgt	Overspend as a result of non-delivery of turnover target. Excluding turnover target an underspend of £60K is forecast.	0.2
ICT Operations	Includes £120K non achievement of turnover savings targets as restructure and deletion of other vacant posts and ER/VR reduces ability to deliver turnover targets. A £57k overspend on ICT user support software for one year only, a £20k overspend on software offset by £26k cityfibre income.	0.2
Revenues	Summons activity remains relatively high (1,000 additional issued compared to 2014-15). Additional resource (through Civica) will be needed to deal with the additional work. Since Quarter 1 the forecast has been revised to include the Civica work on council tax and business rates (£200k). Overtime has also been increased as a result of increased tax base (£54k). Low vacancies have meant turnover target (£66k) not met	0.1
Health & Safety	This overspend is a result of underachievement of schools income	0.1
Employment Services	This overspend is a result of under-achievement of the turnover target. There is also some impact from salary costs associated with implementation of Agresso HR system	0.1
Other Variations less than 100k		0.1
Underspends:		
HR Recruitment	This is a result of the Agency Rebate partially offset by under-achievement of Turnover Target.	(0.4)
Benefits	Income from DWP for FERIS work has increased (£200k). Community Support Grants forecast adjusted to show underspend of £59k.	(0.3)
Talent & Skills Team	Forecast salary underspend of £75K due to vacancies in the earlier part of the year. Forecast underspend of £80K due to delays in implementing some training due to changes in People Directorate.	(0.2)
Forecast Overspend/(Underspend)		(0.1)

Contingency & Central Budgets		
Overspends:		
Commissioning and Procurement Savings Target	The Commissioning and Procurement abc review is on course to deliver £7.3m of its £8m target but it is becoming increasingly difficult to deliver the final element of this as contracts start coming round for renewal for the second time in the project's lifetime. Procurement Board and Panel activity will continue to push hard to deliver these savings over the course of 2015/16 and into 2016/17.	0.7
Catering	The School Catering service ceases at 31st August 2015. The overspend represents non-delivery of the income target set by the Fundamental Service Review (384k), and reduced income and contributions towards centralised charges and overheads due to the closure of the service.	0.6
City Centre First Project	Proposals are being drawn up currently to deliver the City Centre First savings going forward although these are unlikely to deliver in-full the current year target.	0.5
Underspends:		
Asset Management Revenue Account	The AMRA position reflects further rescheduling of capital spend at 2014/15 outturn, reducing the Council's planned borrowing needs and debt costs. The AMRA budget is being reviewed currently to ensure that it is soundly based for 2016/17 Budget Setting.	(4.3)
Inflation	The underspends across inflation contingency budgets includes £0.5m in relation to energy. This budget is being reviewed currently to ensure that it is soundly based for 2016/17 Budget Setting.	(1.5)
Legal Refund	The Council has received a refund following a long-running legal dispute over debt repayments on the Magistrates Court building.	(0.9)
Forecast Overspend/(Underspend)		(4.9)

Capital Programme: Analysis of Budget/Technical Changes

SCHEME	EXPLANATION	£m
PLACE DIRECTORATE		
Friargate LLP Public Realm	Friargate LLP are carrying out Public Realm works around the Bridgedeck, we are the Accountable Body for RGF and ERDF grant so these costs will now pass through the City Council's accounts.	2.1
Super Connectivity	Current projections are that £1.2m of this grant will be paid out during 2015/16. Grant funding for this project ends this year.	1.1
International Transport Museum	In January 2014 Cabinet approve the cash flow support to the Transport Museum up to £2m in advance of receipt of grants towards the scheme. This value of loan has materialised to be £600,000 and therefore a technical change has been actioned in the programme to increase the budget. The Transport Museum will be paying back this loan within the current financial year.	0.6
Challenge Fund - Swanswell Viaduct	Summer budget 2015, Challenge Fund tranche 1 approval for £5.5m over three years for Coventry Ring Road A4053 Swanswell Viaduct Major Maintenance.	0.4
Challenge Fund - WM Network Renewal Project	Summer Budget 2015, the West Midlands Integrated Transport Authority were awarded £6.57m, of which Coventry's allocation is £1.765m to be drawn down over the next three years.	0.3
AT7 Centre	As of December 2014 it was anticipated that all rectifications/ payments in relation to the Centre AT7 scheme would be through by the end of March 2015, and the scheme was financially closed. However, not all these works were completed to the project team's satisfaction and therefore some costs were withheld until 2015/16. This technical change is to reopen the scheme to capture these final costs from its original funding of Prudential Borrowing noting that the scheme has still come under budget by c£250,000.	0.2
Nuckle	This change to the programme reflects movement in resources to revenue to reflect the running costs payable to London Midland for Operating the Stations.	(0.3)
SUB TOTAL - Place Directorate		4.4
TOTAL APPROVED / TECHNICAL CHANGES		4.4

Capital Programme: Estimated Outturn 2015/16

The table below presents the revised estimated outturn for 2015/16.

DIRECTORATE	ESTIMATED OUTTURN QTR 1	APPROVED / TECHNICAL CHANGES	OVER / UNDER SPEND NOW REPORTED	RESCHEDULED EXPENDITURE NOW REPORTED	REVISED ESTIMATED OUTTURN 15-16
PEOPLE	2.8	(0.0)	0.0	(0.1)	2.7
PLACE	118.0	4.4	(0.3)	(11.0)	111.1
RESOURCES	4.7	0.0	0.0	0.0	4.7
TOTAL	125.4	4.4	(0.3)	(11.1)	118.4

Capital Programme: Analysis Of Rescheduling

SCHEME	EXPLANATION	£m
PLACE DIRECTORATE		
Condition (Schools)	Funding initially allocated to supporting s278 costs for the PSBP schemes will no longer be required this year as the EFA has confirmed that no further costs will be passed through to the Council. Schemes originally planned have been scaled back due to the uncertainty around the future of some services e.g. Hospital Education Service. Efficiencies have also been achieved on major projects such as Edgewick where costs have been driven down through effective project management. We are developing an extensive condition programme for 2016/17.	(2.1)
Early Years	This has been the result of insufficient early years settings requesting two year old funding. At the moment, the revenue funding provided does not cover the cost of the place, ultimately making it unsustainable long term for many providers	(0.4)
Kickstart - Friargate building	The required utility diversions on site have taken longer than previously expected due to protracted statutory timescales and as a result, the sequence of works has had to be revised. In addition to this, the ground conditions that have been uncovered as a result of the demolition of Copthall House have required some additional treatment which has delayed the core construction of the building.	(3.7)
Public Realm	The emphasis is on delivering the ERDF projects within Public Realm, plus it seems more likely a deal to relocate Nationwide from Broadgate will be completed in the new financial year.	(2.0)
Coventry Station Masterplan	Since Quarter 1 a technical review of the programme costs and profile has brought about a change in rescheduling to bring in line cash-flow to the programme of works. The main area of rescheduling relates to the footbridge and canopy works, since the Q1 submission a decision has been taken regarding the procurement route for the works for the next detailed design stage (GRIP4) to be awarded to Network Rail. The revised cash-flow reflects the accepted Network Rail programme	(1.1)
Warwick Road Station Access	The start date of the station access has slipped from June 2015 to January 2016 due to the fact we had to undertake additional ground investigation works as some old brickwork in the ground was discovered when undertaking utilities diversions. A decision was taken to delay tendering the works until the ground investigation results were available as the extent of the brickwork had potential to result in a redesign on the piles. Tenders were issued in August and we will soon be in a position to appoint a contractor, with a planned start date of January subject to Network Rail approvals	(0.6)
City Centre Destination Leisure Facility	The original estimate of £1.550m in 2015/16 relates solely to Professional fees and this figure was arrived at before the any of the Professional team were appointed. The revised figure of £1.149m now reflects the fees included within their tender as well as the payment profile that accompanied that. The reduction of £401k is therefore purely a revision to the Professional fee profile, meaning that the project is very much still on programme	(0.4)
Canley Regeneration (Prior Deram Park)	The scheme has slipped from completion due to extremely wet ground conditions which made the site unworkable, also due to utility companies who are currently in the area doing works to a neighbouring site. The works will take place once these service connections and diversions are complete; these are forecast to be completed in 2016-17	(0.3)
Growing Places fund	Due to flexible deadlines & large grants to businesses, this fund is able to be spent over a longer period of time	(0.3)

NUCKLE 1.2	The development phase of NUCKLE 1.2 has been delayed while negotiations to sign off the Development Services Agreement were finalised. Whilst the project has been approved in principle by the Department for Transport, and was approved by Network Rail internal projects panel to proceed on the 2nd October, the £5m funding remains to be confirmed subject to the on-going national rail affordability review (the 'Hendy review'). This will not be concluded until November or December 2015, at which point we expect confirmation that the £5m contribution will be released. Approval was given in August 2015 to proceed with the Development phase using Growth Funding to prevent any further delays. On this basis c£300k will be rescheduled into 16/17.	(0.3)
Banner Lane	Detailed design has resulted in accurate pricing of this scheme; therefore £209k is being slipped back into 2016-17.	(0.2)
Far Gosford Street	There has been delays with property owners around the negotiations with our valuers for CPOing their premises which is now causing delays in the project, c£90,000 is being rescheduled into 16/17. In addition funds from the Liveability budget which are used to lever in ERDF/HLF funded projects and will be used in 2016-17 nearer the completion of the projects	(0.2)
Coventry Investment Fund	A cabinet report dated 31/03/2015 has approved an additional £0.6m of budget for Lythalls lane. This will be spent in 2015/16 for project completion before the next financial year. These funds have been rescheduled forward from the CIF unallocated pot.	0.6
SUB TOTAL - Place Directorate		(11.0)

PEOPLE DIRECTORATE		
Housing Policy (Siskin Drive)	In recent discussions the HCA has indicated that a significant amount of its budget is as yet unallocated, so could be available for the Siskin Drive scheme; we are confident that the funding we need will be available. We have planning approval for the scheme and, as much of the preparatory work has already been done, we plan to be on site in 2016-17. The money in the capital budget will be needed for the scheme so it needs to be rolled over into the next financial year. Although it will pay the greater part, the HCA will expect Coventry to make a contribution towards the costs.	-0.1
SUB TOTAL - Resources Directorate		(0.1)

TOTAL RESCHEDULING	(11.1)
---------------------------	---------------

Capital Programme: Analysis Of Over / Under Spend

SCHEME	EXPLANATION	£m
PLACE DIRECTORATE		
RGF3 - Whitley Junction	The project team are carrying out a complete audit of all of the contractor's cost claims and are rigorously challenging all compensation events to ensure that the City Council's costs are minimized. The success of this is evidenced by the fact that the forecast Whitley costs are now £0.3m lower than as reported in the Quarter 1 capital monitoring report.	-0.3
SUB TOTAL - Place Directorate		(0.3)
TOTAL OVERSPEND / (UNDERSPEND)		(0.3)

Prudential Indicators

Indicator	per Treasury Management Strategy	As at 30th September 2015
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).	14.83%	14.42%
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 £495.2m	£368.6m 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.	£494.3m	£368.6m 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.	£454.3m	£368.6m 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.	£419.3m	£216.8m
Upper Limit on Variable Rate Interest Rate Exposures (Indicator 10) , as above highlighting interest rate exposure risk.	£88.9mm	-£67.9m
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%	20% 3% 5% 6% 66%
Investments Longer than 364 Days (Indicator 12) , highlighting the risk that the authority faces from having investments tied up for this duration.	£10m	£0m



Coventry City Council

Briefing Note

To **Audit and Procurement Committee**

Date 14th December 2015

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 August, there has been a change to the term limits on the lending list. This is due to improvements in the global economic situation and the receding threat of another Eurozone crisis. In summary, 3 new counterparties have been added to the lending list with a term limit of 35 days, Deutsche Bank, National Westminster Bank & Royal Bank of Scotland and several counterparties have had their term limit increased to 6 or 13 months. Full details can be seen in the lending list in Appendix 1.

2.4 The total level of investment balances held by the Council stood at £142.1m as at 20th November 2015 compared with £113.6m as at 21st November 2014 and £150.7m reported to Audit and Procurement Committee as at 17/07/2015. The breakdown of these balances is shown below.

	21/11/2014	17/07/2015	20/11/2015
	£m	£m	£m
Bank Deposits	62.4	80.9	64.3
Local Authority Deposits	15.5	0.0	0.0
Money Market Funds	19.8	24.3	19.1
Long Term Investments	15.9	23.7	28.7
Corporate Bonds	0.0	21.8	30.0
Total	113.6	150.7	142.1

2.5 Since the last report no short term borrowing has been undertaken, due to the high levels of investment balances held by The Council.

Appendix 1

 COVENTRY CITY COUNCIL LENDING LIST							26 November 2015			Position number in 'Investment Grade'		
USING MINIMUM ACCEPTABLE CREDIT QUALITY												
Institution	Country	Long Term Rating			Limit £m	Term Limit	Grade					
		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-	Aa2	AA-	£7.2m	13 Months	4	3	4			
Lloyds Bank Group												
Bank of Scotland plc (** See note below)	UK	A+	A1	A	£4.4m	13 Months	5	5	6			
Barclays Bank plc	UK	A	A2	A-	£8m	100 Days	6	6	7			
Coventry BS	UK	A	A2		£8m	6 Months	6	6				
Close Brothers Ltd	UK	A	Aa3		£8m	6 Months	6	4				
Lloyds Bank Group												
Lloyds Bank plc (** See note below)	UK	A+	A1	A	£4.4m	13 Months	5	5	6			
Nationwide BS	UK	A	A1	A	£8m	6 Months	6	5	6			
Santander UK Plc (Abbey)	UK	A	A1	A	£8m	6 Months	6	5	6			
Standard Chartered Bank	UK	A+	Aa2	A+	£8m	6 Months	5	3	5			
Goldman Sachs International Bank	UK	A	A1	A	£8m	100 Days	6	5	6			
Leeds Building Society	UK	A-	A2		£8m	100 Days	7	6				
National Westminster Bank	UK	BBB+	A3	BBB+	£4m	35 Days	8	7	8			
Royal Bank of Scotland plc	UK	BBB+	A3	BBB+	£4m	35 Days	8	7	8			
CUMBERLAND BUILDING SOCIETY	UK				£1m	100 Days						
DARLINGTON BUILDING SOCIETY	UK				£1m	100 Days						
FURNESS BUILDING SOCIETY	UK				£1m	6 Months						
HARPENDEN BUILDING SOCIETY	UK				£1m	100 Days						
HINCKLEY & RUGBY BUILDING SOCIETY	UK				£1m	6 Months						
LEEK UNITED BUILDING SOCIETY	UK				£1m	6 Months						
LOUGHBOROUGH BUILDING SOCIETY	UK				£1m	100 Days						
MANSFIELD BUILDING SOCIETY	UK				£1m	6 Months						
MARKET HARBOROUGH BUILDING SOCIETY	UK				£1m	6 Months						
MARSDEN BUILDING SOCIETY	UK				£1m	6 Months						
MELTON MOWBRAY BUILDING SOCIETY	UK				£1m	6 Months						
NATIONAL COUNTIES BUILDING SOCIETY	UK				£1m	6 Months						
NEWBURY BUILDING SOCIETY	UK				£1m	6 Months						
SCOTTISH BUILDING SOCIETY	UK				£1m	100 Days						
STAFFORD RAILWAY BUILDING SOCIETY	UK				£1m	6 Months						
TIPTON & COSELEY BUILDING SOCIETY	UK				£1m	6 Months						
VERNON BUILDING SOCIETY	UK				£1m	100 Days						
Australia and New Zealand Banking Group Ltd	AU	AA-	Aa2	AA-	£8m	6 Months	4	3	4			
Commonwealth Bank of Australia	AU	AA-	Aa2	AA-	£8m	6 Months	4	3	4			
Westpac Banking Corporation	AU	AA-	Aa2	AA-	£8m	6 Months	4	3	4			
Bank of Montreal	CA	AA-	Aa3	AA-	£8m	13 Months	4	4	4			
Bank of Nova Scotia	CA	AA-	Aa2	AA-	£8m	13 Months	4	3	4			
Canadian Imperial Bank of Commerce	CA	AA-	Aa3	AA-	£8m	13 Months	4	4	4			
Royal Bank of Canada	CA	AA	Aa3	AA	£8m	13 Months	3	4	3			
Toronto Dominion Bank	CA	AA-	Aa1	AA-	£8m	13 Months	4	2	4			
Danske Bank A/S	DK	A	A2	A	£8m	100 Days	6	6	6			
Pohjola Bank PLC-A Shs	FI	A+	Aa3	A+	£8m	6 Months	5	4	5			
Deutsche Bank AG - Registered	GE	A	A3	BBB+	£4m	35 Days	6	7	8			
LANDESBANK HESSEN-THURINGEN	GE	A+	A1	A	£8m	6 Months	5	5	6			
Bank Nederlandse Gemeenten	NE	AA+	Aaa	AAA	£8m	13 Months	2	1	1			
Cooperative Centrale Raiffe (Rabobank)	NE	AA-	Aa2	A+	£8m	13 Months	4	3	5			
ING Bank NV	NE	A	A1	A	£8m	100 Days	6	5	6			
DBS Bank Ltd	SI	AA-	Aa1	AA-	£8m	13 Months	4	2	4			
Oversea-Chinese Banking Corp	SI	AA-	Aa1	AA-	£8m	13 Months	4	2	4			
United Overseas Bank Ltd	SI	AA-	Aa1	AA-	£8m	13 Months	4	2	4			
Nordea Bank AB	SW	AA-	Aa3	AA-	£8m	13 Months	4	4	4			
Svenska Handelsbanken AB	SW	AA-	Aa2	AA-	£8m	13 Months	4	3	4			
Credit Suisse	SZ	A	A1	A	£8m	100 Days	6	5	6			
JP Morgan Chase Bank	US	AA-	Aa3	A+	£8m	13 Months	4	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					8 = 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										

Appendix 2

TEMPORARY LOANS BOOK

Balances as at the 20/11/15

<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)								
200004041	POHJOLA BANK PLC	BT	5,000,000.00	10/06/15	10/12/15	0.700000	183	17,547.95
200004056	DBS BANK OF SINGAPORE LTD	SB	3,000,000.00	02/10/15	04/01/16	0.550000	94	4,249.32
200004057	DBS BANK OF SINGAPORE LTD	FP	5,000,000.00	15/10/15	15/01/16	0.550000	92	6,931.51
200004050	LANDESBANK HESSEN	FP	4,000,000.00	03/08/15	03/02/16	0.740000	184	14,921.64
200004060	CUMBERLAND BUILDING SOC	MARB	1,000,000.00	06/11/15	12/02/16	0.560000	98	1,503.56
200004059	NATIONWIDE B/SOCIETY	MARB	8,000,000.00	04/11/15	04/03/16	0.570000	121	15,116.71
200004054	NATIONAL COUNTIES B SOC	FP	1,000,000.00	25/09/15	24/03/16	0.750000	181	3,719.18
200004055	LANDESBANK HESSEN	FP	4,000,000.00	01/10/15	01/04/16	0.740000	183	14,840.55
200004058	LLOYDS TSB BANK	N/A	4,000,000.00	19/10/15	19/04/16	0.750000	183	15,041.10
			35,000,000.00					93,871.51
TEMPORARY LOAN OUT (CALL DEPOSITS)								
200003868	BARCLAYS	N/A	8,000,000.00	08/07/13		0.606000		35 Day Notice
200003948	SVENSKA HANDELSBANKEN	N/A	5,300,000.00	14/04/14		0.450000		Call Money
200004051	SANTANDER UK plc	N/A	8,000,000.00	06/08/15		0.900000		95 Day Notice
			21,300,000.00					
CERTIFICATE OF DEPOSIT								
1600000012	CDS STANDARD CHARTERED	KS	8,001,205.67	13/07/15	13/01/16	0.690000	184	27,831.04
			8,001,205.67					27,831.04
FIXED BONDS								
1700000000	DANSKE BANK	KS	3,165,210.89	19/02/15	09/12/15	0.922101	293	23,429.11
1700000008	DAIMLER AG	KS	5,042,276.71	07/05/15	10/12/15	0.883109	217	26,473.29
1700000016	INTERNATIONAL FINANCE CORP	KS	8,045,614.52	04/11/15	15/12/15	0.485252	41	4,385.48
1700000015	UNITED UTILITIES WATER PLC	KS	5,295,724.45	28/10/15	29/12/15	1.170094	62	10,525.55
1700000014	HEATHROW FUNDING LTD	KS	3,025,029.63	19/10/15	31/03/16	1.035000	164	14,067.63
1700000017	COVENTRY BUILDING SOCIETY	KS	5,398,330.00	06/11/15	19/04/18	1.272358	895	168,422.05
			29,972,186.20					247,303.12
MMF DEPOSITS								
2400000002	STANDARD LIFE LIQUIDITY	N/A	8,000,000.00	04/09/12		0.442234		
2400000003	HSBC STERLING LIQUIDITY	N/A	0.00	04/09/12		0.426000		
2400000004	FEDERATED PRIME RATE	N/A	8,000,000.00	17/09/12		0.447125		
2400000005	DEUTSCHE MANAGED STERLING	N/A	3,100,000.00	19/07/13		0.433218		
			19,100,000.00					
COLLECTIVE INVESTMENT FUNDS								
2600000004	PAYDEN & RYGEL	N/A	7,786,546.28	01/02/12				
2600000005	FEDERATED PRIME RATE C+	N/A	5,068,927.90	27/03/13				
2600000006	CCLA INVESTMENT MGT LTD	N/A	8,000,000.00	28/11/13				
2600000007	IGNIS SHORT DURATION FUND	N/A	7,823,209.01	16/03/15				
			28,678,683.19					

Investment Type Glossary

Temporary Loan Out (Deposit) – These are investments with a counterparty where the start date, maturity date, principal & interest rate is all agreed in advance and cannot be changed until maturity.

Temporary Loan Out (Call Deposits) – These are investments with banks whereby the money is held by the bank for an indefinite amount of time until the Council chooses to have the money back. Once the Council calls the money back, different accounts have different notice periods. The longer the notice period, the higher the interest rate.

Certificate of Deposit – These are similar investments to Temporary Loan Out (Deposits) however, there is a secondary market for them, meaning they can be sold before the maturity date for a profit or loss. This makes them more liquid.

Fixed Bonds – These are similar to Certificates of deposit in that maturity date and interest rates are agreed in advance & there is a secondary market to sell them if required. However, whereas Certificates of Deposits are with banks, Fixed Bonds are with banks and private companies.

Money Market Fund (MMF) Deposits – Funds whereby the authorities money is managed by an external fund manager. The Council invests in the fund along with several other organisations and money is pooled together & invested in a number of different counterparties. As the investments made by the fund manager vary daily, the rate of interest fluctuates daily, usually within 0.05% of 0.4%. Money can be paid into and withdrawn instantly from these accounts & so they are used to manage the Council's day to day cashflow.

Collective Investment Funds – Similar to MMF Deposits, these are investments whereby we give our money to a fund manager and they pool our money with other organisations to make investments on our behalf. The rate of interest is higher on these tends to fluctuate more & as such need to be viewed as long term investments in order to smooth out peaks & troughs, even though the Council can withdraw from these accounts with only a week's notice if required.



Coventry City Council

Public report

Report to

Audit and Procurement Committee

14th December 2015

Name of Cabinet Member:

Cabinet Member for Strategic Finance & Resources – Councillor Gannon

Director approving submission of the report:

Executive Director of Resources

Ward(s) affected:

City Wide

Title:

Internal Audit Recommendation Tracking 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 progress made in implementing internal audit recommendations since the last update in December 2014.

Recommendations:

Audit and Procurement Committee is recommended to:

1. Note the current procedure for following up audit recommendations and to consider whether it believes that improvements are required to the current process.
2. Note the progress made in implementing audit recommendations and confirm its satisfaction with progress made and the proposed action by the Chief Internal Auditor for audits where actions remain outstanding.

List of Appendices included:

Appendix One - Results of Formal Follow up Exercise

Appendix Two - Results of Self-Assessment Follow up Exercise

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 Recommendation Tracking Report

1. Context (or background)

- 1.1 The Public Sector Internal Audit Standards requires that “the Chief Audit Executive (i.e. Chief Internal Auditor) must establish a follow up process to monitor and ensure that management actions have been effectively implemented or that senior management have accepted the risk of not taking action”.
- 1.2 The report summarises the results of this work and is presented in order for the Audit and Procurement Committee to discharge its responsibility, as reflected in its terms of reference “to consider a report from the Head of Internal Audit regarding recommendations contained in Internal Audit reports that have not been implemented within agreed timescales”.

2. Options considered and recommended proposal

- 2.1 **Follow Up Procedure** – Given the number of audits that the Internal Audit Service completes every year, it is critical that it has a robust procedure in place for ensuring that it obtains appropriate assurance that audit recommendations have been implemented, but does so in a way that allows the Service to respond to new risks facing the Council. Where appropriate, Internal Audit defines within its audit reports the follow up process to those responsible for the system / area under review and a date is agreed of when this will take place.

Currently, there are three key considerations that will determine the follow up procedure adopted, namely:

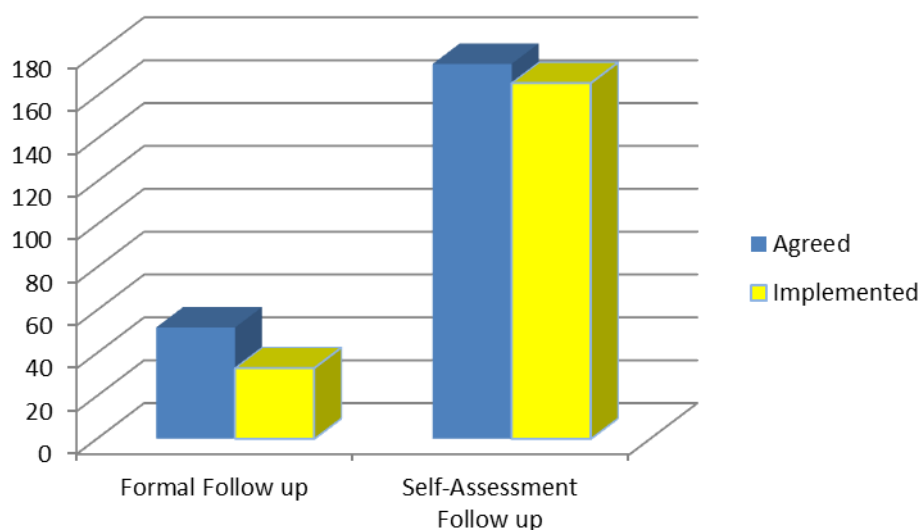
- 1) Whether the area audited is of such significance that it is subject to an annual review.
- 2) The level of assurance provided in the audit report.
- 3) A 'catch all' process for those reviews where neither of the points above apply, but a follow up review is necessary.

- 2.2 These considerations are expanded upon below.

- **Annual Audits:** These audits are generally included in the Audit Plan on an annual basis because of the nature of the systems, and the fact they are corporate wide and have been identified as key in delivering the Council's objectives (e.g. financial systems, corporate risks).
- **Level of Assurance:** Any audit which receives '*no*' or '*limited*' assurance is subject to a follow up review to assess improvements based on a timing agreed between Internal Audit and relevant management. In either of these circumstances, a formal follow up review will take place which involves Internal Audit assessing progress through audit testing to ensure that agreed actions have been implemented and are working effectively.
- **Catch All Process:** For all other audits, a process exists which is based on a self-assessment by relevant managers. This involves Internal Audit asking managers for an update on the action taken to implement audit recommendations. The response provided by managers is not subject to any independent validation by Internal Audit.

2.3 Overall, we still believe that the procedure achieves the right balance between ensuring action is taken in response to risks identified by Internal Audit and allowing the Service to focus on identification of new risks. This is particularly important given the reductions in the size of the audit team over the last few years.

2.4 **Results** - The results of the latest follow up exercise are attached at Appendix One and Two and are summarised in the graph below.



Of the 223 actions followed up, 88% have been implemented based on both the formal and self-assessment follow up method. When this is analysed by follow up method the results are:

- Formal follow up method – 63% implementation rate.
- Self-assessment follow up method – 95% implementation rate.

Whilst there is a clear difference in results between the follow up methods, this is due, in our opinion, to one of the following reasons:

- In terms of a formal follow up review, the audit process is rigorous, consisting of an assessment of the implementation of the action and the outcome achieved.
- Given that a majority of school audits are followed up through the self-assessment process, the actions identified in such reports are likely to be straightforward, not time consuming implement, and tend to focus on compliance rather than control issues.

In terms of the specific results, the following points should be considered:

- Formal follow up – The implementation rate of 63% is comparable with results achieved over the last three years where implementation rates ranged from 57% to 70%. It is difficult to reach any specific conclusions on the implementation rate, although it should be pointed that this does not mean that the recommendations outstanding are not subsequently implemented.
- Self-assessment – The implementation rate of 95% is very high remains high but is not significantly different with implementation rates over the last three years where

they ranged from 87% to 94%. This does continue to question the value of asking managers to self-assess whether they have implemented audit recommendations. However, we expect this rate to reduce in 2015-16 given the reduced focus on school audits in our audit plan.

- 2.5 **Proposed Way Forward for Dealing with Outstanding Actions** - After the follow up has been completed, the results are collated within Internal Audit. If progress is not consistent with expectations, audit management will determine the next course of action.

Based on the reasons for the lack of progress, the following courses of action are available:

- Revised implementation dates are agreed for outstanding actions.
- Concerns raised through the management structure to ensure senior managers are aware of both the lack of progress made and the risks still facing a service.
- As a last resort, to ask the Audit and Procurement Committee to intervene and seek prompt action from the relevant manager.

Our proposed actions for the audits where recommendations remain outstanding are highlighted within Appendices one and two.

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 of 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 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.

6.3 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

Report author(s):

Name and job title:

Stephen Mangan – Chief Internal Auditor

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:				
Lara Knight	Governance Services Co-ordinator	Resources	26/11/2015	26/11/2015
Neelesh Sutaria	Human Resources Business Partner	Resources	26/11/2015	26/11/2015
Names of approvers: (officers and members)				
Finance: Paul Jennings	Finance Manager Corporate Finance	Resources	26/11/2015	26/11/2015
Legal: Helen Lynch	Legal Services Manager (Place and Regulatory)	Resources	26/11/2015	02/12/2015

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

Appendix One – Results of Formal Follow up Exercise

Audit Review	High Risk Actions Agreed	High Risk Actions Implemented	Medium Risk Actions Agreed	Medium Risk Actions Implemented	Comments
Heritage Assets	2	1	5	2	Outstanding actions have subsequently been followed up through self-assessment process – see Appendix Two for results.
Route 21 Care Leavers Payment	1	1	6	3	Outstanding actions have subsequently been followed up through self-assessment process – see Appendix Two for results.
Accounts Payable			2	2	
Accounts Receivable			4	2	Actions will be followed up as part of annual review.
Council Tax			4	3	Actions will be followed up as part of annual review.
Business Rates	1	1	3	3	
Payroll			2	2	
Section 17	1	1	2	1	
Stoke Heath Primary School	1	1	5	4	Reported to Audit and Procurement Committee in October 2015
Care Director Expenditure	3	3	5	1	Reported to Audit and Procurement Committee in October 2015
Procurement Payables Statutory Compliance			5	2	

Unless stated otherwise – any outstanding actions will now be followed up through self-assessment process

Appendix Two – Results of Self-Assessment Follow up Exercise

Audit Review	High Risk Actions Agreed	High Risk Actions Implemented	Medium Risk Actions Agreed	Medium Risk Actions Implemented	Comments
St Andrew's Primary School			2	2	
Longford Park Cash Arrangement			6	5	
Moseley Primary School			2	2	
Grangehurst Primary School			1	1	
Our Lady of Assumption Primary School			6	6	
Clifford Bridge Primary School			8	8	
Stoke Park Secondary School			7	7	
Earlsdon Primary School			4	4	
Charter Primary School			5	5	
Courthouse Green Primary School			6	6	
Ernesford Grange Primary School			3	3	
St Mary's and Benedicts Primary School			4	4	
Pearl Hyde Primary School			1	1	
St Augustines Primary School			5	5	
Templars Primary School			3	3	
Henley Green Primary School			7	7	
Stoke Primary School			5	5	
Little Heath Primary School			2	2	
John Shelton Primary School			7	7	
Cardinal Newman Secondary School	1	1	10	7	
St Elizabeth's Primary School			3	3	
Stivichall Primary School			8	8	
Allesley Hall Primary School			7	7	
St John Vianney Primary School			4	4	
Whitmore Park Primary School			10	10	
Woodfield Primary School			3	3	
St Thomas More Primary School			3	3	
Christ the King Primary School			2	2	

Audit Review	High Risk Actions Agreed	High Risk Actions Implemented	Medium Risk Actions Agreed	Medium Risk Actions Implemented	Comments
Longford Park Primary School			6	6	
Coventry Investment Fund			4	4	
Local Enterprise Partnership			4	4	
Maurice Edelman House Housing Benefits	1	1	2	2	
Community Support Grant Talent Link	1	1	6	6	
Route 21 Care Leavers Payment			3	2	
Housing Benefits Overpayments	1	1	3	3	
Heritage Assets			3	1	
Care Director Expenditure			3	3	
			4	2	

Unless stated otherwise – Outstanding actions will be followed up in next review



Coventry City Council

Public report

Report to

Audit and Procurement Committee

14th December 2015

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor Gannon

Director approving submission of the report:

Executive Director of Resources

Ward(s) affected:

City Wide

Title:

Half Yearly Fraud Report 2015-16

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 during the financial year 2015-16 to date.

Recommendation:

The Audit and Procurement Committee is recommended to note and consider the anti- fraud activity undertaken during the first half of the financial year 2015-16.

List of Appendices included:

None

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:

Half Yearly Fraud Report 2015-16

1. Context (or background)

- 1.1 The focus given to fraud in the public sector has increased over the last few years, primarily as a result of the publication by the National Fraud Authority of "Fighting Fraud Locally - The Local Government Fraud Strategy". Whilst the national strategy states that the public sector is dealing with increasing levels of fraud, the experience of the Council is that levels of identified / reported fraud against the Council are still at relatively low levels, in terms of both numbers and value.
- 1.2 This report documents the Council's response to fraud during 2015-16 to date, 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 four main areas during 2015-16, namely:
- Council Tax
 - National Fraud Initiative
 - Referrals and Investigations considered through the Council's Fraud and Corruption Strategy
 - Proactive Work

A summary of the key activity that has taken place during 2015-16 is detailed below.

- 2.2 Council Tax – When the Benefit Fraud Team moved to the Department for Work and Pensions in February 2015, the Council created two posts to respond to the risk of fraud and error in council tax. Work undertaken in this area includes:
- Reviewing Council Tax Exemptions – This has been the main area of focus to date. This reflects our view is that there is an 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. Based on a report obtained in March 2015, 7,204 council tax accounts existed where an exemption was currently in place. The vast majority of these (5,493) are student exemptions and these will be the subject of a separate review given the numbers involved. To date we have reviewed six exemption types covering 796 exemptions which has resulted in the following:
 - 90 exemptions have been removed from customers' accounts.
 - Revised bills have been issued amounting to approximately £113,000.
 - £56,000 of this money has been paid to the Council.

A number of exemption types have still to be reviewed and it is anticipated that these will be reviewed by the end of January 2016. Once completed, the focus of our work will move to the area of discounts.

- Council Tax Support Project – We are currently undertaking a proactive project aimed at better understanding the specific circumstances which could lead to council tax support fraud or error. This involves testing out scenarios that could lead to fraud and error to understand the Council’s exposure to risk in these cases. This is nearing completion and it is anticipated that the findings of this review will be used to develop a more targeted approach to this area of work.
- Council Tax Referrals – We have also received a small number of referrals predominantly from the Council Tax Department regarding concerns over the legitimacy of either council tax support / single person discounts awarded to customers. To date, four concerns have been validated and resulted in revised bills of £2,300 being issued.

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. Since the last update was reported to the Audit and Procurement Committee in August 2015, work has been focused on the following areas:

- Single Person Discount – After initial checks, 68 matches were subject to additional checks including customer validation. As a result of work undertaken, 13 discounts have been removed from council tax accounts with overpayments amounting to £13,000.
- Rising 18’s - These matches provide information on individuals in properties who have either recently turned 18 or will turn 18 in the near future, which in turn can affect the customer’s on-going entitlement to a single person discount. In the last update, we reported that 53 discounts had been cancelled totalling approximately £13,250. Since then a further 16 discounts totalling £4,000 have been cancelled.
- Direct Payments – Customers who are in receipt of a direct payment from the Council to purchase their care requirements are means tested to identify if they should pay a contribution to their care. The matches in this area relate to customers who may have failed to disclose to the Council the full extent of their income when their financial circumstances were assessed. Work is currently on-going in-conjunction with the Financial Assessments Team to consider these matches.

2.3 Referrals and Investigations – Table one below indicates the number of referrals by source in 2015-16, along with figures for the previous three financial years.

Table One - Fraud Referrals Received between 2012-13 and 2015-16

Source	Referrals 2012-13	Referrals 2013-14	Referrals 2014-15	Referrals 2015-16 to date
Whistle blower	14	12	12	3
Manager	14	13	13	8
Complaint / External	-	4	1	-
Total	28	29	26	11

We need to be clear that we have no mechanism for determining the number of referrals the Council should receive on an annual basis and it is very difficult to anticipate or identify the reasons behind fluctuations in numbers. However, the number of referrals received in 2015-16 through the Whistle blowing Procedure is substantially lower than previous years. As such, we intend to pursue this with colleagues in Human Resources, who are responsible for this procedure, to ensure that the mechanisms for promoting awareness remain adequate.

2.3.1 Of the 11 referrals received, four have led to full investigations. The main reason for referrals not leading to an investigation relates to the feasibility of being able to pursue the issue, for example, the nature of the event being a “one-off” situation and the impracticality of proving that, retrospectively, it has actually taken place.

2.3.2 In addition to the four investigations highlighted in 2.3.1 above, a further two investigations were carried forward from 2014-15. Five of the six investigations relate to attendance at work concerns and the other was in respect of theft of money. Four of these investigations are still on-going, whilst in the other two cases, one officer left their post during the disciplinary process and in the other case, the allegation was found not to have been substantiated.

2.4 Proactive work – The Council’s response to fraud also includes an element of proactive work to ensure that all key fraud risks are considered. Whilst the plan is to undertake further proactive work in the second half of 2015-16, work undertaken to date in this area has included:

- Updating the Council’s fraud risk assessment to reflect changes in the way the Council works and the impact of this on the Council’s exposure to the risk of fraud.
- We are currently participating in a procurement pilot in conjunction with the Home Office and West Midlands Police. This involves data matching information between the Council and the Police aimed at detecting fraud / crime in the public sector. This work is currently on-going and further updates will be provided to the Audit and Procurement Committee in the coming months.

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 of 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 fraud work is conducted in line with the requirements of the Data Protection Act. Where appropriate, cases are referred to the police for consideration of 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 Service are 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 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?

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 – Chief Internal Auditor

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	25/11/2015	25/11/2015
Lara Knight	Governance Services Co-ordinator	Resources	26/11/2015	26/11/2015
Neelesh Sutaria	Human Resources Business Partner	Resources	26/11/2015	26/11/2015
Names of approvers: (officers and members)				
Finance: Paul Jennings	Finance Manager Corporate Finance	Resources	26/11/2015	26/11/2015
Legal: Helen Lynch	Legal Services Manager (Place and Regulatory)	Resources	26/11/2015	02/12/2015

This report is published on the council's website:

www.coventry.gov.uk/meetings

This page is intentionally left blank



Coventry City Council

Public report

To: Audit and Procurement Committee

14th December 2015

Subject: Capital Receipts & Property Transactions

1 Purpose of the Note

- 1.1 To update Audit Committee regarding the realisation of capital receipts from the disposal of City Council assets and providing the strategy employed for selection and disposal of these assets.

2 Recommendations

- 2.1 Audit Committee is requested to note the information provided.

3 Information / Background

The Audit Committee has expressed a wish to be updated on the following issues:

- How do properties get identified / selected for disposal?
- At what stage do we market properties for sale – is it whilst they are being used or do we wait to they are vacant?
- What are the disposal mechanisms that the Council use to dispose of properties and how are these selected to ensure the Council gets the best price?
- How do the Council ensure that its gets value for money from all sales?

3.1 How Properties are identified for Disposal

The Council disposes of a number of types of land /property:

Operational Properties Declared Surplus to requirements - Surplus properties from the operational portfolio are included in the disposal programme. Usually the decision to dispose is approved by Cabinet/Cabinet Member as part of the authorising report to close the facility and declare it surplus.

Land Suitable for Development – The Council holds land for development, sometimes as the result of previous investment decisions; former agricultural land at Elms Farm for example. These sites have traditionally contributed to the Councils capital resources and their disposal is consistent with the Councils land use policies as local planning authority. The decision to dispose would normally be taken by Cabinet.

Regeneration projects - Larger regeneration projects such as Canley, NDC and Swanswell which include part Council and private land ownership are more site specific when seeking disposal and have been accompanied by a specific cabinet approval as the decision to dispose is intrinsically linked to the decision to invest in regeneration of the area concerned.

Opportunities – The Council needs to be able to react to opportunities that present themselves in respect of its property holdings. Direct negotiation with a single party is permitted where it can be demonstrated to be in the best interest of the Council, this method of disposal must be approved under delegated authority exercised by the Assistant Directors – Place Directorate. Terms are reported for formal approval by Cabinet/Cabinet Member if they are above the threshold of £50,000.

3.2 Marketing

Operational property is not generally marketed prior to the building being vacated as it can be unsettling to the occupants, particularly in the case of care facilities or residential homes for the elderly or vulnerable.

Where Council offices or surplus land are being disposed of, it is usual to try and achieve a sale prior to vacation. This has been achieved in respect of CC1-4 and Elm Bank.

3.3 Disposal Process

The method of disposal will be selected on a case by case basis and in such a way as to ensure the Council achieves best consideration. For larger sites it is usual to sell by way of informal tender. Smaller sites and smaller surplus properties can be disposed of by auction. Occasionally sites will be sold without exposure to the open market. This occurs when there is a “special purchaser” e.g. the owner of an existing site or leaseholder of that site or where there is a strategic reason for only dealing with one party. Such disposals would be the subject of formal approval.

3.4 The Approval Process

Under the Council’s ‘Practice Note for Disposals’ in disposing of assets officers must ensure:

- The Council receives the best consideration for disposal of assets thereby satisfying its obligation under Section 123 of the Local Government Act 1972
- Disposals are undertaken with transparency, fairness and probity required to fulfil the expectations and standards of the Council as a public body.
- In terms of approval, the following applies
 - Disposals up to £50k – Approved by the Assistant Director (CPM) under delegated powers.
 - Disposals greater than £50k but less than £1m - Approved by Cabinet Member (Business Enterprise & Economy)
 - Disposals greater than £1m but less than £2.5m – Approved by Cabinet
 - Disposals greater than £2.5m – Approved by Council

Any disposal at less than best consideration has to be justified and be the subject of a formal report for approval.

A Certificate of Value signed by a qualified valuation surveyor accompanies an instruction to Legal Services to complete a disposal to certify that the agreed terms are appropriate.

Richard Moon
Development Services
Place Directorate
Tel: 02476 832350

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank