

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee held at 3.00 pm
on Monday, 20 February 2017

Present:

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

Employees:

B Barrett, Resources Directorate
M Burn, Resources Directorate
L Commane, Resources Directorate
A Harwood, Place Directorate
P Jennings, Resources Directorate
L Knight, Resources Directorate
S McGinty, Resources Directorate
J Sansom, Resources Directorate
K Tyler, Resources Directorate

Other Representatives: P Harvey, Grant Thornton

Public Business

61. Declarations of Interest

There were no disclosable pecuniary interests.

62. Minutes of Previous Meeting

The minutes of the meeting held on 25th January, 2017 were signed as a true record.

Further to Minute 57 headed 'Minutes of the Previous Meeting' Councillor Sawdon reported that members had still not received the list of officers undertaking work for the West Midlands Combined Authority and details of the Freedom of Information requests received from journalists. He also enquired if a date had been determined for Member training on the Corporate Risk Register.

It was reported that a potential date on 20th March had been identified for the training session and clarification would be provided in the near future. The details of the Freedom of Information requests had already been e-mailed to Members but the details would be circulated to Councillors Bains and Sawdon. The list of officers undertaking work for the WMCA would be sent out as soon as possible.

63. **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 following private reports on the grounds that the reports involve the likely disclosure of information defined in the Paragraphs of Schedule 12A of the Act as indicated, and that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information:

Minute No.	Title	Paragraph No(s).
73.	Procurement and Commissioning Progress Report	3
74.	Report on the Outcome of the 2016/7 Early Retirement Voluntary Redundancy Programme	3 and 4

64. **Outstanding Issues**

The Committee considered a report of the Executive Director of Resources indicating that in May 2004 the City Council had adopted an Outstanding Minutes system, linked to the Forward Plan, to ensure that follow-up reports could be monitored and reported to Members. At their meeting on 25th January, 2017 the Committee had requested that a report be submitted to each meeting detailing the additional reports requested to a future meeting along with details of additional information requested outside of the formal meeting.

Appendix 1 to the report outlined where a report back had been requested to a future meeting along with the anticipated date for further consideration of the issue. Appendix 2 set out items where additional information was requested outside of the formal meeting along with the date when this had been completed. Where a request had been made to delay the consideration of the report back, the proposed revised date was identified along with the reason for the request.

RESOLVED that, having considered the list of outstanding items set out in the appendices to the report, approval be given for those items identified as completed be confirmed as discharged and they be removed from the outstanding issues list.

65. **Work Programme 2016/17**

The Committee noted their Work Programme for the current municipal year.

66. **Information Management Strategy Update**

Further to Minute 36/16, the Committee considered a report of the Executive Director of Resources concerning further progress with the action plans developed to improve the Council's information management arrangements. Details of the progress 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 and spoke in support of the progress that had been made.

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 24th October the update given on progress reported that out of 77 actions from the ICO recommendations, 48 had been completed, 27 were in progress and 4 were yet to begin. The Committee were informed that all the 27 actions labelled as 'in progress' had now been completed. In completing these actions, some further opportunities had been identified to improve data sharing agreements and the Information Governance Team were continuing to work on reviewing existing agreements.

The Committee noted that three of the four actions which had not yet begun at the time of the last update had now been completed and had been signed off by the Information Management Strategy Group. These actions related predominantly to the Council's Information Risk approach and included the compilation of an Information Risk Policy and Register. It was proposed that a seminar was scheduled for the Committee to consider the information risk approach.

The final action related to the review of the Coventry Information Sharing Protocol. This action had now been superseded by individual Data Sharing Agreements. Should a new protocol be required, it could be shorter and less specific, but complemented by specific data sharing agreements with partners. The Committee also noted that the process for recruiting a permanent Records Manager was underway and it was anticipated that interviews would take place in early March, 2017.

Further work had been completed to ensure that information assets were logged on the information asset register, with information asset owners being identified. Training, support and guidance had been prepared for officers undertaking this role. In addition, responsibilities for all staff had been enforced with a new online Information Governance Handbook and a revised Data Protection E-Learning course, which was to be completed by all staff on an annual basis. Since the November launch, 1487 employees had completed the course and a targeted communications plan was in place to ensure the remaining staff complete the course. The Committee noted the intention to report the completion statistics at future meetings on an annual basis.

With all 77 recommendations from the ICO now complete, the Information Management Strategy Group anticipated that a significantly improved level of assurance would be received from the ICO at the point of their follow-up visit. Also the Council now had a solid platform on which to build its approach to information management as covered by the Information Management strategy.

The Committee asked about the plans for internal audit to review the progress made and enquired about the 'golden' record for addresses and customers. Members discussed the issue of having more effective safeguarding of children

through improved data sharing between different public agencies. Concerns were raised since it was felt that this issue had already been addressed. It was clarified that sharing of data in relation to safeguarding would be looked at as part of the internal audit.

RESOLVED that:

- 1. The progress to date against the ICO action plan be noted.**
- 2. Officers be requested to schedule a seminar for members of the Audit and Procurement Committee to cover the Information Risk approach in more detail.**
- 3. Officers be requested to report on the completion of mandatory training to the Committee on an annual basis.**
- 4. A glossary of terms detailing acronyms to be included in any future Information Management Strategy reports.**
- 5. The concerns raised about the sharing of information between partner organisations relating to Safeguarding issues be considered during the forthcoming internal audit.**

67. Certification Work for Coventry City Council for Year Ended 31 March 2016

The Committee considered a report of the External Auditors, Grant Thornton, which set out the certification work undertaken during the year ending 31st March 2016.

The Auditors were required to certify certain claims and returns submitted by Coventry City Council and this typically took place six to nine months after the claim period and represented a final but important part of the process to confirm the Council's entitlement to funding.

The report indicated that during the 2015/16 financial year one Housing Benefit subsidy claim had been certified relating to expenditure of £127m and further details were provided in Appendix A to the report. There were no issues arising from the certification work which required attention.

The report provided further information on the indicative fee for 2015/16, which was based on the final 2013/14 certification fee and reflected the amount of work required by the auditor to certify the Housing Benefit subsidy claim in that year. The indicative scale fee set by the Audit Commission for the Council for 2015/16 was £13,523. The auditors were proposing to increase this to £14,546 in light of additional testing having to be performed, further information was provided at Appendix B.

Members asked to be updated once the Department for Works and Pensions (DWP) had considered the qualifications on the Council's Housing Benefits subsidy claim and determined the total amount of subsidy to be paid in 2015/16.

RESOLVED that:

- 1. The certification work for the City Council for year ending 31st March 2015 be approved.**
- 2. Members to be updated when DWP has considered the qualifications on the Council's Housing Benefits subsidy claim.**

68. 2016/17 Third Quarter Financial Monitoring Report (to December 2016)

The Committee considered a report of the Executive Director of Resources that advised of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of December 2016. The headline revenue forecast for 2016/17 was an overspend of £4.8m. At the same point in 2015/16 there was a projected overspend of £3.3m. The report was due to be considered by Cabinet at their meeting on 21st February 2017.

The report indicated that although the level of overspend had lessened since quarter 2, much of this movement had been as a result of windfall income and movements in technical areas. However, the pattern of budgetary control variations in previous years would indicate that the position would improve further towards year-end. The Committee were informed that officers had been instructed to identify all appropriate ways of minimising the final overspend position.

The underlying expenditure pressures, overwhelmingly within adults and children's social care, had continued at previous unsustainable levels. Full account had been taken of the underlying budget position moving into 2017/18 within the Budget Setting report which was also due to be considered by Cabinet the following day.

Capital spending was projected to be £81m for the year which represented a net decrease of £7.9m on the quarter 2 position. This decrease in the Capital Programme included £8.3m of expenditure that had been rescheduled into future years.

Members discussed the ongoing budget pressures relating to adult and children's social care. Reference was made to the financial implications associated with a patient being in hospital compared to the costs of being a resident in a care home. Councillor Lepoidevin referred to a recent list which highlighted that 24 Local Authorities were responsible for half of the delayed discharges and enquired if Coventry was one of these authorities. She agreed to undertake to find out additional information about the list. It was decided that Cabinet should be asked to find out the current position relating to Bed Blocking in the city.

RESOLVED that:

- 1. The financial position be noted.**
- 2. Cabinet be requested to establish the Council's current performance in relation to 'Bed Blocking' (delayed transfers of care).**

69. **Quarter Three Internal Audit Progress Report 2016-17**

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 December 2016 against the Internal Audit Plan for 2016/17.

The report indicated that the key target facing the Internal Audit Service was to complete 90% of its work plan by the 31st March 2017. At the end of December 2016, the Service had completed 63% of the Audit Plan against a planned target of 70%. Whilst the annual target was to complete 90% of the work plan, the quarterly targets set for quarters one, two and three were based on completing 100% of the Plan, however 100% was generally unfeasible in light of customers requesting a change in the timing of their reviews or the focus of a review being superseded by other events. The Committee noted that whilst the Service was slightly behind the quarter three target, it remained broadly on track to achieve the formal annual target of 90% by the end of 2016/17.

Table one in the report provided a summary of the performance of Internal Audit for 2016/17 to date against five key performance indicators (KPIs) with comparative figures for the previous year. Performance against two indicators was currently below expectations and targeted actions to make improvements were ongoing.

Table two provided a list of the audits finalised between October and December 2016, along with the level of assurance provided. The audits currently in progress were highlighted in the report. Appended to the report was a summary of findings from key audit reports completed and, in all cases, 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 the outcomes reported to the Committee.

The Committee sought clarification about the assurance and risks associated with direct payments, the audit for which had been completed. Further clarification was sought about how the internal audit team was managing in light of reduced staff resource.

RESOLVED that, having considered the summary findings of the key audit reviews set out at Appendix One, the performance as at quarter three against the Internal Audit Plan for 2016-17 be noted.

70. **Annual Compliance Report - Regulatory & Investigatory Powers Act (RIPA)**

The Committee considered a report of the Executive Director of Place, which reported on the Council's use of the Regulation of Investigatory Powers Act 2000 (RIPA). RIPA governed the acquisition and disclosure of communications data and the use of covert surveillance by local authorities.

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

The Committee noted that the Act set out the procedures that the City Council must follow if it wished to use direct surveillance techniques or acquire communications data in order to support core function activities (e.g. typically those undertaken by Trading Standards, Environment Health and Benefits). The information obtained as a result of such operations could later be relied upon in court proceedings providing RIPA was complied with.

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

The Committee noted that the Assistant Surveillance Commissioner, Sir David Clarke inspected the Council's RIPA arrangements in respect of directed surveillance on 8th December, 2016. He found that the Council's arrangements were 'generally in good order' and 'the use by the Council of its statutory powers is appropriate' and that the 'quality of authorisations is good'. He made three recommendations which were set out in the report. One of the recommendations was that the Council's Policy and Guidance documents be further revised. Work was currently ongoing and it was the Intention that the updated policy would be combined with that for communications data so as to provide one coherent policy. The Committee asked to be updated when this new policy was available.

The report indicated that for the period 1 April 2015 to 31 March 2016, as reported to the Office of Surveillance Commissioners (OSC), two direct surveillance applications were granted and two authorisations were granted by the Magistrates. For the period 1st April to 31st December, 2016 three direct surveillance applications were granted and three authorisations were granted by Magistrates. There was one direct surveillance operation remaining extant. There were no reported instances of the Council having misused its powers under the Act.

The Committee noted that no applications for the disclosure of communications data had been made during 2016.

Having considered the report submitted, the Committee were of the view that there were no specific comments or recommendations to forward to the Cabinet Member for Policing and Equalities.

RESOLVED that:

- 1. The Council's use and compliance with the Regulatory and Investigatory Powers Act (RIPA) be noted.**
- 2. Members to be informed when the combined policy will be available.**

71. Report on the outcome of the 2016/7 Early Retirement Voluntary Redundancy programme

Further to Minute 58/16, the Committee considered a report of the Executive Director of Resources which sought the necessary approval for exit packages

through the 2016/17 Early Retirement /Voluntary Redundancy (ER/VR) programme. As previously requested by the Committee, the report referred to all exit packages in the programme where the benefits payable to the employee and the costs to the Council exceeded £100,000. The report also referred to the request that the total costs of agreed exits under the current programme be reported on.

With the agreement of the Chair, Councillor Bains, the report had been circulated as urgent business, the reason for urgency being the need to agree exit packages through the ER/VR programme at the earliest opportunity and, in particular, before the end of the financial year, noting that the next meeting of the Committee was not scheduled to take place until April, 2017. There was also a corresponding private report detailing the confidential aspects of the programme.

The report indicated in the last six years the Council had had its government funding cut by more than £95m and further savings rising to an additional £36m by 2020 were required. The workforce was by far the biggest area of Council spend therefore in November, 2016 the Council launched the sixth round of ER/VR since 2010. Applications were invited across the Council and all staff were eligible to apply. The scheme closed on 31 January, 2017. All applications had been considered by Directorate Management Teams and approved by the respective Executive Directors. Managers were asked to consider the deletion of posts where there were anticipated service redesign/ transformation projects or service remodelling that would seek to reduce the number of posts required in the future. Where there were multiple applications from a particular service area, the criteria set out in the Security of Employment was adopted. All applications were moderated by a panel of representatives from the Corporate Leadership Team. In total 307 applications were made of which 83 were approved and 224 were refused.

The exit packages took into account the costs to the local authority as well as payments/benefits to employees. This meant that the pension strain costs were added to the redundancy cost for the total cost of severance. Appendix one to the report detailed the costs and savings of the agreed applications below the £100,000 threshold. Further information on the exit packages over £100,000 was included in a second appendix attached to the private report. These total exit payments amounted to were £1,191,148.

The Committee noted that the deletions of the listed reports would realise savings of around £2,215,000 ongoing which would contribute an overall savings target to the Council. Also the deletion of posts would support current service redesign and transformation programmes where it was already anticipated that the posts would be deleted.

Reference was made to the consultation undertaken with the Trade Unions.

The Committee discussed the impact on individual employees of having their applications for ER/VR continually rejected. Members also asked about having a breakdown between redundancy and pension costs.

RESOLVED that:

1. **The anticipated cost and savings of the agreed ER/VR applications below the £100,000 threshold, as set out in Appendix 1, be noted.**
 2. **Subject to consideration of the private report detailed in Minute 74 below, the exit payments set out in Appendix 2 to the private report be agreed in principle.**
 3. **Future reports on the Early Retirement Voluntary Redundancy Programme to provide breakdowns of redundancy and pension costs.**
72. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other additional items of public business.

73. **Procurement Progress Report**

The Committee considered a report of the Executive Director of Resources which provided an update on the procurement and commissioning undertaken by the Council since the last report submitted to the meeting on 19th December, 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.**
74. **Report on the outcome of the 2016/7 Early Retirement Voluntary Redundancy programme**

Further to Minute 71/16 above, the Committee considered a report of the Executive Director of Resources which set out the confidential aspects relating to the 2016/17 Early Retirement /Voluntary Redundancy (ER/VR) programme and sought the necessary approval for the exit packages.

With the agreement of the Chair, Councillor Bains, the report had been circulated as urgent business, the reason for urgency being the need to agree exit packages through the ER/VR programme at the earliest opportunity and, in particular, before the end of the financial year, noting that the next meeting of the Committee was not scheduled to take place until April, 2017.

RESOLVED that:

- 1. The anticipated cost and savings of the agreed ER/VR applications below the £100,000 threshold, as set out in Appendix 1, be noted.**
 - 2. The exit payments set out in Appendix 2 be approved.**
75. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other additional items of private business.

(Meeting closed at 5.15 pm)