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### **Audit and Procurement Committee**

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**Time and Date**

3.00 pm on Monday, 19th December, 2016

**Place**

Committee Rooms - Council House

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**Public Business**

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 5 - 12)  
To agree the minutes of the meeting held on 24<sup>th</sup> October 2016
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. **Half Yearly Fraud Report 2016-17** (Pages 13 - 20)  
Report of the Executive Director of Resources
6. **2016/17 Second Quarter Financial Monitoring Report (to September 2016)**  
(Pages 21 - 42)  
Report of the Executive Director of Resources
7. **Update on 2015-16 External Audit Findings Report** (Pages 43 - 46)  
Briefing Note from the Executive Director of Resources
8. **Corporate Risk Register** (Pages 47 - 72)  
Report of the Executive Director of Resources
9. **Freedom Of Information / Data Protection Act Annual Report 2015/16**  
(Pages 73 - 80)  
Report of the Executive Director of Resources

10. **Complaints to the Local Government Ombudsman 2015/16** (Pages 81 - 92)  
Report of the Director of Public Health
11. **Work Programme 2016/17** (Pages 93 - 94)  
Report of the Executive Director of Resources
12. **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**

13. **Complaints to the Local Government Ombudsman 2015/16** (Pages 95 - 110)  
Report of the Director of Public Health  
  
(Listing Officer: S Lam, tel: 024 7683 3910)
14. **Procurement and Commissioning Progress Report** (Pages 111 - 118)  
Report of the Executive Director of Resources  
  
(Listing Officer: M Burn, tel: 024 7683 3757)
15. **Consideration of Early Retirement Voluntary Redundancy Application**  
(Pages 119 - 124)  
Report of the Executive Director of Resources  
  
(Listing Officer: B Barrett, tel: 024 7683 3200)
16. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

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Chris West, Executive Director, Resources, Council House Coventry

Friday, 9 December 2016

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](mailto:lara.knight@coventry.gov.uk)

Membership: Councillors S Bains (Chair), R Brown, J Clifford (Deputy Chair), J Lepoidevin, T Sawdon and H Sweet

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.

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**Coventry City Council**  
**Minutes of the Meeting of the Audit and Procurement Committee held at 3.00 pm**  
**on Monday, 24 October 2016**

Present:

Members:                   Councillor S Bains (Chair)  
                                  Councillor R Brown  
                                  Councillor J Clifford  
                                  Councillor J Lepoidevin  
                                  Councillor T Sawdon  
                                  Councillor H Sweet

Employees (by Directorate):

M Burn, Resources Directorate  
P Jennings, Resources Directorate  
L Knight, Resources Directorate  
H Lynch, Resources Directorate  
S McGinty, Resources Directorate  
J Sansom, Resources Directorate  
K Tyler, Resources Directorate

Apologies:                Councillor G Crookes

## **Public Business**

### **30.     Declarations of Interest**

There were no disclosable pecuniary interests.

### **31.     Minutes of Previous Meeting**

The minutes of the meeting held on 26<sup>th</sup> September, 2016 were signed as a true record.

Further to Minute 21 relating to 'Internal Audit Annual Report 2015/16', the Committee noted that the report back on the moderate assurance rating of the adequacy and effectiveness of the Council's internal control environment had been included on the work programme.

### **32.     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 39 below headed 'Procurement and Commissioning Progress Report' on the grounds that the report involves the likely disclosure of information defined in Paragraph 3 of Schedule 12A of the Act, as it contains information relating to the financial and business affairs of a particular person (including the authority holding that information) and that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

### 33. **Internal Audit Plan 2016/17**

The Committee considered a report of the Executive Director of Resources, which set out the draft Internal Audit Plan for 2016-17, a copy of which was set out at an appendix to the report.

The draft Internal Audit Plan documented the outcome of the audit planning process for 2016-17 and provided a mechanism for allowing the 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 to enable a review of the Council's audit needs to be undertaken.

The report set out the planning process for the plan. The draft plan was based on an allocation of priorities against the current level of audit resource available. The Committee were informed that whilst the number of available days had reduced from 746 days in 2015-16 to 490 days in 2016-19, this impact had been managed through a more streamlined approach as follows:

- A more flexible approach to corporate fraud investigations, offering expert advice and support rather than undertaking the Investigating Officer role
- A risk based approach to the audit of schools based on links with School Finance
- As part of the process for identifying audit areas, senior officers had been consulted in relation to operational risks and whether other sources of assurance were available.

As a result it was believed that the Plan was sufficient for the work required to report on key risks and controls in the year and to prepare for the annual opinion and report. It wasn't anticipated that the review of the structure of the Internal Audit Service would have a significant impact on the Plan.

The report referred to the implications concerning corporate risks, corporate governance and contingency/ directorate risks.

The Plan set out the audit areas under the key driver headings of corporate risk, Council / 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.

The Committee sought clarification that the Department Risk Registers which fed into the Corporate Risk Register were up to date; enquired about the ICT audit which was to be undertaken by a third party auditor; sought assurance that the level of resource was sufficient to carry out all the necessary internal audits; and asked about what was covered under 'other'.

**RESOLVED that the draft Internal Audit Plan for 2016-17 be approved.**

### 34. **Internal Audit Plan 2016-17 – Half Year Progress Report**

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 2016, against the Internal Audit Plan 2016-17.

The Committee noted that the key target facing the Internal Audit Service was to complete 90% of its work plan by the 31<sup>st</sup> March 2017. As at the end of September 2016, the Service had completed 38% of the Audit Plan against a planned target of 40% and was broadly on track to meet its key target by the end of 2016-17.

The report included a table showing a summary of the performance of Internal Audit to date against five key performance indicators, with comparative figures for the previous year. The Committee were informed that there was one indicator, audit delivered within budget days, where the current performance was below expectations and management were taking targeted actions to make improvements as part of a continual focus to deliver greater efficiency in the Service. These included holding a team development session on the audit process, weekly progress meetings and an increased focus on time planning within individual audits.

Appendix one of the report submitted detailed the audits finalised between April and September 2016, along with the level of assurance provided. Appendix two provided a summary of findings from a selection of key audit reports completed and the relevant managers had agreed to address the issues raised in line with the timescales stated. These reviews would be followed up in due course and outcomes reported to the Committee.

Discussion centred on the customer journey financial processes audit, the objective being to ensure that the Council had robust systems in place to oversee the payment and banking functions required both externally and internally by customers/service areas. The Committee sought further information about some of the areas identified for improvement including:

- Ensuring the procedures for handling and accounting for monies within the Customer Service Centre were fully complied with
- Enhancing control records maintained within the Customer Service Centre to ensure that monies could be fully reconciled and a complete audit trail maintained
- Ensuring that a receipt was obtained from all collections made by the Council's third party agent.

Clarification was also requested on the issue of card refunds in light of customers making duplicate payments in error. It was clarified that this had been as a result of a system error in the new technology used for customer self- service which had now been rectified.

**RESOLVED that:**

**(1) The performance as at quarter two against the Internal Audit Plan for 2016-17 be noted.**

**(2) The summary findings of the key audit reviews set out in Appendix Two to the report be noted.**

**35. City Council Treasury Management Activity**

The Committee considered a briefing note of the Executive Director of Resources which detailed the latest information in respect of the Council's treasury management activity. Appendices to the report detailed the Council's lending list along with the most recent list of investments held by the Council.

The Committee noted the sums of money that the Council currently had invested with various lenders and that the current lending list was maintained in line with advice provided by the Council's Treasury Management advisors (Arlingclose), which based its judgements on information from credit rating agencies.

The Committee also noted that there had been a change to the counterparty limits on the lending list. As a result of the large level of investment balances held in 2015/16, the standard counterparty limit was now £10m, except for institutions where schools held their current accounts. The limit for unrated Building Societies had stayed at £1m.

The report indicated that since the last update the treasury landscape had changed as a result of Brexit and the Bank of England cutting interest rates. This meant the interest rates on the Council's investments had similarly reduced.

The Committee were informed that two counterparties had been removed from the approved list, Standard Chartered Bank and Deutsche Bank. As the Deutsche Bank was such an important bank to the German economy, the decision had been taken locally to no longer lend to any German bank.

At the 7<sup>th</sup> October, 2016 the total level of investment balances held by the Council stood at £168.9m which compared to £136.9m at 9<sup>th</sup> October, 2015. This increase in investment balances was mainly due to the Council receiving a grant of £35m from the Department for Business, Energy and Industrial Strategy for the Whitley South Infrastructure Project which was still to be spent.

Members asked about the long term ratings system of the Institutions on the lending list and requested information on the outstanding project grants held by the Council and when it was anticipated that these works would be undertaken.

**RESOLVED that:**

**(1) The latest position in relation to the Council's treasury management activity be noted.**

**(2) A briefing note be circulated to Members detailing the outstanding project grants held by the Council and the anticipated timescales for the works to be undertaken.**

**36. Information Management Strategy Update**



Further to Minute 12/16, the Committee considered a report of the Executive Director of Resources concerning progress with the action plans developed to improve the Council's information management arrangements. Details of the progress being made was set out in appendices attached to the report. Councillor Duggins, Cabinet Member for Policy and Leadership attended the meeting for the consideration of this item.

The report referred to the audits undertaken by the Information Commissioner's Office (ICO) in relation to the Council's data protection arrangements and In-form Consult (IFC) in relation to Information Governance generally. Arising from the audits findings, action plans were developed to implement the recommended actions for improvements to be made.

At the Committee's meeting on 25<sup>th</sup> July the update given on progress reported that out of 77 actions from the ICO recommendations, 8 had been completed, 49 were in progress and 20 were yet to begin. Since this time a further 38 actions had been completed and work was well underway with 27 of the remaining 31 actions. It was anticipated that all actions would be complete significantly in advance of the return visit in March 2017. There were still 4 actions to begin, these actions related to the final stages of the plan and were dependent on other actions being completed before they could commence. The Committee were informed that in order for these actions to be completed, a Records Manager was required in the Information Governance Team and this position was now being recruited to.

The Committee noted that since their July meeting, some significant milestones had been achieved. A review policies and guidance had been completed and assembled into a 'handbook' to act as a single access point for staff across the council. The handbook was launched at the Council's Data Day event on 19<sup>th</sup> October, 2016. The event involved officers from across the council and was an opportunity to communicate with staff emphasising the importance of good information management practice, ensuring that risks and opportunities were better understood and managed. The mandatory e-learning on data protection had also been updated.

The Information Management Strategy aimed to ensure that the Council used the power of data and the opportunity this provided alongside the Digital Strategy to improve efficiency, customer experience and the ability to work with partners.

The In-Form Consult maturity assessment was intended to provide a road map to look beyond the ICO activities. These recommendations would be implemented over the next 12 months and would form an ongoing basis to ensure that the Council was able to keep abreast of new developments in the digital age to ensure that information remained secure in new media and new technology and would safeguard the Council into the future.

Councillor Duggins, Cabinet Member, outlined his support for the progress being made. Members asked about the development of the risk register and the risk policy and sought clarification as to when all the actions would be completed.

**RESOLVED that:**

**(1) The progress to date against the ICO and In-form Consult action plans be noted.**

**(2) Officers be requested to bring a further report back to the Committee on the outcome of the follow-up audit by the Information Commissioner.**

**(3) Officers be requested to submit a progress report on action plans to the February meeting of the Committee.**

**37. Work Programme 2016/17**

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

**RESOLVED that the work programme be noted and officers be requested to update the work programme to take account of the additional progress report on the action plans as detailed in Minute 36 above.**

**38. Any other items of public business - Local Government Audit Committee Forum**

The Committee were informed that PricewaterhouseCoopers had organised a Local Government Audit Committee Forum to be held in Birmingham on 29<sup>th</sup> November, 2016 and up to three places were available for Coventry Members. Councillor Clifford expressed an interest in attending.

**RESOLVED that:**

**(1) Details of the Local Government Audit Committee Forum to be held on 29<sup>th</sup> November, 2016 be circulated to Members.**

**(2) Members to inform if they wish to attend the Forum.**

**39. Procurement and Commissioning 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 26<sup>th</sup> September, 2016. Details of the latest positions in relation to individual matters were set out in an appendix to the report.

**RESOLVED that:**

**(1) The current position in relation to the Commissioning and Procurement Services be noted.**

**(2) No recommendations be made to either the Cabinet Member for Strategic Finance and Resources, Cabinet or Council on any of the matters reported.**

**(3) No changes are required to the format of the report at this time.**

40. **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 additional items of private business.

(Meeting closed at 4.30 pm)

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Coventry City Council

## Public report

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### Report to

Audit and Procurement Committee

19th December 2016

### Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

### Director approving submission of the report:

Executive Director of Resources

### Ward(s) affected:

City Wide

### Title:

Half Yearly Fraud Report 2016-17

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### Is this a key decision?

No

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### 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 2016-17 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 2016-17.

**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 2016-17

**1. Context (or background)**

- 1.1 Fraud in the public sector has a national focus through the publication of "Fighting Fraud and Corruption Locally – The Local Government Counter Fraud and Corruption Strategy". Whilst the national strategy states that the level of fraud in the public sector is significant, the current trends in fraud activity includes areas which Coventry City Council does not have responsibility for, for example, social housing, and the levels of identified / reported fraud against the Council are at relatively low levels, in terms of both numbers and value.
- 1.2 This report documents the Council's response to fraud during the first half of the financial year 2016-17, 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 2016-17, 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 2016-17 to date is detailed below.

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

- Reviewing Council Tax Exemptions – This has been the main area of focus to date. This reflects our view 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. Work to date in 2016-17 has resulted in:
  - 101 exemptions have been removed from customers' accounts. These exemptions were removed on the basis that the customer failed to report a change in circumstances. As such, they have been treated as an error, rather than a fraudulent application to obtain an exemption they were not entitled to.
  - Revised bills have been issued amounting to approximately £148,000.
  - £64,000 of this money has been paid to the Council to date. The outstanding balances are being recovered through agreed payment instalment arrangements or are subject to the Council's standard recovery arrangements in relation to Council Tax.

Once the main exemption types have been completed, the focus of our work will move to the area of disabled person reductions.

- Council Tax Referrals – We have received a small number of referrals predominantly from the Benefits / Council Tax Department linked to the payment of Council Tax support / single person discount. To date, six concerns have been validated and resulted in revised bills of £18,000 being issued, of which £7,100 has been paid to date.

2.3 National Fraud Initiative (NFI) – The NFI exercise is led by the Cabinet Office. The exercise takes place every two years and matches electronic data within and between public bodies, with the aim of detecting fraud and error. Our work in 2016-17 has been focused on collating and submitting the datasets for the next exercise. This was completed in early October 2016, with 15 datasets submitted. We expect the matches to be released for investigation in February 2017.

2.4 Referrals and Investigations – From time to time, the Internal Audit Team receive referrals or are asked to assist with investigations relating to employee misconduct and other fraud against the Council involving external individuals. Table one below indicates the number of referrals by source in 2016-17, along with figures for the previous three financial years.

**Table One - Fraud Referrals Received between 2013-14 and 2016-17**

Source	Referrals 2013-14	Referrals 2014-15	Referrals 2015-16	Referrals 2016-17 to date
Whistle blower	12	12	5	1
Manager	13	13	14	6
Complaint / External	4	1	2	0
<b>Total</b>	<b>29</b>	<b>26</b>	<b>21</b>	<b>7</b>

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, in considering the number of referrals received to date in 2016-17, it is our opinion that the following issues are relevant:

- In comparison to previous years we have received fewer referrals linked to attendance concerns (i.e. falsifying time records), which in our opinion reflects the Council’s new ways of working including agile / home working. This has impacted on the nature of this risk in that attendance issues may be less visible, but also reflects that management of employees has become more outcome focused.
- As previously reported to Audit and Procurement Committee, there is a need to refresh employees’ awareness of the whistleblowing policy. This will be linked to the publication of the new policy in 2016-17.

2.4.1 Of the seven referrals received, five have led to full investigations. There are various reasons for referrals not leading to an investigation including, for example where it is a “one off” situation and there is no information available to indicate who was involved.



2.4.2 In addition to the five investigations highlighted in 2.4.1 above, a further five investigations were carried forward from 2015-16. Of the ten investigations, seven related to fraud / theft. These included three cases linked to the theft of Council equipment / money and two cases linked to the award of Small Business Rates Relief, where the customer had failed to report other business interests they held which affected their entitlement to the relief.

Four out of the total ten investigations are still on- going, whilst of the remaining six:

- In two cases, the officer left their post during the disciplinary process.
- In one case, the officers involved received final / written warnings.
- In two cases linked to Business Rates, revised bills were issued amounting to £10,200.
- In one case, the allegation was found not to be substantiated.

2.5 Proactive work – The Council’s response to fraud also includes an element of proactive work. Whilst this work has been limited in the first half of 2015-16, it has included:

- Review of the Council’s fraud and corruption strategy linked to the publication of the updated national strategy. It is planned that this work will be completed in the near future and will be reported to a future meeting of the Audit and Procurement Committee.
- Following a request by Audit and Procurement Committee, arrangements have been made for an article on the rolling programme of Council Tax reviews to be published in the December edition of the Council’s Citivision magazine. This also includes mechanisms for members of the public to raise concerns.

### **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**

The Council has a duty under section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs. To effectively discharge this duty, these arrangements include Council policies and procedures which protect the public purse through managing the risk of fraud and error.

All cases are conducted in line with the Data Protection Act 1998 and if appropriate are referred to the Police for investigation.

### **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 undertake, or contribute to, the disciplinary investigation supported by a Human Resources representative. Matters of fraud can be referred to the police concurrent with, or consecutively to, a Council disciplinary investigation.

## **6. 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:**

Karen Tyler – Acting Chief Internal Auditor

**Directorate:**

Resources

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Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Directorate or organisation</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Lara Knight	Governance Services Co-ordinator	Resources	28/11/2016	30/11/2016
Helen Joyce	Human Resources Interim	Resources	28/11/2016	29/11/2016
<b>Names of approvers: (officers and members)</b>				
Finance: Paul Jennings	Finance Manager Corporate Finance	Resources	28/11/2016	6/12/2016
Legal: Helen Lynch	Legal Services Manager (Place and Regulatory)	Resources	28/11/2016	6/12/2016

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Cabinet  
Audit and Procurement Committee

29<sup>th</sup> November 2016  
19<sup>th</sup> December 2016

**Name of Cabinet Member:**

Cabinet Member for Strategic Finance & Resources – Councillor J Mutton

**Director approving submission of the report:**

Executive Director of Resources

**Ward(s) affected:**

City Wide

**Title:**

2016/17 Second Quarter Financial Monitoring Report (to September 2016)

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**Is this a key decision?**

No

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**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 2016.

The headline revenue forecast for 2016/17 is an over spend of £7.1m. This has worsened since the Quarter 1 position when it stood at £6.4m. At the same point in 2015/16 there was a projected overspend of £4.7m.

This level of overspend is unprecedented and the worsening of an already challenging financial position signifies the need for management to take decisive action to pull this back to balance or near balance by year-end. The Council's Strategic Management Board has begun immediate implementation of a series of actions which are set out in section 5.1.

Capital spending is projected to be £88.9m for the year, a net decrease of £10.9m on the quarter 1 position. This decrease in the Capital Programme includes £13.0m of expenditure that has been rescheduled into future years.

At its meeting of 26<sup>th</sup> September when it considered the quarter 1 monitoring report the Audit and Procurement Committee, recommended that comments be passed to Cabinet regarding the non-achievement of savings in the revenue budget and the volume of rescheduling within the Capital Programme. These matters are addressed within the main body of the report.

## **Recommendations:**

Cabinet is recommended to:

1. Note the forecast revenue overspend at Quarter 2.
2. Endorse the actions set out in section 5.1 to be taken by senior management to address the revenue budgetary control overspend
3. Approve the revised capital estimated outturn position for the year of £88.9m incorporating: £2.1m net increase in spending relating to approved/technical changes (Appendix 2) and £13.0m net rescheduling of expenditure into 2017/18 (Appendix 4).
4. Note the comments made by Audit Committee and the responses to those comments within this report.

Audit and Procurement Committee is recommended to:

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

## **List of Appendices included:**

Appendix 1	Revenue Position: Detailed Directorate breakdown of forecast outturn position
Appendix 2	Capital Programme: Analysis of Budget/Technical Changes
Appendix 3	Capital Programme: Estimated Outturn 2016/17
Appendix 4	Capital Programme: Analysis of Rescheduling
Appendix 5	Prudential Indicators

## **Background Papers**

None

## **Other useful documents:**

None

## **Has it or will it be considered by scrutiny?**

No

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

Audit and Procurement Committee, 19 December 2016

## **Will this report go to Council?**

No

**Report Title:**

2016/17 Second Quarter Financial Monitoring Report (to September 2016)

**1. Context (or Background)**

- 1.1 Cabinet approved the City Council's revenue budget of £233.4m on the 23rd February 2016 and a Directorate Capital Programme of £123.2m. This is the second quarterly monitoring report for 2016/17 to the end of September 2016. The purpose is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and to report on the Council's treasury management activity.
- 1.2 The current 2016/17 revenue forecast is an overspend of £7.1m, an increase of £0.7m on the Quarter 1 position of £6.4m. The reported forecast at the same point in 2015/16 was an overspend of £4.7m. Capital spend is projected to be £88.9m, a decrease of £10.9m on the quarter 1 position.

**2. Options considered and recommended proposal**

- 2.1 **Revenue Forecast** - The Quarter 2 revenue budget monitoring exercise has identified an overall overspend of £7.1m. Table 1 below provides details of the forecast directorate variances.

**Table 1 - Forecast Variations**

<b>Directorate</b>	<b>Revised Budget</b>	<b>Forecast Spend After Action/ Use of Reserves</b>	<b>Net Forecast Variation</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Chief Executives	1.1	1.2	0.1
People	166.0	173.3	7.3
Place	33.6	34.2	0.6
Resources	11.2	11.2	0.0
	<b>211.9</b>	<b>219.9</b>	<b>8.0</b>
Contingency & Central Budgets	21.5	20.6	(0.9)
<b>Total</b>	<b>233.4</b>	<b>240.5</b>	<b>7.1</b>

The Council's Strategic Management Board (SMB) recognises that this level of overspend position is unacceptable and one which will only be corrected over the remainder of the year if decisive executive action is taken. SMB has issued instructions for the immediate implementation of a series of steps to address the position and these are set out in section 5.1.

**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**

The people directorate continues to face significant financial challenges, and a large underspend on centralised salaries of £5.6M masks a significant overspend across other areas of £12.9m.

The net position of a £7.3m overspend is largely made up of budgetary control pressures and undelivered savings targets – most significantly the crosscutting kickstart and headcount targets in Children’s and Adult’s Services (£3.6m). The service has saving and delivery plans in place to deliver these targets, but they cannot be achieved within the current timescale.

The position has worsened slightly since quarter 1, largely as a result of a worsened budgetary position in Children’s Services (LAC Placements and Supported Accommodation), and plans are in place on a recovery plan to reduce expenditure. This has largely been offset by an improved position in Education.

Adult Social Care continues to see increasing demand with regards to young adults transitioning into the service and it is anticipated that the emerging plans for further review of the all age disability service will help to address this.

## **Place**

As at Q2, the Place Directorate is reporting a net £0.5m pressure. Gross pressures within this reported figure are £1.2m, around £1m of which is income related.

Approximately £0.3m relates to the pressure on Bus Lane enforcement income due to expected refunds and the IT issues preventing issue of a large number of Penalty Charge Notices (PCNs). Other income pressures totalling a further £0.7m are being experienced in: parking enforcement due to lower than expected PCN’s issued; building cleaning due to declining work for schools; the Monitoring & Response service due to unachieved targets; and a forecast deficit on the St Mary’s catering trading position. Officers are looking at each of these to try to resolve them. Other pressures relate to the unbudgeted cost of traveller incursions and agency costs in the Traffic team where recruitment difficulties are still being experienced.

Pressures are being offset by forecast increased bereavement income of over £0.2m together with an under spend on the waste disposal budget of £0.2m due to lower actual tonnages and reduced recycling gate fees. Management are also looking for other one off actions where possible to reduce the corporate impact, which together are hoped to be worth another £0.2m.

## **Resources**

The Resources Directorate has underspent against salary budgets and turnover target of £0.7m. This is offset by non-salary overspend of £0.7M resulting in a balanced net position. Areas of financial pressure within the directorate are within Legal Services, where due to vacancies and activity pressure, spend is being incurred on agency and barristers, and within Revenues & Benefits as a result of increased activity.

## **Contingency & Central**

As part of the Workforce Strategy budget savings first identified in 2015/16, there is a step-up in the target held within corporate budgets in 2016/17. The actions to deliver this have not yet been identified, leading to a net £0.7m overspend and this is being considered as part of 2017/18 budget setting. The Asset Management Revenue Account is projecting a £1.4m underspend (much reduced from previous years) due mostly to reduced capital



financing costs arising from lower than planned borrowing in 2015/16 and higher than planned investment income resulting from large cash balances.

## 2.4 Capital Programme

Table 2 below updates the budget to take account of a £2.1m increase in the programme, and a reduction of £13.0m for expenditure which is now planned to be carried forward into future years. This gives a revised projected level of expenditure for 2016/17 of £88.9m. 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 2016/17. It shows 87% of the capital programme is funded by external grant. Overall the capital programme and associated resourcing reflects a forecast balanced position in 2016/17.

**Table 2 – Movement in the Capital Budget**

<b>CAPITAL BUDGET 2016-17 MOVEMENT</b>	<b>£m</b>
<b>Estimated Outturn Quarter 1</b>	<b>99.8</b>
Approved / Technical Changes (see Appendix 2)	2.1
"Net" Rescheduling into future years (see Appendix 4)	(13.0)
<b>Revised Estimated Outturn 2016-17</b>	<b>88.9</b>
<hr/>	
<b>RESOURCES AVAILABLE:</b>	<b>£m</b>
Prudential Borrowing (Specific & Gap Funding)	5.5
Grants and Contributions	77.7
Capital Receipts	4.3
Revenue Contributions	1.0
Leasing	0.4
<b>Total Resources Available</b>	<b>88.9</b>

Final decisions on the funding of the programme will be made at year-end, based on the final level of spend and the level of resources available. These decisions will pay due regard to the need to earmark resources to fund future spending commitments. The Council has continued to delay prudential borrowing as a means of funding capital spend but it is important to be aware that significant amounts of borrowing has been approved to fund future spend and this will come on-stream over the next few years.

## 2.5 Treasury Management Activity in 2016/17

### Interest Rates

Whilst the debate about what Brexit will actually mean for the UK continues, there has been a material change in the financial landscape with a first rate change for 8 years. During quarter 2 the Bank of England Base rate was cut from 0.5% to 0.25%. Initially, this was thought to be the first step and another rate cut could be on the way this financial year. However, high recent inflation figures due to the low value of the pound causing the cost of

imports to rise indicates that a rate rise could in fact be on the horizon. Much like the uncertainty surrounding what Brexit will actually look like, there is a great deal of uncertainty about which direction interest rates will move next. It is likely though that any increases (or decreases) will be very small and gradual with historic high levels of interest rates not being seen for some time.

### Long Term (Capital) Borrowing

There is no net long term borrowing requirement for 2016/17 and 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 2016/17 interest rates for local authority borrowing from the Public Works Loans Board (PWLB) have varied within the following ranges:

<b>PWLB Loan Duration (maturity loan)</b>	<b>Minimum 2016/17 to P6</b>	<b>Maximum 2016/17 to P6</b>	<b>As at the End of P6</b>
5 year	1.15%	2.00%	1.21%
50 year	2.07%	3.28%	3.30%

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 up to the end of 2016/17, at 0.4% below the standard rate for £31m of borrowing required for delivery of the Friargate Project. Given current interest rates and the level of investment balances held by the Council, it is likely that the Council will not use the “project rate” facility.

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 holds no short term borrowing.

Short term investments were made at an average interest rate of 0.79%. This rate of return reflects low risk investments for short to medium durations with UK banks, Money Market Funds, Certificates of Deposits, other Local Authorities, Registered Providers and companies in the form of corporate bonds.

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

	<b>As at 30<sup>th</sup> September</b>	<b>As at 30<sup>th</sup> June 2016</b>	<b>As at 30<sup>th</sup> September</b>

	<b>2015</b>		<b>2016</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Banks and Building Societies	69.3	54.0	54.4
Money Market Funds	6.9	15.8	18.6
Local Authorities	0.0	0.0	0.0
Corporate Bonds	15.6	23.2	34.9
Registered Providers	0.0	5.0	15.0
<b>Total</b>	<b>91.8</b>	<b>98.0</b>	<b>122.9</b>

### **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 2016 the pooled funds were valued at £38.5m, spread across the following funds: Payden & Rygel; Federated Prime Rate, CCLA, Standard Life Investments and Royal London Asset Management.

### **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 2016 are included in Appendix 6. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2016/17. Specific points to note on the ratios are:

- The Ratio of Financing Costs to Net Revenue Stream (indicator 1) is 13.31% compared to 14.03% within the Treasury Management Strategy, in part due to lower levels of Prudential Borrowing resourced capital spend in 2016/17;
- 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 -£77.6m (minus) compared to +£78.3m 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 30<sup>th</sup> September the value is £182.1m compared to £391.3m within the

Treasury Management Strategy, reflecting that a significant proportion of the Councils investment balance is at a fixed interest rate.

**3. Results of consultation undertaken**

3.1 None.

**4. Timetable for implementing this decision**

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

**5. Comments from Executive Director of Resources**

**5.1 Financial Implications**

The following financial explanations are made in the context of comments made by the Audit and Procurement Committee at their meeting which considered the quarter 1 position, regarding the non-achievement of savings in the revenue budget and the volume of rescheduling within the Capital Programme.

**Revenue**

The current financial position is perhaps the most challenging that the Council has ever faced at this point of the year. This stems from two fundamental reasons, non-achievement of planned budget savings and increases in social care pressures. A further contributory factor is that the Council no longer has the degree of flexibility that it has maintained previously within central budgets – underspends on these budgets have often helped to balance the overall bottom line in previous years.

Recent Budgets have seen the Council achieve very significant savings programmes to meet large reductions in Government grant funding. Current estimates indicate that out of £52m of savings for 2016/17 set in recent years over 90% of these will be achieved. However, the remaining savings are proving more difficult to deliver and there is likely to be a shortfall in achievement both in 2016/17 and in 2017/18 when savings targets increase by a further £16m.

The most significant shortfalls are within the People Directorate which continues to face challenges from high and increasing demand across a number of service areas. As well as causing new budget pressure from the cost of care packages and support for children and adults that have entered the care system, this pressure makes it more difficult to meet budget savings based on reductions in workforce numbers and transformational change. The relatively new management team within the directorate has plans in place to implement savings fully by 2018/19 but given the nature of these savings and the current early status of progress in delivering them it is unrealistic to expect them to be delivered in full within the current financial year or 2017/18.

The Pre-Budget Report on today's agenda describes the overall savings that the Council will be unable to deliver to the initially planned time-scale in relation to 2017/18. Proposals are included to make budgetary adjustments to reflect this shortfall with compensating savings identified from a range of other areas. It should be stressed that the achievement of those savings targets that remain will continue to be a key budget risk in 2017/18 and this risk will be set in the context of the overall Budget proposals.

At quarter 1 a range of actions were approved to manage the bottom line but the continued and increasing over-spend now demands a more rigorous approach. A further round of Early Retirement and Voluntary Redundancy (ER/VR) is in the process of being

implemented by Strategic Management Board although this will not take effect in time to have a significant impact within the current year. It is expected to have fewer areas of exemption compared with previous ER/VR rounds and should help significantly to reduce employment costs going forward.

In addition, and specifically in relation to 2016/17, it is proposed that further actions are taken as follows:

- Restrict employee recruitment to essential posts only.
- Scrutinise and review agency and interim payments
- Restrict all controllable purchases to essential spend only.
- Identify the capacity to maximise the application of grant income to in-year revenue spend.
- Identify the capacity to maximise the application of reserve balances to in-year revenue spend.
- Explore all options, including technical solutions (e.g. bad debt provisions), that might be available to manage the year-end position.

Progress on the implementation of these actions will be monitored regularly.

Given the scale of the financial gap, the Executive Director of Resources will also ensure that sufficient resources are identified for use within 2016/17 should the financial position not be brought back to balance at year-end, including the use of corporate reserve balances. Work to establish the flexibility of Council reserves has already been set in motion by officers and through Scrutiny Board 1. It should be stressed that the use of such resources as a retrospective measure to balance the revenue position would be highly undesirable.

### **Capital**

Further significant rescheduling in schemes has reduced anticipated spend to c£89m (£11m less than quarter 1). At the same time the Council has received additional grant and capital receipts that it will be able to use to fund capital expenditure on a cash-flow basis within 2016/17 and therefore reduced the level of Prudential Borrowing required in the year. Additional grant is made up mainly of £35m for the construction of infrastructure at Whitley South much of which can be used for cash-flow purposes this year ahead of the need to spend. In addition, initial projections indicate that £2.9m of capital receipts will be received above the targeted level.

At quarter 1, the Audit and Procurement Committee raised its concern at the decrease in capital expenditure compared with the February Budget Setting position. The year to date decrease now stands at £34.3m compared with £23.4m at Quarter 1. Given the overall scale of the changes and the comments passed from Audit and Procurement Committee it is appropriate to further discuss the context to and headline reasons for the movement as follows.

- The Council is in a period of delivering some of the largest programmes of capital expenditure in its history and managing a programme of this scale sets its own challenges in terms of delivering this on time.
- Elements of the programme are often set on an aspirational basis, with a working assumption that all elements of it are implemented on time.
- A number of the projects have two or more programme and delivery partners which affect the governance and implementation timetables in a way that can be difficult to predict at the start of each financial year. For instance, the NUCKLE and Coventry Station Masterplan projects include a range of partner bodies across sectors.

- The CIF programme in particular relies upon appropriate opportunities to emerge rather than ones that are driven by the Council, such that the Council does not dictate the rate of process.

The detailed rescheduling is set out by scheme at Appendix 4.

## **5.2 Legal implications**

None

## **6. Other implications**

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

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

### **6.2 How is risk being managed?**

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

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

Appendix 1 details directorates forecasted variances.

For 2016/17 reporting a new approach has been taken to try and maintain a focus on key budgetary variations. Budgets have been analysed between those that are subject to a centralised forecast and those that are managed at a whole Council or Directorate level (termed "Budget Holder Forecasts" for the purposes of this report). These Centralised budget areas relate to salary costs – the Council applies strict control over recruitment such that managers are not able to recruit to vacant posts without first going through rigorous processes. In this sense managers have to work within the existing establishment structure and salary budgets are not controlled at this local level. The Centralised salaries and Overheads under-spend shown below is principally the effect of unfilled vacancies.

Directorate	Revised Budget	Forecast Spend After Action/ Use of Reserves	Centralised Forecast Variance	Budget Holder Forecast Variance	Net Forecast Variation
	£m	£m			£m
Chief Executives	1.1	1.2	0.1	0.0	0.1
People	166.0	173.3	(5.6)	12.9	7.3
Place	33.6	34.2	0.0	0.6	0.6
Resources	11.2	11.2	(0.7)	0.7	0.0
	<b>211.9</b>	<b>219.9</b>	<b>(6.2)</b>	<b>14.2</b>	<b>8.0</b>
Contingency & Central Budgets	21.5	20.6	0.0	(0.9)	(0.9)
<b>Total</b>	<b>233.4</b>	<b>240.5</b>	<b>(6.2)</b>	<b>13.3</b>	<b>7.1</b>

Centralised salaries and overheads		
Reporting Area	Explanation	£m
People	The People Directorate overall is underspending against its salary budgets and turnover target by £5.6M. This is partly as a result of high levels of vacancies in Children's Social Care, and this area contributes £3.3M of the salary underspend. Part of the non-salary overspend is as a result of agency staff in Children's Social Care. The plan to reduce these continues, and we currently have 60 agency workers in this area (compared with 76 at 31st March 2016) Internally provided services in Adult Social Care also contributes approximately £0.9M towards this underspend as a result of planned vacancies and efficiencies.	(5.6)
Resources	The Resources Directorate overall is underspending against its salary budgets and turnover target by £0.6M. This is due to vacancies across HR and Workforce Services and Legal & Democratic Services.	(0.7)
<b>Total Centralised salaries and overheads Variances</b>		<b>(6.3)</b>



Budget Holder Forecasts		
REPORTING AREA	EXPLANATION	£m
<b>PEOPLE DIRECTORATE</b>		
<b>Overspends:</b>		
All Age Disability and Mental Health Community Purchasing	Underlying budget pressure arising from increasing demand for social care support for eligible service users and increasing social care market costs. Management actions underway to ensure demand on social care is managed in the most cost effective way and reduce overall costs. Control mechanisms in place to ensure expenditure is robustly managed. Working age adults tend to receive services for longer period of time and pressure is cumulative as "turnover" is limited and new users continue to enter the system in need of support. The increase in spend between quarter 1 and quarter 2 has primarily resulted as a consequence of increases in learning disability home care. This comprises 15 new commitments and 26 increased commitments between period 5 and period 6.	2.4
Child Protection	Overspend on Agency social workers to fill staffing vacancies and high levels of activity within the child protection teams. The salary underspend has £2.3M underspend as a result of the staffing vacancies. The forecast has reduced at QTR 2 as a result of lower caseloads in the RAS.	2.3
SCTEI Strategic Management	This is undelivered savings targets within Children's Services (headcount reduction and Kickstart) and also contains the costs of children's transformation. The service has saving and delivery plans in place to deliver these targets, but they cannot be achieved within the current timescale	1.8
Strategy & Commissioning (CLYP)	This budget pays for supported accommodation for care leavers, and vulnerable homeless aged 18-24. Overspend is a result of high levels of activity, and not enough of the the right types of provision. The strategy to to ensure that young people are in appropriate accommodation and not placed together with adults is also impacting as a result of needing to spot purchase more placements. A recovery plan is being worked on by commissioners and finance, which will plot and monitor move on timescales for individual young people. This work will take place between now and December, and should result in a more favourable financial forecast will be possible at Q3.	1.6
Older People Community Purchasing	Underlying budget pressure arising from increasing demand for social care support for eligible service users and increasing social care market costs. Management actions underway to ensure demand on the social care is managed in the most cost effective way to reduce overall costs. Control mechanisms in place to ensure expenditure is robustly managed. The variance has resulted in focused efforts to monitor approved packages through the panel process and aim to reduce expenditure by being creative with support arrangements. The weekly cost of services has reduced between quarter 1 and quarter 2, although the overall numbers of people supported has remained largely the same.	1.3
LAC Services	£1M of this overspend is due to agency staff, largely offset by underspends on the staffing budget. This includes a combined £400k overspend for Adoption and Special Guardianship orders, largely due to increased activity over time and additional legal costs for one SGO case. This is offset by underspend on placements of £340k due to a reduction in LAC numbers.	1.2

Adult Social Care Director	This overspend is as result off all corporate budget savings allocations (£1.226m) being assigned against this budget. These savings targets are required to be delivered over the year across all of adult social care.	1.0
Internally Provided Services	Overspends (agency costs, other pay and overtime) have been offset by larger underspends on centralised salary costs due to a number of vacancies and planned efficiencies. Underspend has increased since quarter 1 as a result of an earlier than anticipated closure of one of the Housing with Care schemes.	0.4
All Age Disability and Mental Health Operational	Overspends (agency costs, other pay and overtime) have been offset by underspends on centralised salary costs due to a number of vacancies.	0.3
Older People Operational	Overspends (agency costs, other pay and overtime) have been offset by underspends on centralised salary costs due to a number of vacancies and implementation of the management review.	0.3
Integrated Youth Support Service	This is as a result of the reduction in Youth Offending Service grants of £149k. There are measures in place to reduce costs and balance the budget, which are currently out to consultation.	0.2
Adult Education	£200,000 variance is an undelivered savings target. This was due to be delivered through resource switching eligible expenditure. We continue to work on identifying eligible expenditure within Workforce.	0.2
Safeguarding	Over spend is due to agency costs being incurred to fill staffing vacancies within the Children's Safeguarding service. This is partially offset by underspend on salaries reported as part of the centralised forecast underspend. The reliance on agency Independent Reviewing Officers has been reduced to zero as permanent staff are now in place. There is now only one agency staff member filling the LADO post.	0.2
Learning & Achievement	The current forecast is showing underspend in salaries which will be reallocated to maximise resources for delegation to schools. The cost centre will break even at year end.	0.1
Underspends:		
Older People Operational	Overspends on controllable costs (agency costs, other pay and overtime) have been offset by underspends on non-controllable salary costs due to a number of vacancies pending a service restructure.	0.1
Planning	Grant funded post vacancies being held in preparation for service review.	(0.1)
Strategic Commissioning (Adults)	This underspend is the effect of expected efficiency-savings across a number of contracts and is partially offset by a reduced income expectation from Supporting People.	(0.1)
Advice and Health Information Services	Underspend in respect of grant income received to support spend in other Council services.	(0.2)
Other Variations less than 100k		(0.2)
	<b>Forecast Overspend/(Underspend)</b>	<b>12.8</b>

REPORTING AREA	EXPLANATION	£m
<b>PLACE DIRECTORATE</b>		
<b>Overspends:</b>		
Traffic	The majority of the variation is within Parking services: Bus Lane Enforcement - the effect on income of recent ICT server issues (now resolved) which have prevented the issue of approx 6k PCNs. Parking Enforcement - Temporary resource issues have resulted in lower than originally targeted PCN numbers (estimated 40k versus budgeted 42k).	0.5

Environmental Services	Non achievement of Income Targets in relation to CCTV & Community Safety	0.3
Cultural & Sport	Primarily a St Mary's trading deficit	0.1
Transport & Infrastructure	Anticipated expenditure on agency cover and reduced income from capitalised staff due to post vacancies	0.1
Facilities & Property Services	Primarily Building Cleaning trading deficit.	0.1
<b>Underspends:</b>		
Directorate & Support	Management actions to offset directorate pressures	(0.2)
Waste & Fleet Services	A reduction in the recycling gate fee together with a reduction in the amount of materials collected by the Street Cleansing teams	(0.1)
Streetpride & Parks	Additional Bereavement Services income of £260k partly offset by increased Agency costs and Traveller Incursions.	(0.1)
Other Variations less than 100k		(0.1)
	<b>Forecast Overspend/(Underspend)</b>	<b>0.6</b>

<b>REPORTING AREA</b>	<b>EXPLANATION</b>	<b>£m</b>
<b>RESOURCES DIRECTORATE</b>		
<b>Overspends:</b>		
Revenues and Benefits	The controllable overspend is comprised largely of unbudgeted spend in relation to Civica remote processing to address workload fluctuations and vacancy cover. The £0.3m centralised forecast underspend (salaries) offsets much of the Civica remote processing expenditure and illustrates that the Civica resource is being applied to backfill vacancies within the service as workloads continue to fluctuate. In addition, there remain expenditure pressures on court fees and payment card charges.	0.3
ICT Operations	Work is currently underway to review all spend to identify detailed reasons for the current predicted overspend across User Support on mobile telephones and IT hardware. In addition a review of spend on other cost centres within ICT Operations is being carried out to identify savings which could be used to manage overspend.	0.3
Legal Services	Overspend relates to barrister and locum costs. This is mainly due to vacancies within the Advocacy Team and People Team but is being exacerbated by an increasing volume of court work (higher volume of cases and cases taking longer) and an increase in barrister. Steps are being taken to address the difficulties experienced in recruiting. This is offset by underspend on salaries reported as part of the directorate salaries underspend.	0.2
HR Support	This illustrates a reduction in income from schools for the HR Advisory SLA. In response a redesign of the service level agreement with schools has been completed with the intention to increase buy back next year together with a reduction in the staffing that currently support schools.	0.1
<b>Underspends:</b>		
Talent & Skills Team	Spending requirements across Council wide training has been reduced by careful management. In the longer term this budget will be re-aligned within the Council's new Workforce Strategy which will support the Council's overall business objectives which will include Kickstart moving forward.	(0.1)
Other Variations less than 100k		(0.1)
	<b>Forecast Overspend/(Underspend)</b>	<b>0.7</b>
<b>Contingency &amp; Central Budgets</b>		
<b>Overspends:</b>		

Workforce Strategy	Shortfall in achievement of Workforce Strategy budget savings. The actions to deliver this have not yet been identified and are being revisited as part of the Pre-Budget Report. Underspend in inflation contingencies has reduced from quarter 1, reflecting a reduced saving on pension costs incurred compared to budget. The Policy Contingency is expected to underspend assuming no further significant commitments against the Budget this year.	0.7
<b>Underspends:</b>		
Asset Management Revenue Account	The Asset Management Revenue Account is projecting a £1.4m underspend (much reduced from previous years) due mostly to reduced capital financing costs arising from lower than planned borrowing in 2015/16 and higher than planned investment income resulting from large cash balances.	(1.4)
Other Variations less than 100k		(0.1)
	<b>Forecast Overspend/(Underspend)</b>	<b>(0.8)</b>

**Capital Programme: Analysis of Budget/Technical Changes**

<b>SCHEME</b>	<b>EXPLANATION</b>	<b>£m</b>
<b>PEOPLE DIRECTORATE</b>		
Condition - Schools	£0.5m grant received in addition to what was was anticipated and built in at Budget Setting.	0.5
<b>SUB TOTAL - People</b>		<b>0.5</b>
<b>PLACE DIRECTORATE</b>		
European Structural and Investment Fund (ESIF)	Successful grant award from European Regional Development Fund for a 3 year ESIF programme in relation to Business Support £1.5m, Low Carbon Programme £1.95m and Innovation £0.8m.	0.8
Alan Higgs 50m Swimming Pool	Cabinet Report 30th August 2016 – City Wide Public Leisure Provision, addition of £10.5m prudential borrowing to the Capital programme. Cash flowed as £0.5m 16/17, £4m 17/18 and £6m 18/19.	0.5
Kickstart Office CERA	Revenue contribution to Council House works.	0.4
Integrated Transport Programme	Addition to the programme of £56k Section 106 and £75k Section 278 from Aldi Superstore, towards the cost of the provision of a footpath/cycleway from the site to Lynchgate Road and the extension of the footway north of Shultern Lane to connect to the traffic free section of Shultern Lane to the east.	0.2
A46 Link Road	DfT Grant for A46 Link Road Phase 1 (Coventry Connectivity to UK Central, Birmingham Airport and HS2) awarded £600k, it is anticipated that £200k will be spent this financial year.	0.2
Superconnectivity	Programme revised to reflect remaining anticipated outturn.	(0.3)
Highways Investment	Agreed transfer of resource to revenue for A45 historic commitment.	(0.1)
Miscellaneous	Net technical changes	(0.1)
<b>SUB TOTAL - Place Directorate</b>		<b>1.6</b>
<b>TOTAL APPROVED / TECHNICAL CHANGES</b>		<b>2.1</b>

### Appendix 3

#### Capital Programme: Estimated Outturn 2016/17

The table below presents the revised estimated outturn for 2016/17.

<b>DIRECTORATE</b>	<b>ESTIMATED OUTTURN QTR 1 £m</b>	<b>APPROVED / TECHNICAL CHANGES £m</b>	<b>OVER / UNDER SPEND NOW REPORTED £m</b>	<b>RESCHEDULED EXPENDITURE NOW REPORTED £m</b>	<b>REVISED ESTIMATED OUTTURN 15-16 £m</b>
PEOPLE	15.1	0.5	0.0	(3.8)	11.8
PLACE	79.3	1.7	0.0	(8.8)	72.2
RESOURCES	5.4	(0.1)	0.0	(0.4)	4.9
<b>TOTAL</b>	<b>99.8</b>	<b>2.1</b>	<b>0.0</b>	<b>(13.0)</b>	<b>88.9</b>

**Capital Programme: Analysis of Rescheduling**

SCHEME	EXPLANATION	£m
<b>PEOPLE DIRECTORATE</b>		
Basic Need	Significant rescheduling is due to additional pupil place provision at Mount Nod Primary being delayed, as the Primary School Place Provision Strategy for the west of the city has not been completed and statutory proposal will be required.	(1.3)
Broad Spectrum School	Due to later start on site than planned as a result of delays in securing planning permission. Report due to go to Cabinet on 4th October 2016 and start on site expected late October.	(1.0)
Condition - Schools	Rescheduling is due to the ongoing SEN review of provision including the Link and KEY provision. The new Tiverton Broad Spectrum School project will start on site later than anticipated due to a delay in obtaining planning permission. Work is expected to start on site expected in late October. The Link is subject to the ongoing SEN review for creation of additional places.	(0.9)
Planned Condition Fund	Was not allocated to a specific scheme pending the identification of further schemes and will be carried forward into 2017/18.	(0.2)
Emergency Basic Need	No additional primary places required for start of 2016/17 academic year despite pressures in the west of the city.	(0.1)
DOH Care Implementation Grant	The Care Act has required a number of amendments to the system. Following slippage of the national programme timescales for system development have changed.	(0.1)
Pathways to Care (Support to Foster Carers)	Reschedule £100K to 2016/17 based on current expenditure and will review this at Q3 if there is a need for us to consider any further requests	(0.1)
Miscellaneous	Net rescheduling	(0.1)
<b>SUB TOTAL - People Directorate</b>		<b>(3.8)</b>

<b>PLACE DIRECTORATE</b>		
Kickstart	The slippage to 2017/18 is as a result of construction delays on site. Difficulties were experienced with the erection of the steel frame and subsequent concrete panels, thereby extending the construction programme.	(4.5)
Coventry Station Masterplan and Nuckle 1.2	The project delivery methodology has changed following poor progress earlier this year from Network Rail, and unsatisfactory scheme costs which were above the approved budget. This resulted in a review by the project team of delivery options and following a recommendation to board a decision was taken to procure the GRIP 3 & 4 design through an OJEU compliant HCA Framework. The tender process is now underway and a designer is expected to be appointed in January 2017.	(4.0)
Station Access Warwick Road	Spend is down on this as the site works have encountered unchartered services which have resulted in a delay on site while services were diverted	(0.1)
Housing Policy (Siskin Drive)	Scheme has slipped due to delays in agreeing a design solution for the proposed works and has been rescheduled for 17/18	(0.1)
GD1 - Coton Arches	The project has submitted a revised profile that has resulted in rescheduling additional spend into 2017-18. This has been approved by CWLEP board.	(0.6)

<b>Accelerated Spend</b>		
GD2 - Skills Capital	The project has submitted a revised profile which has resulted in accelerating spend that was previously rescheduling at Qtr 1. This has been approved by CWLEP board.	0.3
GD2 - A46 Link Road (Expressway M6 to M40) - Unlocking Sites	A successful bid resulting in the award from CWLEP Board of £0.5m from the Growth Deal 2 Unlocking Sites pot. Initially programmed for 17/18, £0.2m is being accelerated to this financial year.	0.2
GD2 - A45/Leamington Road - Unlocking Sites	A successful bid resulting in the award from CWLEP Board of £0.75m from the Growth Deal 2 Unlocking Sites pot. Initially programmed for 17/18, £0.1m is being accelerated to this financial year.	0.1
<b>SUB TOTAL - Place Directorate</b>		<b>(8.7)</b>

<b>RESOURCES DIRECTORATE</b>		
Strategy Systems Development	The main budget re-scheduled to next year relates to EDRMS. This project now links closely to the Information Management Strategy and our original approach and focus has changed as organisational priorities and pressures change.	(0.3)
Kickstart - ICT Systems	We've been able to get anticipated capital costs down by using internal resource and therefore some savings are being identified which we are now earmarking for resources to contribute to some early works on data centres. In addition a large part of this re-scheduling is linked to our Cloud Technology programme, this links to decisions around property and locations of our data centres.	(0.2)
<b>SUB TOTAL - Resources Directorate</b>		<b>(0.5)</b>

<b>TOTAL RESCHEDULING</b>	<b>(13.0)</b>
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## Appendix 5

### Prudential Indicators

Indicator	per Treasury Management Strategy	As at 30th September 2016
<b>Ratio of Financing Costs to Net Revenue Stream (Indicator 1)</b> , 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).	14.03%	13.31%
<b>Gross Borrowing should not, except in the short term, exceed the estimated Capital Financing Requirement (CFR) at the end of 3 years (Indicator 3)</b> , 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 £496.7m	£381.9m Gross borrowing within the limit.
<b>Authorised Limit for External Debt (Indicator 6)</b> , 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.	£477.3m	£381.9m is less than the authorised limit.
<b>Operational Boundary for External Debt (Indicator 7)</b> , 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.	£437.3m	£381.9m is less than the operational boundary.
<b>Upper Limit on Fixed Rate Interest Rate Exposures (Indicator 10)</b> , 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.	£391.3m	£182.1m
<b>Upper Limit on Variable Rate Interest Rate Exposures (Indicator 10)</b> , as above highlighting interest rate exposure risk.	£78.3mm	-£77.6m
<b>Maturity Structure Limits (Indicator 11)</b> , highlighting the risk arising from the requirement to refinance debt as loans mature:		
< 12 months	0% to 40%	13%
12 months – 24 months	0% to 20%	1%
24 months – 5 years	0% to 30%	14%
5 years – 10 years	0% to 30%	11%
10 years +	40% to 100%	61%
<b>Investments Longer than 364 Days (Indicator 12)</b> , highlighting the risk that the authority faces from having investments tied up for this duration.	£30m	£5.4m

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Coventry City Council

## Briefing Note

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**To**            **Audit and Procurement Committee**

**Date** 19<sup>th</sup> December 2016

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**Subject**    **Update on 2015-16 External Audit Findings Report**

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### **1 Background and Purpose of the Note**

This note provides an update on the implementation of recommendations from the 2015/16 External Audit Findings Report.

### **2 External Audit Findings Report**

- 2.1 The Council's External Auditors Grant Thornton are required to issue a Value For Money assessment as part of their audit of the City Council's accounts. For the 2015/16 audit, the auditors issued an opinion that they were satisfied that in all significant respects the Authority had put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year. In addition to their overall assessment the auditors will typically issue an action plan that provides any recommendations for improvement. For the 2015/16 auditors an action plan containing 5 such recommendations was issued. The usual process is for this to be followed-up by the External Auditors as part of the following year's audit.
- 2.2 The Audit and Procurement Committee requested an update on implementation of the recommendations when it considered the Annual Audit Letter on 26<sup>th</sup> September 2016. An update on the current implementation is provided in the table attached and this is summarised below.
- 2.3 Recommendations 1, 3 and 5 have been implemented or are progressing in line with the recommended timescale. Recommendations 2 and 4 relate to different aspects of the segregation of duties for the Agresso financial system. The recommended way forward is proving difficult to deliver within the constraints of existing structures and the practicalities of administering monitoring procedures. Further work is under way, seeking guidance from Internal and External Audit and best practice intelligence from other local authorities. Officers will ensure that External Audit are involved closely in developing the final proposed control solutions.

Rec No.	Recommendation	Priority	Current Status	Implementation Date and Responsibility
1.	Management should consider whether it needs to commission a new valuation for its long term investment in Birmingham Airport Holdings Limited for 2016/17.	Medium	This recommendation has been accepted by officers at Coventry City Council. An initial meeting has been held with Solihull Council to agree the parameters and process for commissioning a new valuation. Agreement is being sought from the other West Midlands Councils. The valuation will be provided in time to incorporate within Coventry's final Statement of Accounts due to be agreed in July 2017.	March 2017 Finance Manager (Corporate Finance)
2.	In accordance with generally accepted segregation of IT duties principles, members of the program maintenance group for the Agresso application should not be granted greater than read-only access to production environments. In order to effectively restrict the range of capabilities of users with development access, we recommend that such users have their access removed from the production environment, job scheduling functionality, and direct data-level edit functionality. Alternatively (if management chooses to accept the risks associated with this access), management should implement a formal / documented monitoring process designed to review the actions performed by these individuals in the Agresso production environments. This monitoring can be achieved through after-the-fact reports listing the actions (e.g., transactions posted, queries executed, records updated) performed within production or through use of fire-fighter / fire-call user accounts.	High	A practical solution has not yet been identified in relation to the most appropriate allocation of responsibilities for users with development access who also have access to the production environment, job scheduling functionality, and direct data-level edit. This is complicated due to the small amount of resource that is available to manage this part of the service making it difficult to segregate duties. Allocation of responsibilities to the Money Matters Team within Finance would go against the recommended approach within the Public Service Network return and would exacerbate the concentration of duties referred to in Recommendation 4. Officers are currently seeking further guidance from External Audit on a practical way to fulfil this recommendation.	October 2016 Head of ICT Strategy Systems & Development
3.	Management should make the following improvements to the process for managing leavers: <ul style="list-style-type: none"> <li>• HR should send daily reports of leaver activity to the IT Service Desk.</li> <li>• Service desk tickets should be logged for leavers to enable an audit trail to be maintained of when the termination was requested, when the account was actually disabled and by whom.</li> <li>• All non-payroll employees should be assigned an expiration date on their Windows AD accounts.</li> <li>• All documentation relating to leavers should be clearly identifiable and retained for a period of at least one year.</li> </ul>	High	The AD account is disabled at 5pm on the day of leaving, for payroll leavers whose leaving date is notified by the line manager. This prevents the member of staff signing in to any Council system. For all other leavers the account is disabled once ICT are notified by payroll (via a weekly report). This report is actioned as soon as it is received.  For non-payroll accounts, all accounts are set to expire after 1 month, unless ICT are notified that	31 <sup>st</sup> October  Head of ICT Infrastructure & Operation

			<p>the person is on a longer contract, in which case the account can be given an expiry date of up to 6 months.</p> <p>New user accounts are not set up without an acceptable ticket from our service desk system - System Centre Service Manager</p>	
4.	<p>The responsibility of administering security within Agresso should be transferred to IT system administrators who do not perform financial reporting processes or controls. All security administration rights within Agresso granted to personnel performing financial reporting processes and controls should be revoked. Alternatively, management should implement a formal /documented monitoring process designed to detect misuse of administrative functionality by personnel responsible for performing financial reporting processes or controls.</p>	High	<p>Security Administration rights have been removed from those personnel whose key role relates to financial reporting.</p> <p>Management and Internal Audit are working to devise an appropriate balance of segregation of duties and monitoring processes for the remaining Money Matters staff. Advice is also being sought from national Agresso User Group Council members and neighbouring local authorities.</p>	<p>31st October 2016</p> <p>Finance Manager, Corporate Finance</p>
5.	<p>If the Council is to maintain a sound financial position over the medium term then it needs to:</p> <ul style="list-style-type: none"> <li>• deliver planned savings programmes and draw up detailed plans for how future savings will be generated</li> <li>• continue to keep tight control over its finances</li> <li>• keep the medium term financial plan up-to-date and ensure that it covers a range of potential scenarios.</li> </ul>	High	<p>The Council has published its Pre-Budget Report setting out detailed financial proposals for the next three years. This shows a financial position that is approaching balance over 2017/18 and 2018/19 with a relatively modest Budget gap in 2019/20. The Budget position takes account of a delay in delivery of some savings programmes in 2017/18 which have also affected the in-year budgetary control position for 2016/17. In overall terms the Council is now moving away from broad savings programmes and towards more specific budget proposals. Work is continuing to assess the changes that are occurring in the financial resources available to the Council resulting from Business Rates revaluation and the West Midlands Combined Authority 100% Business Rates Pilot. This will ensure that the medium term financial plan is kept up to date and includes all relevant financial scenarios.</p>	<p>On-going</p> <p>Executive Director of Resources</p>

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## Public report

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Audit and Procurement Committee

19 December 2016

**Name of Cabinet Member:**

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

**Director Approving Submission of the report:**

Executive Director of Resources

**Ward(s) affected:**

City Wide

**Title:**

Corporate Risk Register

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**Is this a key decision?**

No – Although the Corporate Risk Register covers the whole of the City

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**Executive Summary:**

In accordance with the Council's Risk Management Strategy this report sets out the current Corporate Risk Register to provide the Audit and Procurement Committee with an overview of the Council's corporate risk profile and the controls in place to address these risks.

**Recommendations:**

The Audit and Procurement Committee are requested to:-

1. Note the current Corporate Risk Register, indicating that they have satisfied themselves that Corporate Risks are being identified and managed.
2. Identify any areas where they require additional information (if any).

**List of Appendices included:**

Appendix One – Corporate Risk Register

**Other useful background papers:**

None

**Has it been or will it be considered by Scrutiny?**

No

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

No

**Will this report go to Council?**

No



**Report title:**

Corporate Risk Register

**1. Context (or background)**

- 1.1 Local Government is currently operating within an environment of substantial budget cuts and major policy changes with significant impact on service delivery and organisational structures. The pace and scale of change requires the Council to constantly assess its risk profile and implement suitable controls to manage those risks.
- 1.2 There is a requirement within the Council's Risk Management Strategy that the Audit and Procurement Committee receive and consider reports on the Corporate Risk Register every six months in order to discharge their responsibilities in respect of risk management:

*Audit and Procurement Committee – 'to monitor the effective development and operation of risk management within the Council'.*

- 1.3 This report provides an update on the Corporate Risk Register in compliance with the Risk Management Strategy.

**2. Options considered and recommended proposal**

- 2.1 It should be noted that this report covers only those risks that are viewed as the most critical for the Council and are considered at the corporate level. Risk management activity continues at other levels throughout the Council dealing with risks of a lower rating.
- 2.2 The Corporate Risks listed in Appendix 1 can be considered as falling into two separate categories:

*Operational/ Business as Usual* – those risks that could affect the underlying and fundamental operations and structure of the Council

- CR 001 – Finance:
- CR 006 – Adult Social Care
- CR 007 – Safeguarding/Protecting Vulnerable Adults, Children and Families
- CR 009 – Coventry fails to provide a high quality education for its children
- CR 012 – Provision of SEN Transport
- CR 013 – Creation of a Combined Authority for the West Midlands and agreement (or not) of a Devolution Deal
- CR 014 – Information Governance
- CR 015 – Historic Abuse

*Specific/Project* – those risks that could affect specific projects or the major change initiatives to how we operate

- CR 002 – Arena Coventry Ltd/Coventry City Football Club
- CR 003 – ICT Infrastructure and Change
- CR 005 – Workforce Strategy
- CR 008 – Ofsted Improvement Notice
- CR 010 – Kickstart – Move to Friargate
- CR 011 – Friargate Business District

- 2.3 The Corporate Risks and the control measures in place to address them are more fully described in Appendix 1. Audit and Procurement Committee are asked to review the content of the register and satisfy themselves that the process is operating effectively within the Council as required under the Risk Management Strategy.
- 2.4 There are some changes to the Risk Register from the previous report to Members.  
Risks removed:  
CR 004 – Customer Journey: the operational and infrastructure changes are now well advanced and the risk is now at a level to be monitored at Directorate level.  
Risks added:  
CR 014 – Information Governance  
CR 015 = Historic Abuse
- 2.5 The Risk Management Strategy in its current form has been in place since 2012. The Council’s practice is currently the subject of a full review in respect of Policy, Strategy and Operational Framework. The outcome of this review will be reported back to the Audit and Procurement Committee.

**3. Results of consultation undertaken**

None

**4. Timetable for implementing this decision**

- 4.1 There is no implementation timetable, this is a monitoring report.

**5. Comments from Executive Director, Resources**

5.1 Financial implications

There are no specific financial implications associated with this report although management of the risks included is essential from a financial and operational perspective. This will enable the Council to minimise any detrimental financial outcomes arising from the risk areas and help to ensure that resources are directed towards the Council’s key priorities.

5.2 Legal implications

The maintenance and review of the Corporate Risk Register ensures that the Council meets its statutory obligation under the Accounts and Audit Regulations 2015 to have appropriate measures in place to ensure that risk is appropriately managed

**6. Other implications**

**6.1 How will this contribute to the Council Plan ([www.coventry.gov.uk/councilplan/](http://www.coventry.gov.uk/councilplan/))**

Effective risk management arrangements are an integral component of strategic decision making, service planning and delivery, increasing the likelihood of achieving Corporate aims and objectives.

## 6.2 How is risk being managed?

The Council has a policy and framework to support risk management arrangements across the organisation as part of its overarching Governance processes. This report forms part of that practice.

## 6.3 What is the impact on the organisation?

Effective Risk Management arrangements lead to improved decision making and operational practices across all areas of the organisation.

## 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:

David Johnston - Insurance Manager

#### Directorate:

Resources

#### Tel and email contact:

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
<b>Contributors:</b>				
Lara Knight	Governance Services Co-ordinator	Resources	30/11/16	30/11/16
<b>Names of approvers for submission: (officers and members)</b>				
Finance: Paul Jennings	Finance Manager	Resources	30/11/16	01/12/16
Legal: Helen Lynch	Legal Services Manager (Place and Regulatory)	Resources	30/11/16	01/12/16
Director: Chris West	Executive Director of Resources	Resources	06/12/16	06/12/16

Members: Cllr J Mutton	Cabinet Member for Strategic Finance and Resources		07/12/16	07/12/16

This report is published on the council's website:

[www.coventry.gov.uk/councilmeetings](http://www.coventry.gov.uk/councilmeetings)

## Coventry City Council – Corporate Risk Register

Risk Ref	Risk Owner	Last Updated		
001 – Finance	Executive Director of Resources	November 2016		
<b>Risk Description:</b> Inability to deliver a balanced budget in the short and medium term.				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
Robust arrangements are in place to oversee the Council's annual budget setting process. The financial planning process includes an early assessment of likely resource pressures and there is a defined consultation period to support the budget setting process. The budget is updated as new information is known and in response to any relevant internal and external factors. This analysis is also used to inform actions required to balance the budget. The outcome of the process in terms of an agreed budget is then approved by Full Council in February each year.	February 2017 (Budget Report)	<p>Consultation will begin on budget proposals for 2017/18 at the end of November. It is anticipated that a balanced budget position for the next 3 year period can be achieved provided specifically identified savings targets are delivered. Final proposals will be considered by Cabinet and Council in February 2017.</p> <p>The 2016/17 Local Government Finance Settlement provided for Local Authorities to accept a 4 year settlement which should ensure that future resource levels do not change significantly within this time period.</p>	Assistant Director Finance	Green
A rigorous structure exists to oversee the budgetary control process from budget setting through to monitoring, oversight and scrutiny. This includes input and oversight by Directorate Management Teams, Strategic Management Board, Cabinet and Audit Committee. These arrangements along with specific project / programme boards also oversee the delivery of agreed savings.	On-going	<p>A robust budgetary control time-line is being adhered to driven by formal reporting deadlines. This includes specific steps which require sign off within Directorate management teams.</p> <p>Earlier reporting and the availability of live budgetary control forecasting have been achieved through the implementation of the Agresso financial system.</p> <p>Officer based monitoring arrangements are established to ensure that both corporate and service specific savings targets have appropriate structures to deliver their required financial targets.</p>	Assistant Director Finance	Amber
Issues should be identified at an early stage allowing time for corrective action to be undertaken to address the financial concern identified. These are formally reported through the regular Revenue and Capital Monitoring Reports during the year.	On-going	The main areas of concern remain in social care. The issues are well rehearsed and various improvement projects and plans are being developed to reduce budgetary pressures in this area. Medium term budget plans take account of the likely profile of ongoing expenditure pressures in these areas.	Assistant Director Finance	Amber

Page 54				
	<p>To ensure there is an effective consultation process and proposals outlined in the Pre-Budget Report.</p>	On-going	<p>The proposals in the 2017/18 Pre-Budget Report will be subject to public consultation over an 8 week period during which individual meetings will be held with stakeholders with whom we have a statutory requirement to consult.</p> <p>In addition the consultation will have a significant profile on the City Council's website and social media platforms to encourage as wide an engagement as possible.</p>	Assistant Director Finance

Risk Ref		Risk Owner		Last Updated	
002 – Arena Coventry Limited / Coventry City Football Club		Assistant Director Finance		November 2016	
<b>Risk Description:</b> The outcome of legal action by the owners of the football club results in a significant financial and reputational impact to the Council.					
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status	
Appropriate arrangements are put in place to defend the legal action being taken against the Council by the owners of the football club.	On-going	<p>The Judicial Review claim against the Council was dismissed in the High Court in June 2014. The appellants eventually won the right to appeal the decision at the Court of Appeal which was heard on the 3<sup>rd</sup> and 4<sup>th</sup> of February 2016. That appeal was also dismissed. The appellants are now seeking permission to appeal to the Supreme Court and a decision on whether that appeal will be allowed is awaited.</p> <p>A subsequent application for a new Judicial Review relating to the sale of ACL to Wasps Holdings Ltd is stayed pending the outcome of the first JR as many of the issues, including state aid, overlap. Council has appointed a legal specialist in state aid and administrative law to represent the Council in court and significant officer time has been invested in support of the legal process.</p>	Assistant Director Finance	Amber	

Risk Ref	Risk Owner			Last Updated
003 - ICT Infrastructure and Change	Executive Director, Resources			November 2016
<p><b>Risk Description:</b> The major programme of on-going developments and implementation of a Digital strategy is not implemented successfully and causes the following risks to the Council: (1) additional financial pressures (2) significant disruption to the day to day running of the Council both in the implementation phase as a result of continuing to operate with ageing systems in the meantime and an on-going basis, (3) does not underpin the Council's transformation programme and associated new ways of working. (4) infrastructure and systems are not resilient to enable business continuity and data security as the Council becomes more heavily reliant on ICT. (5) Moving to a Digital approach to delivering services offers greater opportunity for Cyber-attacks.</p>				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
Develop and obtain political approval and managerial buy in to an all encompassing Digital Coventry strategy	March 2017	Strategy drafted. Task and Finish Group input help. Political Cabinet during November and Cabinet approval following that. Digital Skills Strategy to complement this being prepared by HR	Assistant Director	Green
To review our provision for ICT Cyber security and the methods employed to protect our networks from Cyber-attack. To ensure that any attacks against the Council's ICT network can be defended and impact minimised	Sept 2016	An update on current cyber security arrangements has is being provided to Audit Committee in February 2016. A security audit of our current Cloud presence is underway, and this will provide an action plan for improvements.	Head of ICT Infrastructure & Operations	Amber
To continue to review disaster recovery arrangements both within ICT and with Directorates to ensure that the impact of any disruption can be managed and any disruption minimised	On-going	Regular updates are provided to Audit committee on DR provision. Work is in progress to test the DR provision for each key line of business system. Regular external audits are carried out to review the DR arrangements.	Head of ICT Infrastructure & Operations	Amber
To agree a programme of audit / peer review work to gain assurance around the efficacy of arrangements in place.	On-going	A plan of ICT audits has been agreed for 2015 – 2017, and this is underway. Regular meetings are held with Internal Audit to ensure the plan meets the ongoing needs.	Assistant Director ICT, Transformation and Customer Services	Green
Robust contract and supplier management.	On-going	Significant work in year to improve our approach to supplier management including regular supplier meetings and working with procurement. Going forward we need to explore our approach to supporting ICT with more dedicated procurement resource and expertise, including opportunities across the WMCA area to enable us to more closely monitor this area of significant spend	Head of ICT Infrastructure & Operations /Head of ICT Strategy, Systems and Development	Amber

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		proactively, particularly with pressures on ICT spend post Brexit and as we rely more on digital tools		
Develop and periodically review Corporate and Directorate ICT strategies, roadmaps and technology catalogues to ensure technology is kept up to date and maintains a sufficient level of capacity to support increased, or change, of use.	On-going	Corporate roadmap has been refined; this will be reflected in directorate strategies and continually reviewed moving forward. Individual ICT projects are subject to change management and appropriate project management arrangements.	Head of ICT Strategy, Systems and Development	Green
Dedicated support and approach to the Council's kickstart programme – with the democratic centre and Friargate moves the next key milestones	Summer 2017		Head of ICT Infrastructure & Operations	



Risk Ref	Risk Owner	Last Updated		
005 – Workforce Strategy	Executive Director, Resources	November 2016		
<b>Risk Description:</b> The organisation fails to develop its workforce to reflect the way it needs to operate in the future.				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
To develop a governance structure to oversee the 'Future Workforce Programme'.	Completed	A governance structure has been developed and the following governance structure is in place; A Culture Change New Ways of Working Project Board and a Future Workforce Programme Board. In addition governance arrangements are also in place for the five project/teams which form the 'Future Workforce Programme'	Head of Workforce Transformation	
To develop a Workforce Strategy to support the future needs of the organisation.	On-going	A draft Workforce Development model has been produced which covers 4 key themes; The Best Possible Workforce, Inspirational & Effective Leadership, A Great Place to Work and Delivering in Partnership.	Head of Workforce Transformation	Green
To develop an action plan to support the implementation of the Workforce Strategy and 'Future Workforce Programme'.	On-going	Action Plan in place for the 'Future Workforce Programme, action plan being scoped and considered for the Workforce Strategy	Head of Workforce Transformation	Amber
Routine monitoring reports to be produced and considered by the Programme / Project Board on a timely basis.	Future Workforce Bi-Monthly Lead Meetings	Bi-monthly Future Workforce programme level meetings held with lead representatives (or substitute) from each of the five project teams attending & providing an update on progress in relation to their respective project. Meetings also provide an opportunity for all project leads to have a good understanding of how each respective project is progressing and aligning themselves with other projects within the Kickstart work-stream. Updates are also fed up to the HR & Culture Change Board and SMB as & when required.	Head of Workforce Transformation	Green
Effective risk management arrangements are in place to oversee the 'Future Workforce Programme'.	HR & CC Programme Level Monthly Highlight Reports	Risk is monitored at programme level (HR & CC) by S Reynolds. There are 6 key areas of risk identified & monitored, those are – Strategy; Communicating Change; Employee Engagement; Senior & Middle management do not support the change; Lack of regular and effective engagement with Trade Unions; Lack of appropriately skilled resource to lead/complete & deliver projects.	Head of Workforce Transformation	Green

Risk Ref	Risk Owner			Last Updated
006 – Adult Social Care	Executive Director People			November 2016
<b>Risk Description:</b> Unable to meet the needs with the resources available				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
Revised customer journey to contribute to overall efficiency savings through a number of identified opportunities.	On-going	<p>An All Age Disability Team, Telecare service and a Resource Allocation System (FACE) are now in place however, more needs to be done to enable Adult Services to operate within the resources available.</p> <p>In order to ensure we are operating an effective ‘front door’ work is underway to implement an on-line self-assessment tool to enable more effective identification of eligible needs. In addition to this plans are being developed to co-locate social care staff within the customer contact centre to provide a greater level of professional support and advice for people when they first contact the City Council.</p> <p>The City Council has also been successful to securing support through the ‘digital challenge’ which will enable us to develop our approach to using new technology to support people through adult social care.</p>	Director of Adult Services	Amber
Implementation of the Better Care Fund projects.	On-going	<p>Implementation of projects identified in the 2015/16 submission have been progressed and for the 2016/17 submission a revised set of projects will be undertaken incorporating the ongoing health transformation programme.</p> <p>Any proposals will consider financial efficiencies that can be achieved through such opportunities.</p>	Director of Adult Services	Amber
Engagement and consultation processes are sufficiently resourced and robust	On-going	Where formal consultation is required this will be undertaken in a proportionate manner with appropriate capacity to ensure that any risk of a successful challenge are mitigated.	Director of Adult Services	Green

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<p>To continue to focus on identifying new transformation / saving proposals across Adult Social Care to assist the People Directorate deliver savings targets.</p>	<p>On-going</p>	<p>Adult Social Care has been the subject of a Peer Challenge in February 2016 and has participated in a regional project on Use of Resources. Both of these have identified areas where further change can be progressed in order to both improve outcomes and deliver savings.</p> <p>For the areas identified further plans to deliver savings will be produced and implemented.</p>	<p>Director of Adult Services</p>	<p>Amber</p>
<p>To work with the social care market to ensure services are sustainable and any changes are managed with minimal impact on service users.</p>	<p>On-going</p>	<p>Fee levels are being reviewed to reflect the impact of the National Living Wage rise for 2017/18. Individual providers have been engaged to understand and risk assess issues that exist that may threaten sustainability. Market engagement is ongoing to inform the Council's refreshed Market Position Statement for 2017</p> <p>A provider contingency plan is in place that is used in instances of provider failure and has recently been tested due to the closure of a residential home for older people and the withdrawal of a home support provider from City Council business.</p>	<p>Director of Adult Services</p>	<p>Amber</p>

Risk Ref	Risk Owner		Last Updated	
<b>007 – Safeguarding / Protecting Vulnerable Adults, Children and Families</b>	Executive Director People		November 2016	
<b>Risk Description:</b> A child, young person or vulnerable adult experiences abuse or neglect leading to significant harm or death and the Council and its statutory partners or commissioned services are deemed to have failed to safeguard or protect.				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
Implement learning and action plans from Serious Case Reviews similar reviews concerning both adults and children.	On-going	On-going work in this area to progress learning from SCRs. For every review undertaken and each sub group of the Boards have a work plan to include assurance of the recommendations from SCRs as they are completed.	Director of Adult Services Director of Children's Services	Amber – processes still developing
Re-invigoration of quality assurance framework around social work cases in all teams within children's services	On-going	Revised Quality Assurance Framework in place. Robust performance information developed. New audit tools developed with increased level of audit activity. Recent children's and adult's peer reviews included a sample audit of cases to inform learning. Other quality activity is underway through the Practice Improvement Forum and workforce development.	Director of Children's Services	Green
Introduction of use of Care Director for the recording of Safeguarding adults processes and progress to facilitate better monitoring of cases and capacity to performance monitor	Ongoing	Care Director is now being used to record safeguarding activity. Performance monitoring will be established as a result of this.	Director of Adult Services	Amber – processes still developing
Awareness raising for all Council employees of signs and indicators of risk to children, young people and vulnerable adults.	On-going	<p>Safeguarding training is part of mandatory training. Information through training to all staff advising of what to do if concerned about a child or adult at risk of harm or abuse. All staff have been reminded directly by e mail from the Executive Director, People of the importance of updating their training.</p> <p>Remains Ongoing - Posters disseminated to reinforce the responsibilities of staff to protect children and young people at risk of abuse.</p> <p>Safeguarding Boards annual conferences and events to raise awareness across all agencies and promote prevention and protection of children, young people and vulnerable adults.</p>	Director of Adult Services Director of Children's Services	Amber – not possible to be sure everyone has attended training

<p>To ensure that the impact of any proposed changes in service delivery specifically consider the risk in relation to safeguarding.</p>	<p>On-going</p>	<p>Explicit consideration of safeguarding implications as part of any change process or proposal, e.g. changes to IT systems.</p> <p>Explicit consideration of risk in relation to safeguarding to form part of decision making on change proposals brought forward by the people directorate</p>	<p>Executive Director</p>	<p>Green</p>
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Risk Ref	Risk Owner		Last Updated	
006 – Ofsted Improvement Notice	Executive Director People		November 2016	
<b>Risk Description:</b> The Council fails to make the necessary improvements as defined in the Improvement Notice issued by Ofsted in June 2014.				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
Governance structure via the Children’s Services Improvement Board	Completed	Improvement Board in place with refreshed governance from Autumn 2015. New Independent Chair and refreshed focus on quality from June 2016.	Executive Director	Green
Development of a detailed Improvement Plan.	Completed	Progress against Improvement Plan reported to each Improvement Board. Actions completed have been removed to ensure that focus remains on actions that need to be taken forward. Plan has been refreshed with new IB chair.	Executive Director	Green
Additional financial investment to support challenges in Children’s Service.	On-going	Investment made and additional staffing recruited. Workforce Strategy revised and new recruitment campaign launched February 2016. Review of current investment has informed financial and service planning predicated on service redesign and LAC strategy.	Executive Director	Amber
Regular progress reports assessing progress.	On-going	Progress reports are in place to Improvement Board and regular updates are made to Scrutiny Board and to full Council. Cross party member seminar on progress held in March 2016.	Director of Children’s Services	Green
Independent Assurance over action taken.	On-going	A level of assurance is provided by the independent chair and DfE advisor. DfE review in February 2016 with next planned for November 2016. Most recent LGA peer review undertaken in October 2015.	Executive Director	Green
Wider communication to stakeholders around progress made in implementing the Improvement Plan.	On-going	Communications are in place. Partners are fully engaged in Improvement Board and in the Operational group. A bulletin is produced for them to share within their organisations. Refreshed communications strategy in place with new senior leadership team. Regular children’s services newsletter and blog from the Director of Children’s Services. Lead Member, DCS and Executive Director, People are undertaking visits to the frontline.	Improvement Board	Green

Continue to embed improvements in quality of practice	On-going	Increased audit activity to improve consistency and quality of practice. 'Signs of Safety' launched, Recording & Supervision Policy revised and comprehensive Learning & Development programme in place. Relentless focus on consistency and quality of practice aligned to delivery of workforce strategy are top priorities for the service.	Director of Children's Services	Amber

Risk Ref	Risk Owner	Last Updated		
000 – Coventry fails to provide a high quality education for its children	Executive Director People	November 2016		
<b>Risk Description:</b> Coventry school(s) goes into Requires Improvement or serious weaknesses/special measures or is otherwise proven to be inadequate.				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
Continued focus and support on underachieving groups.	On-going	Challenge and support processes are in place to narrow gaps in attainment for under-achieving groups, particularly Looked After Children (LAC), disadvantaged pupils , pupils with special education needs/disability (SEND), and White British. Where there has been a decrease in performance in summer 2016, targeted work through the school-to-school support model is being undertaken, monitored and evaluated to ensure this does not become a trend.	Director of Education	Amber
A revised Primary School Improvement Strategy is implemented.	On-going	Over the last three years the primary school improvement strategy has had a significant impact upon the percentage of pupils attending good and outstanding schools. Currently (November 2016) 94% of children attend a good or outstanding school compared to 90% nationally and there are no primary schools in Special Measures. Following an evaluation of the strengths of the previous strategy a revised strategy has been developed for implementation from September 2016. Summary changes include: <ul style="list-style-type: none"> <li>• Revised school improvement network groups</li> <li>• New categorisation of schools</li> </ul> Stronger school-to-school support system including action planning and quality assurance monitoring	Director of Education	Amber
The new system-led model of secondary school improvement is embedded.	On-going	.At the end of 2015-16 there was an improvement in all GCSE measures and an increase in the number of pupils attending good or better secondary schools. However, further improvement is still required. From September 2016 secondary headteachers have focused on embedding the successes of the previous year (2015-16) including: <ul style="list-style-type: none"> <li>• stronger partnership working</li> <li>• school-to-school support groupings (Collectives) driving school improvement</li> <li>• quality assurance monitoring of the impact of support</li> <li>• an overarching secondary school improvement board chaired by the Director of Education that ratifies the funding allocation and brokers school-to-school support.</li> </ul>	Director of Education	Amber



Risk Ref	Risk Owner		Last Updated	
010 – Kickstart - Move to Friargate	Executive Director, Place		November 2016	
<b>Risk Description:</b> The Council’s move to new offices is not delivered either on time or within budget.				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
To put in place effective governance structure to oversee the infrastructure developments (e.g. build of new of new office environments, bridge deck, accommodation, decommissioning) as part of the Kickstart Programme.	Completed	<p>A governance structure has been put in place to oversee the Kickstart Programme. This includes:</p> <ul style="list-style-type: none"> <li>• A Programme Board – Strategic Management Board</li> <li>• Progress Board</li> <li>• Programme Team plus designated leads around key objectives (e.g. finance, property, legal ICT)</li> </ul> <p>The Accommodation &amp; FM project, accountable for the delivery of our new offices at Friargate has its own Board and project team that includes Kickstart’s overall Programme Manager</p>	Kickstart Programme Manager	Green
A robust plan is in place to help ensure all the inter-related projects are delivered on time to ensure the Council moves to new offices at Friargate.	On-going	<p>Regular team and board meetings, centrally coordinated, to ensure awareness across the entire programme.</p> <p>Periodic engagement with key stakeholder groups, both internal and external, to streamline decision making process and avoid disputes.</p> <p>Main risks currently concern the installation of Heatline to serve the wider Friargate development. A contract between Friargate LLP &amp; Engie is required and the Kickstart team with senior representatives from across the Place Directorate are helping to facilitate and drive negotiations forward.</p> <p>Also, given the increased construction activity around the train station (forecourt; masterplan; access etc.) the risk of interface clashes is increased and so site-wide coordination is key. Currently being managed through a Place Directorate Board, dedicated to the more prominent developments in the City of which this matter</p>	<p>Kickstart Programme Manager</p> <p>AD – City Centre and Development Services</p> <p>AD – Planning, Transport &amp; Highways</p>	Amber

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 6</p>		is one		
<p>Effective project management arrangements (including risk management) are in place to oversee the delivery of the key built environment projects within the Kickstart Programme.</p>	On-going	<p>Programme and project risk registers periodically updated and shared with board and SMB.,</p> <p>Weekly sessions with project manager cohort help ensure programme-wide awareness of dependencies and key dates etc.</p>	Kickstart Programme Manager	Green
<p>Routine monitoring reports to be produced and considered by the Programme Board on a timely basis</p>	On-going	<p>Continuing as originally planned. Reports, both on informal and formal basis are circulated to entire team to maximise awareness of programme progress.</p> <p>Decision-making is via respective project boards; programme board and SMB – depending on impact of decision.</p>	Kickstart Programme Manager	Green
<p>Effective management of the disposal of existing property estate up to and including the move to Friargate</p>	On-going	<p>Regular involvement with property teams across the Place directorate to ensure the buildings we will no longer need are marketed in adequate time to minimise the overlap of void properties.</p> <p>As teams begin to migrate to the city centre our suburban estate will shrink accordingly – and Commercial Property Management are working closely with the Kickstart team to build a forward plan.</p> <p>Progress so far: Civic Centre estate now sold to Coventry University. Christchurch &amp; Spire House empty and demolition underway to enable the construction of the new sports and leisure centre.</p>	Kickstart Programme Manager	Green

Risk Ref	Risk Owner		Last Updated	
011 – Friargate Business District	Executive Director, Place		November 2016	
<b>Risk Description:</b> Failure to attract businesses to move to the Friargate Business District.				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
GVA have been appointed by Friargate LLP to act in securing tenants for the other buildings	Current through to completion of the scheme	GVA are engaging with potential tenants although a more comprehensive marketing programme is not anticipated until the Key Route is in and the Council building is commenced The template brochure is now in circulation.	AD – City Centre and Development Services	Amber
The collaboration agreement allows for a Project board meeting to update the council not less than every 3 months	Current through to completion of the scheme	Friargate currently have regular monthly marketing meetings and the Council attends those. In addition to this there are regular Project Board meetings.	AD – City Centre and Development Services	Green
The council will where it can and it is appropriate, jointly promote the scheme and introduce potential tenants and occupiers to Friargate LLP	Current through to completion of the scheme	This is occurring currently	AD – City Centre and Development Services	Green

Risk Ref	Risk Owner		Last Updated	
012 – Provision of SEN Transport	Executive Director People		November 2016	
<b>Risk Description:</b> The Council continues to implement, without revision its current SEND policy for the provision of home to school transport for children and young people age 2 - 19 Lead				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
<p>The SEND strategy focuses on enablement. The project plan falls within the Governance of the SEND Board, which secures the engagement of all stakeholder groups. Elected Members have agreed to support the pre-consultation process. A detailed analysis of activity and costs has been completed which will inform the impact assessment</p>	On-going	<p>The Council's financial strategy includes an assumption of significant cost reduction, which is wholly deliverable in 2017/18 but will be compromised in 2016/17.</p> <p>Cost reductions are being achieved through increasing independent travel training, tighter monitoring of personal transport budgets and reductions in some taxi and minibus usage. The new travel assistance policy is out for public consultation, ending 13<sup>th</sup> January 2017, with cabinet decision due 7<sup>th</sup> March 2017. If approved this will have a positive impact on costs.</p>	Director of Education	Amber

Risk Ref	Risk Owner	Last Updated		
<b>013 – Creation of a Combined Authority for the West Midlands and agreement (or not) of a Devolution Deal</b>	Chief Executive	November 2016		
<p><b>Risk Description:</b>  Alongside the considerable opportunities to fast-track economic growth and public sector reform that the formation of the Combined Authority brings – sit financial, organisational, legal, reputational and political risks. A risk register has been completed at a WMCA level but it is essential that the risks are understood by Coventry – as a City Council and as a City and mitigation plans put in place.  Given the magnitude of this change a detailed analysis will need to be carried out as the Combined Authority develops and a comprehensive specific risk assessment produced.</p>				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
<ol style="list-style-type: none"> <li>1. Ensure consultation &amp; engagement at WMCA level on the scheme to include the Directly Elected Metro Mayor meets the statutory requirements and reduces the risk of judicial review challenge.</li> <li>2. The overall financial implications on CCC's budget and medium term financial strategy of local contributions to Treasury's additional £36.5 million annual revenue contribution.</li> <li>3. Create detailed delivery plans for phasing of £150million capital expenditure on Friargate &amp; City Centre South.</li> <li>4. Agree human resourcing plan of key CCC officers to both support &amp; shape the creation of the WMCA and ensure delivery of the devolution deal.</li> </ol>	On-going	<ol style="list-style-type: none"> <li>1 Complete.</li> <li>2 The Finance Directors of member Authorities are working collectively with the WMCA Section 151 Officer to agree a financial strategy and mechanisms which are needed to underpin the CA investment programme. This will also be informed by central government's CA Finance Order.</li> <li>3 Report submitted to the CA Board to seek approval for £98.5m for City Centre South development.</li> <li>4 CCC officers are actively engaged as required in the creation of the CA and the delivery of devolution.</li> </ol>	Chief Executive	Amber

Risk Ref	Risk Owner	Last Updated		
014 – Information Governance	Chief Executive	November 2016		
<p><b>Risk Description:</b>            The Council manages a significant amount of personal data and information in the delivery of services using a range of systems and media. With data held in a vast array of places and in varying formats it becomes susceptible to loss, misuse, inadvertent release and breach of privacy. These risks are increased by the growing use of electronic transfer and management of information (including the use of the Government Public Sharing Network).            The Council is exposed to financial penalties, sanctions and reputational damage.</p>				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
<ol style="list-style-type: none"> <li>1. Strategic ownership.</li> <li>2. Implement a Council wide training programme</li> <li>3. Review of ICT security, practice and procedures.</li> <li>4. Review of PSN access</li> <li>5. Specialist team to oversee FOI/DPA</li> </ol>	On-going	<ul style="list-style-type: none"> <li>• IG Strategy Group has Corporate oversight.</li> <li>• Comprehensive training programme: IG Handbook, 'Don't Gamble with Data' module,</li> <li>• IG part of the regular compulsory mandatory training.</li> <li>• Information Asset Register and list of Asset owners compiled. Recruitment of a 'Records Manager' planned</li> <li>• Compliance with PSN requirements.</li> <li>• IS 270001 Accreditation</li> </ul>	Legal Services Manager	Amber

Risk Ref	Risk Owner			Last Updated
015 Historic Abuse Investigations	Chief Executive			November 2016
<p><b>Risk Description:</b>            There is a risk that any ongoing police investigations and their requirements for support from the Council into historic child abuse will impact on the Council in respect of its operations and its reputation</p>				
Planned Treatment:	Timescale	Progress to date:	Risk Manager	Control Status
<p>The Council has convened a Strategic Overview Group comprising the Chief Executive, Executive Directors and officers to oversee the Council's response and effect any necessary action.</p> <p>Regular meetings of the Services involved to ensure any actions required are escalated for decision.</p>	On-going	Resources allocated to ensure that the Council meets its obligations including the formation of dedicated teams.	Chief Executive	Amber

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Audit and Procurement Committee

19 December 2016

**Name of Cabinet Member:**

Cabinet Member for Policy and Leadership – Councillor Duggins

**Director Approving Submission of the report:**

Executive Director Resources

**Ward(s) affected:**

None

**Title:**

**2015/16 Annual Freedom of Information / Data Protection Act Report**

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**Is this a key decision?**

No

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**Executive Summary:**

Under the Freedom of Information Act 2000 (FOIA) the Council is required to respond to requests for information it holds from members of the public subject to any exemptions that may apply.

Section 39 of FOIA requires the Council to process requests for environmental information under the Environmental Information Regulations (2004) (EIR). The EIR process, whilst similar to FOIA, promotes 'proactive dissemination' of information and provides fewer grounds for the Council to withhold information. Both FOIA and EIR permit personal data, as defined by the DPA, to be withheld where the applicant is not the subject of the data.

The Data Protection Act 1998 (DPA) requires the authority to process personal data in accordance with the principles of the Act, which includes providing access to information the Council processes about them, subject to any exemptions.

The Information Commissioner's Office (ICO) oversees compliance with FOIA, EIR and DPA, promotes good practice and deals with complaints from members of the public who are not satisfied with the response they receive.

This report provides an overview of the number of requests for information received under the FOIA, EIR and DPA; the proportion completed within the legislative timescales and number and outcome of internal reviews and complaints made to the ICO during 2015/16. It is good practice to prepare this report regularly and provide these details on the Council's compliance with relevant legislation.

Increasingly the Council, through its Information Management Strategy work, is seeking to make as much of its data open to the public to reduce the need for the FOIA to be utilised. This is important as the Council significantly reduces the resources it has available and seeks new solutions to the City's needs which can arise from sharing data appropriately.

**Recommendations:**

The Audit & Procurement Committee are requested to consider and note:

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 ICO.

**List of Appendices included:**

None.

**Other useful background papers:**

None.

**Has it been or will it be considered by Scrutiny?**

No

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

No

**Will this report go to Council?**

No

## **1. Context (or background)**

### **1.1 Requests for Information under FOIA/EIR/DPA**

- 1.1.1. The Council is obliged to respond to information requests under FOIA/EIR within 20 working days, subject to any relevant exemptions.
- 1.1.2. The Code of Practice, issued by the Secretary of State for Constitutional Affairs under S45 of FOIA, requires public authorities to have a procedure in place to deal with complaints in regard to how their requests have been handled. This process is handled by the Information Governance Team as an FOI/EIR review.
- 1.1.3. After a review has been completed an applicant has a right to complain to the Information Commissioner's Office (ICO) for an independent ruling on the outcome of the review. Based on the findings of their investigations, the ICO may issue a Decision Notice. The ICO also monitors public authorities who do not respond to at least 85% of FOI/EIR requests they receive within 20 working days.
- 1.1.4. The DPA provides individuals with the right to ask for information that the Council holds about them. These are also known as Subject Access Requests (SARs). The Council should be satisfied about the individual's identity, have sufficient information about the request and receive the statutory £10 fee before it can respond. SARs have to be completed within 40 calendar days.
- 1.1.5. There is no requirement for the Council to have an internal review process for SARs. However, it is considered good practice to do so. Therefore, like with FOIA/EIR requests, the Council informs applicants of the Council's internal review process. However, individuals may complain directly to the ICO if they feel their rights have not been upheld.
- 1.1.6. This report relates to the Council's handling of requests for information under FOIA, EIR and DPA. It outlines the number of requests received, proportion of responses completed within the set timescales and outcomes of both internal reviews and complaints made to the ICO during 2015/16.

### **1.2 2015/16 FOIA/EIR Requests**

- 1.2.1 The Council has continued to manage FOI requests within the SharePoint system, since May 2015. The Council received 1328 FOI/EIR requests for the period 2015/16. This is an increase from the 1307 received during the previous year. The Council responded to 60% of FOIA/EIR requests within 20 working days in 2015/16 compared to 79% for the previous year.
- 1.2.2 It takes on average 3 hours to respond to most FOI/EIR requests but can take up to 20 hours to respond to complex requests. Requests can often require input from various Council teams and require sign off from different tiers of management. The complexity of the information requested will determine who needs to provide input and who approves the final response before it is published. As a general rule, the Council is unable to charge for responding to information requests. However, the legislation does enable the Council to charge for requests which are likely to take in excess of 18 hours to locate, retrieve and collate information. In reality, the Council handles very few requests, which fall into this category.

- 1.2.3 The Council does not record the reasons why requests exceeded the statutory timescales. This can be due to delays in locating information held/and or internal deliberations around the application of any valid exemptions.
- 1.2.4 The Council has a small (4.67 FTE) Information Governance team responsible for coordinating requests. Throughout 2015/16 there were a number of vacancies within the Information Governance Team, which will have had an impact on the Council's ability to respond within the required timescales. The Team was fully recruited to with effect from 29 March 2016. Now that the Team is complete, this will have a positive impact on the performance rate for 2016/17 assuming demand does not increase. This is supported by the fact that the number of requests responded to within the statutory timescale for the year to date is 60% but the Team have dealt with more requests than at the same time last year. Currently, there is no requirement for local authorities to report on their performance in relation to the handling of information requests. Therefore, it is difficult to compare the Council's performance with other similar local authorities. However, it is understood that some of the local authorities within the West Midlands are responding to less than 85% of requests within the statutory timescales.
- 1.2.5 There have been very large cuts across the public sector since 2010 and local government has suffered disproportionately badly within the Government's overall resource allocation framework. The City Council has received reductions in its core Government revenue funding equivalent to £95m (44%) between 2010/11 and 2016/17 with the prospect of further cuts of £25m over the next 3 years. The Council has reduced its workforce by circa 28% - much of that in its support services. Whilst the Council is clearly still responsible for meeting its statutory obligations, the Council's financial position is important context. It is likely to have had an impact on the ability to respond within the timescales and means that we need to look critically at how we can do things differently in the future.
- 1.2.6 The Council's Information Management Strategy Group (IMSG) monitors the number of requests and the number of days it takes to respond. The Group is mindful of the need to maintain transparency despite the reduction in resources to handle information requests. It has set up a working group to consider how different ways of working can be used to manage information requests. This work includes proactively publishing more datasets so that information is more readily available to the public to reduce the need for FOI requests to be made.
- 1.2.7 Members of the IMSG are working with the Strategic Management Board and the wider Corporate Leadership Team to understand the number and type of requests by Directorate and to identify delays in the processes and how to address them. As well as publishing more information, this will include additional guidance/training on the use of SharePoint and handling information requests.

### 1.3 **2015/16 FOIA/EIR Internal Reviews and Complaints to the ICO**

- 1.3.1 The Council received 18 requests for FOIA/EIR internal reviews with the following outcomes.
- 10 were not upheld - exemptions applied were maintained and no further information provided
  - 4 partially upheld - further information provided
  - 4-upheld - information provided.
- 1.3.2 Three complaints were referred to the ICO. The reasons for these were:

- 1- not received a response to their request for an internal review; internal review processed
- 1 - not received an initial response to their request- response provided
- 1 stated they had not received a response to their internal review. The response was re-issued.

1.3.3 Depending on the complexity, it can take up to 4 hours to deal with an internal review or ICO complaint.

#### 1.4 **2015/16 DPA Requests**

1.4.1 The Council received 268 DPA requests during the course of 2015/16, of which 93 were valid requests. Of these 49 (53%) were completed within 40 calendar days. The Council does not record the reasons why requests exceeded the statutory timescale.

1.4.2 The majority of the requests that exceed the statutory timescale of 40 calendar days are social care requests. The reason for this (though not recorded) is considered to be mainly due to the complexity and volume of information held coupled with the staffing issues referred to in paragraph 1.2.3. Again, recruitment to the Information Governance Team is expected to have a positive impact on the hit rate for SARs. This is supported by the fact that for 2016/17 to date, the Council has received 94 valid requests and the completion rate within the timescales is 75%. The Information Governance Team are currently reviewing the way in which the Council responds to SARs to see if the timescales for responding can be improved.

1.4.3 It takes on average 4 hours to respond to simple SARs however, it can take up to 60 hours to respond to complex requests. This covers time taken for an officer to verify the requester's identity, receive payment, log the request, retrieve information and redact third party personal data. It is not possible to charge for SARs over and above the £10 fee provided for by the legislation.

#### 1.5 **2015/16 DPA Internal Reviews and Complaints referred to the ICO**

1.5.1 The Council received two requests for internal reviews for SARs in the course of the year. Both were partially upheld and additional information was disclosed.

1.5.2 There were two complaints referred to the ICO regarding SARs during the course of the year. One of these was a complaint regarding the Council's failure to provide a response within the required timescale. The ICO instructed the Council to provide the information by a particular date. The Council provided the information in accordance with the ICO's requirements and also apologised to the requester for the delay.

1.5.3 The other complaint related to information that the Council had withheld under an exemption. The ICO determined that further information needed to be disclosed, which the Council provided.

#### 1.6 **Independent review of the FOI**

1.6.1 In July 2015, an Independent Commission was set out to report on the effectiveness of the FOIA ten years since it came into force. The Commission consulted a wide range of public bodies on the operation of FOIA. A joint response was submitted on behalf of all West Midlands Authorities which recognised the importance of transparency but highlighted the increasing challenges of dealing with requests for information in the current climate.

- 1.6.2 The Commission concluded that FOIA is generally working well but that they would like to see a reduction in delays in responding to requests. They made a series of recommendations which include changes to how extensions of time are dealt with, imposition of statutory time limits for dealing with internal reviews and the publication of performance statistics. The Commission were not persuaded that there were any convincing arguments to impose fees for some/all requests for information. The full report published in March 2016 is available at this [link](#).

## **2. Options considered and recommended proposal**

- 2.1 It is important that the Council continues to monitor and report on its performance in relation to access to information requests, reviews and ICO complaints. This, together with the oversight of elected Members helps to promote high standards of information governance and continuous improvement. It is therefore proposed that the Officers continue to prepare an annual report that goes to the Council's Audit & Procurement Committee to provide assurance that the Council is complying with its responsibilities under FOIA and DPA.

## **3. Results of consultation undertaken**

- 3.1 None.

## **4. Timetable for implementing this decision**

- 4.1 None.

## **5. Comments from Executive Director, Resources**

- 5.1 Financial implications  
There are no financial implications in relation to the recommendations in this report.
- 5.2 Legal implications  
There are no specific legal implications arising out of the recommendations. However, the Council's performance is subject to external scrutiny by the ICO. The monitoring and reporting on the outcomes of ICO complaints represents good practice and promotes good governance and service improvement.

## **6. Other implications**

### **6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / Local Area Agreement (or Coventry Sustainable Community Strategy)?**

The monitoring and reporting of the Council's performance for responding and handling access to information requests under FOIA and DPA together with all ICO complaints will promote high standards of information governance and contribute to the openness and transparency of the Council's decision making and commitment to continuous service improvement and equality.

### **6.2 How is risk being managed?**

The reporting and monitoring on the Council's performance and outcomes of ICO complaints will help reduce the risk of the ICO upholding complaints and taking

enforcement action against the Council.

**6.3 What is the impact on the organisation?**

*As set out in 6.1*

**6.4 Equalities / EIA**

As set out in 6.1

**6.5 Implications for (or impact on) the environment**

None.

**6.6 Implications for partner organisations?**

None

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Coventry City Council

**Public report**

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**A separate report is submitted in the private part of the agenda in respect of this item, as it contains details of information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972. The grounds for privacy are that it refers to the identity of an individual.**

Cabinet Member for Strategic Finance and Resources  
Audit and Procurement Committee

15 December 2016  
19 December 2016

**Name of Cabinet Member:**

Cabinet Member for Strategic Finance and Resources – Councillor John Mutton

**Director approving submission of the report:**

Director of Public Health

**Ward(s) affected:**

Nil

**Title:**

Complaints to the Local Government Ombudsman 2015/16

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**Is this a key decision?**

No

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**Executive summary:**

The Local Government Ombudsman (LGO) is the final stage for complaints about councils and some other organisations providing local public services. It provides an independent means of redress to individuals for injustice caused by unfair treatment or service failure.

In Coventry, the Council's complaints policy sets out how individuals can complain to the Council, as well as how the Council handle compliments, comments and complaints. As part of this, the Council informs individuals of their rights to contact the LGO if they are not happy with the Council's decision.

Every year, the LGO issues an annual letter to every council, summarising the number and trends of complaints dealt with in each local authority. The latest letter, issued July 2016, set out the number of complaints dealt with in Coventry between April 2015 and March 2016 (2015/16). In addition, a report, *Review of Local Authority Complaints* allows local authorities to benchmark their own performance with national trends.

This report sets out the number and trends of complaints to the LGO relating to Coventry City Council in 2015/16, the corresponding outcomes, as well as comparisons to the trends in 2014/15.

**Recommendations:**

The Cabinet Member is recommended to:

- (1) Consider the Council's performance in relation to complaints to the LGO.
- (2) Request the Audit and Procurement Committee to review and be assured that the Council takes appropriate action in response to complaints investigated and where the Council is found to be at fault.

The Audit and Procurement Committee is recommended to:

- (1) Consider the Council's performance in relation to complaints to the LGO.
- (2) Review and be assured that the Council takes appropriate actions in response to complaints investigated and where the Council is found to be at fault.

**List of appendices included:**

Appendix A – Complaints guidance

Appendix B – Complaints handling process flowchart

**Background papers:**

None

**Other useful documents**

Local Government Ombudsman – review of local government complaints 2015/16

<http://www.lgo.org.uk/information-centre/news/2016/jul/ombudsman-upholding-more-complaints-about-local-government>

Local Government Ombudsman – review of adult social care complaints 2015/16

<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/adult-social-care-reviews>

Report to Cabinet Member Policy Leadership and Governance 8 October: Complaints to the Local Government Ombudsman 2014/15

<http://democraticservices.coventry.gov.uk/ieListDocuments.aspx?CId=562&MId=10849&Ver=4>

**Has it been or will it be considered by Scrutiny?**

No

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

Yes – Audit and Procurement Committee – 19 December 2016

**Will this report go to Council?**

No

## Report title: Complaints to the Local Government Ombudsman 2015/16

### 1 Context (or background)

- 1.1 The Local Government Ombudsman (LGO) is the final stage for complaints about councils and some other organisations providing local public services. It also investigates adult social care providers such as care homes and home care providers. The LGO provides an independent means of redress to individuals for injustice caused by unfair treatment or service failure. It is a free service that investigates complaints in a fair and independent way without taking sides.
- 1.2 In Coventry, the Council's complaints policy ([www.coventry.gov.uk/complaints/](http://www.coventry.gov.uk/complaints/)) sets out how individuals can complain to the Council, as well as how the Council handles compliments, comments and complaints. As part of the complaints process, the Council informs individuals of their rights to contact the LGO if they are not happy with the Council's decision after they have exhausted the Council's own complaints process.
- 1.3 Every year, the LGO issues an annual letter to every council, summarising the number and trends of complaints dealt with in each local authority. The latest letter, issued July 2016, set out the number of complaints dealt with in Coventry between April 2015 and March 2016 (2015/16). In addition, a report, *Review of Local Authority Complaints* allows local authorities to benchmark their own performance with national trends.
- 1.4 This report provides elected members with information about the number and trends of complaints to the Local Government Ombudsman relating to Coventry City Council in 2015/16. It also provides more detail about complaints that the LGO investigated, including the actions taken by the Council when the LGO upholds a complaint.
- 1.5 In addition to Local Government Ombudsman complaints, the Council also reports on complaints made about adult and children's social care services.

### 2 Options considered and recommended proposal

- 1.6 Nationally, the LGO received 19,702 complaints and enquiries in 2015/16, similar to 2014/15. Of these, 51% of detailed investigations were upheld (up from 46%). The area most complained about is education & children's services, an area which has seen a 13% increase in complaints in 2015/16 compared to the previous year, the biggest increase of any category.
- 1.7 In 2015/16, the LGO recorded 109 complaints and enquiries relating to Coventry City Council. This is similar to the number recorded in 2014/15 (110 complaints).
- 1.8 The following sets out complaints and enquiries received by the LGO about Coventry City Council in 2015/16 by category (as defined by the LGO):

#### Complaints by category

Category	Complaints
Adult care services	12
Benefits and tax	16
Corporate & other services	11

Category	Complaints
Education & children's services	20
Environment services & public protection & regulation	21
Highways & transport	20
Housing	6
Planning & development	3
<b>Total</b>	<b>109</b>

1.9 It is not possible to comment on the Council's performance based purely upon the number of enquiries that the LGO receives about the Council. On one hand, a high number of complaints may indicate that an authority has been effective at signposting people to the LGO through their complaints handling process. On the other hand, a high number of complaints may also highlight that a council needs to do more to resolve issues through its own complaints process.

1.10 When dealing with an enquiry, the LGO can choose to investigate cases where it sees merit in doing so. Following an investigation, they can decide if a complaint is:

- Upheld – where the authority has been at fault and this fault may or may not have caused an injustice to the complainant; or where an authority has accepted it needs to remedy the complaint before we make a finding on fault.
- Not upheld – where, following investigation, the LGO decides that a council has not acted with fault.

1.11 Of the 109 complaints about Coventry City Council in 2015/16, 22 complaints were investigated, an 18% reduction from 27 complaints in 2014/15.

1.12 In 2015/16, 11 of the 22 complaints were upheld (50% upheld). This is an increase from nine complaints upheld out of 27 complaints (33%) in 2014/15. The percentage upheld (50%) in Coventry compares to a nearest neighbour average of 54% of complaints upheld and a national average of 51% complaints upheld. The table below sets out how Coventry compares to its CIPFA nearest neighbours, showing a range of 38% upheld (Wolverhampton) to 70% upheld (Medway).

#### Complaints investigated: comparison with nearest neighbours 2015/16

Local authority	Not upheld	Upheld	% upheld	Total
Wolverhampton	10	6	38	16
Bradford	16	12	43	28
Derby	6	5	45	11
Sheffield	24	21	47	45
Bolton	5	5	50	10
<b>Coventry</b>	<b>11</b>	<b>11</b>	<b>50</b>	<b>22</b>
Rochdale	6	7	54	13
Walsall	6	7	54	13
Peterborough	3	4	57	7
Swindon	3	4	57	7
Dudley	5	7	58	12
Stockton on Tees	8	12	60	20

Local authority	Not upheld	Upheld	% upheld	Total
Kirklees	7	13	65	20
Sandwell	5	11	69	16
Medway	8	19	70	27
<b>Average</b>	<b>8</b>	<b>10</b>	<b>54</b>	<b>18</b>

1.13 Of the 11 upheld complaints, the LGO:

- recommended a remedy for eight complaints;
- found that the fault did not cause an injustice in two complaints; and
- in one complaint, the LGO was satisfied with the Council's remedy.

Six cases resulted in a monetary settlement, totalling £7,862.

1.14 Following a decision, the LGO will typically issue a statement setting out its decision. If the LGO decides there was fault causing an injustice to the complainant, it will typically recommend that the authority take some action to address it. Wherever possible the LGO publishes decision statements on its web pages although this would not happen where the content of the report could identify the individual complainant. In some cases, where the LGO upholds a complaint, the LGO may choose to issue a formal report of maladministration.

1.15 The Ombudsman did not issue formal reports of maladministration for any of the 11 complaints upheld during 2015/16.

1.16 The following table sets out details about the 22 complaints that the LGO investigated in 2015/16 by service area, and how it compares to 2014/15.

#### Complaints by service area

Service area	2015/16			2014/15		
	Upheld	Not upheld	Average response time (days)	Upheld	Not upheld	Average response time (days)
Adult social care	2	2	24	1	3	22
Benefits						
Business services					1	n/a
Children's social care	2		22	1		24
Communities and health					1	19
Council tax	2	1	11	2	1	18
Education services	1		20	1	4	12
Environmental (dog fouling)					1	n/a
Highways services	1	3	19		2	22
Housing services		1	27		1	26
Legal		2	19			
Noise		1	18			
Planning		1	n/a		1	16
Taxi licensing					1	20
Waste services	3		20	4	2	17
<b>Total/average</b>	<b>11</b>	<b>11</b>	<b>20</b>	<b>9</b>	<b>18</b>	<b>18</b>

1.17 The highest number of complaints upheld (three complaints) remain in waste services. However, this is a very small number in the context of 200,000 transactions per week. In addition, none of the three cases resulted in a financial settlement, and waste services resolved the complaints through local arrangements. In adult social care, although complaints nationally have increased by 6% from 2014/15 to 2015/16 – and a 21% increase in complaints about care arranged privately with independent providers, this is not the case in Coventry thus far.

1.18 The Council has taken on a range of actions to respond to the faults identified. Most often this has involved issuing guidance and training for staff so that they are clear on processes and to avoid the same problem recurring. The table below summarises the actions recommended by the LGO in relation to the upheld complaints. The Audit and Procurement Committee is asked to review the actions and the learning from the complaints process. The Council has taken a range of actions to respond to the fault/delays identified.

**Upheld complaints: actions recommended by the LGO**

Area	Summary of recommended actions
Adult social care	Improve and review joint working/partnership arrangements with service providers to make sure information is communicated. Review procedures for recording information.
Children’s social care	Acknowledge faults in a child protection case and delays in an adoption case, and delays in investigating and responding to complaints.
Council tax	Recognise fault in recovery of tax; errors in an enforcement action; and delays in investigating and responding to complaints.
Education	Review software package to check if there is a possibility that an email alert may have been missed and if so, prevent it from happening in future.
Highways	Acknowledge delays in investigating and responding to complaints.
Waste services	Monitor non-collection of bins in problem areas and consider Traffic Regulation Orders to take action against parked cars where bin collections are missed due to parked cars.

1.19 The LGO typically expects Councils to respond to an investigation within 20 working days. In 2015/16, on average, the Council took 20 working days to respond to a complaint, compared to 18 days in 2014/15. However, there were notable exceptions in adult social care (24 days), children’s social care (22 days) and housing services (27 days).

**3 Results of consultation undertaken**

3.1 None identified or undertaken.

**4 Timetable for implementing this decision**

4.1 The Council’s Insight Team manages and reports cases and liaises with the Local Government Ombudsman office. These arrangements may be revised in the future in light of any recommendations arising from a wider review of the Council’s complaints management arrangements, which is being led through the customer journey programme. Appendix A and B sets out a flowchart and guidance for handling Ombudsman cases respectively.

- 4.2 Complaints to the LGO will continue to be formally reported to the Cabinet Member for Strategic Finance and Resources and the Audit and Procurement Committee on an annual basis.
- 4.3 Should the Ombudsman issue a formal report about an upheld finding of maladministration, there will also be a separate report to the Cabinet Member at any time in the year.

## **5 Comments from Executive Director, Resources**

### **5.1 Financial implications**

In 2015/16, the Council paid out a total of £7,862 in local settlements. This related to six complaints. This was paid out of directorate service budgets.

### **5.2 Legal implications**

The Local Government Act 1974 defines the main statutory functions for the Local Government Ombudsman: to investigate complaints against councils and some other authorities; to investigate complaints about adult social care providers from people who arrange or fund their adult social care (Health Act 2009); and to provide advice and guidance on good administrative practice.

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

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

## **6 Other implications**

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

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

### **6.2 How is risk being managed?**

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

**6.3 What is the impact on the organisation?**

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

**6.4 Equalities / EIA**

All members of the public are able to refer complaints to the LGO if they are dissatisfied with Council services. The Council’s complaint policy and individual response letters detailing the findings of the Council’s own complaints investigations makes it clear how members of the public can do so.

**6.5 Implications for (or impact on) the environment?**

None

**6.6 Implications for partner organisations?**

Although Ombudsman complaints primarily relate services provided by Coventry City Council, they may from time to time also involve partners and third party contractors. In these cases, the Council liaises with these partners and contractors to comment or provide information as part of an investigation.

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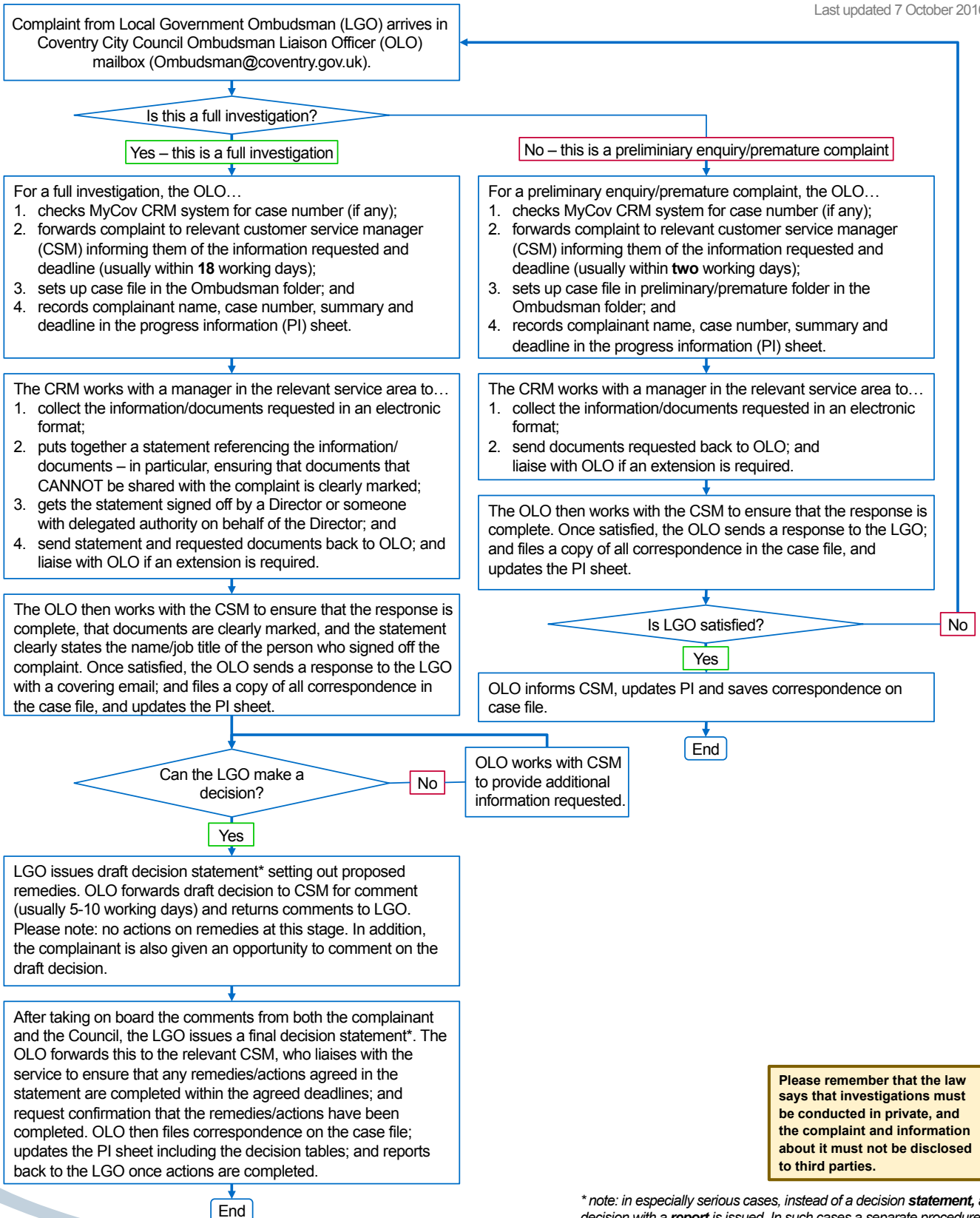
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# Appendix A – Complaints handling process flowchart

## Local Government Ombudsman Complaints Handling Process Flowchart

Last updated 7 October 2016



Please remember that the law says that investigations must be conducted in private, and the complaint and information about it must not be disclosed to third parties.

\* note: in especially serious cases, instead of a decision statement, a decision with a report is issued. In such cases a separate procedure follows and the case is referred to senior management.



## Appendix B – Complaints guidance

Last updated: 7 October 2016

### Ombudsman Complaints Guidance

Under the Local Government Act 1974, the Local Government Ombudsman is the final stage for complaints about Councils. In Coventry, Bev McLean and Si Chun Lam in the Insight Team co-ordinates all responses to/from the Ombudsman and Directorate representatives. This guide sets out how we deal with **enquiries**, **premature complaints** and **full investigations**. Need help? Email Bev/Si [ombudsman@coventry.gov.uk](mailto:ombudsman@coventry.gov.uk).

#### Enquiry received from Ombudsman Assessment Team

- The request will have a short deadline – **1-3 working days**.
- The request will usually be for a copy of our Stage 1, and if appropriate, Stage 2 response; and confirmation if the complaint has completed our complaints process.
- The request will not include any new actions and should be returned to Bev/Si by the date specified.

#### Premature Ombudsman complaint received from Ombudsman Assessment Team

- Often received following an enquiry from the Assessment Team if the complaint has not completed our complaints procedure.
- The request will ask us to consider the complaint under our complaints procedure and remind the complainant in our final response of their right to complain again to the Ombudsman.
- If we do not resolve the complaint, a premature request will also request that we send the Ombudsman a copy of our final response. Following completion of the complaints procedure (whether it is resolved or not), please send Bev/Si a copy of the final response which they will forward to the Ombudsman.

#### Full investigation complaint received from an Investigator

Please remember that the law says that investigations must be conducted in private, and the complaint and information about it must not be disclosed to third parties.

- Bev/Si will send a covering email requesting a written response to the Ombudsman's enquiries. This needs to be returned by a set deadline, usually **18 working days**.
- The response must be provided as a statement, and include the name and position of the person who compiled the statement. Any supporting evidence must be provided as electronic attachments and referenced in the statement. The complete statement should be signed off by the Director or a nominated person e.g. Head of Service.
- Any information that cannot be shared with the complaint should be clearly marked and packaged separately, as it will be returned to investigator in a separate email.
- If the investigator has asked us to consider whether we are prepared to remedy any injustice that may have been caused – we should comment on this as this is an opportunity for us to resolve the issue.
- The Directorate/Divisional contact should return the response within the set deadline to Bev/Si.

#### Draft decision received from an investigator

- If the decision is issued as a **statement**, Bev/Si will request that the relevant representative confirms whether we agree with the decision and remedy. This is an opportunity to suggest any changes or corrections.
- At this stage we must **not** take any actions. We should only complete any remedies when we receive the final decision.
- We are usually requested to respond within **5-10 working days**.
- If the Investigator issues the decision as a **report** (under Section 30(1) of the Local Government Act 1974) a separate procedure applies.

#### Final decision letter and statement received from an investigator

- The decision should be circulated as appropriate.
- All agreed actions should now be completed.
- Confirmation and evidence that all actions have been completed should be sent to Bev/Si, usually within **5-10 working days**.



## Audit and Procurement Committee

### Work Programme 2016-17

#### 13<sup>th</sup> June 2016

Revenue and Capital Out-turn 2015-16  
Draft Statement of Accounts 2015-16  
Annual Governance Statement 2015-16

#### 25<sup>th</sup> July 2016

Internal Audit Annual Report 2015-16  
Audit Findings Report 2015-16 (Grant Thornton)  
Statement of Accounts 2015-16  
Revenue and Capital Outturn 2015/16  
Review of the Effectiveness of the System of Internal Audit  
Audit Committee Annual Report 2015-16  
Information Management Strategy Update  
Procurement Progress Report (Private)

#### 26<sup>th</sup> September 2016

Quarter One Revenue and Corporate Capital Monitoring Report 2016-17  
Annual Audit Letter 2015-16 (Grant Thornton)  
Fraud Annual Report 2015-16  
Procurement Progress Report (Private)

#### 24<sup>th</sup> October 2016

Internal Audit Plan 2016-17  
Half Year Internal Audit Progress Report 2016-17  
Treasury Management Update  
Information Management Strategy Update  
Procurement Progress Report (Private)

#### 19<sup>th</sup> December 2016

Quarter Two Revenue and Corporate Capital Monitoring Report 2016-17  
Half Yearly Fraud Update 2016-17  
FOI / DPA Annual Report 2015-16  
Ombudsman Complaints Annual Report 2015-16  
Corporate Risk Register Update  
Procurement Progress Report (Private)

## **20<sup>th</sup> February 2017**

Grant Certification Report (Grant Thornton)  
Annual Audit Plan (Grant Thornton)  
Quarter Three Revenue and Corporate Capital Monitoring Report 2016-17  
Quarter Three Internal Audit Progress Report 2016-17  
RIPA (Regulation of Investigatory Powers Act) Annual Report 2015-16  
Contract Management Review  
Procurement Progress Report (Private)

## **3<sup>rd</sup> April 2017**

Internal Audit Recommendation Tracking Report  
Internal Audit Plan 2017-18  
Procurement Progress Report (Private)

## **Dates to be confirmed**

Executive Directors' Consideration of the Moderate Assurance on the Overall Adequacy and Effectiveness of the Council's Internal Control Environment  
Opportunity for Employee Suggestions  
Annual Audit Letter 2015/16 - Progress Report on Actions

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

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