



Audit and Procurement Committee

Time and Date

3.00 pm on Monday, 20th February, 2017

Place

Committee Room 2 - Council House

Public Business

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 3 - 6)
To agree the minutes of the meeting held on 25th January 2017
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. **Outstanding Issues** (Pages 7 - 18)
Report of the Executive Director of Resources
6. **Work Programme 2016/17** (Pages 19 - 20)
Report of the Executive Director of Resources
7. **Information Management Strategy Update** (Pages 21 - 38)
Report of the Executive Director of Resources

(Note: Councillor Duggins, Cabinet Member for Policy and Leadership, has been invited to attend the meeting for the consideration of this item.)
8. **Certification Work for Coventry City Council for Year Ended 31 March 2016** (Pages 39 - 40)
Letter of the External Auditor, Grant Thornton
9. **2016/17 Third Quarter Financial Monitoring Report (to December 2016)** (Pages 41 - 60)
Report of the Executive Director of Resources

10. **Quarter Three Internal Audit Progress Report 2016/17** (Pages 61 - 70)
Report of the Executive Director of Resources
11. **Annual Compliance Report - Regulatory & Investigatory Powers Act (RIPA)** (Pages 71 - 78)
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. **Procurement Progress Report** (Pages 79 - 88)
Report of the Executive Director of Resources
14. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

Chris West, Executive Director, Resources, Council House Coventry

Friday, 10 February 2017

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

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

By invitation Councillor G Duggins

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 10.00 am on Wednesday, 25 January 2017

Present:

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

Employees (by Directorate):

Chief Executive's M Reeves (Chief Executive)
Resources B Barrett, L Knight, H Lynch

Apologies: Councillor H Sweet

Public Business

56. Declarations of Interest

There were no disclosable pecuniary interests.

57. Minutes of Previous Meeting

The minutes of the meeting held on 19th December 2016 were agreed and signed as a true record.

Further to Minute 45, Members indicated that they had not yet received a list of officers undertaking work for the West Midlands Combined Authority.

Further to Minute 47, Member were advised that work was ongoing to identify a suitable date to undertake training on the Corporate Risk Register.

Further to Minute 48, Members reported that they were yet to receive details of how many Freedom of Information requests had been received from journalists.

Officers undertook to provide the Committee Members with the outstanding information.

58. Approval Process for ER/VR Applications by Audit & Procurement Committee

The Committee considered a report of the Chief Executive, which set out the proposed approach in determining the value of exit packages to improve openness and transparency.

In accordance with Section 40 of the Localism Act 2011, the Secretary of State for Communities and Local Government issued guidance regarding "Openness and accountability in local pay". The guidance, which local authorities must have

regard to, provided for elected Members to be offered the opportunity to vote before large salary packages were offered in respect of new appointments and large payments were offered to staff before leaving the authority. The Secretary of State considered that £100,000 was the appropriate threshold for salary and severance packages requiring approval.

The Council's Audit and Procurement Committee were therefore required under the Council's Constitution to determine any salary or severance package for an employee of the Council of £100,000 or over, or such other sum as determined by legislation in respect of any new appointment of severance package.

Historically, the Committee had been asked to approve severance packages where the entitlement to be received by the employee exceeded £100,000. This was consistent with the guidance.

In May 2016, the Enterprise Act 2016 received Royal Assent, and would make further changes to public sector exit payments in order to increase openness and transparency and to also ensure that exit packages delivered best value for money for local taxpayers. The changes, which were yet to come into force, would include capping the value of exit packages at £95,000. When calculating the value of an exit package, it was anticipated that local authorities would be expected to calculate and include the costs to the authority as well as payments / benefits to the employee. This would mean that pension strain costs (an additional one-off sum that an employer would be required to pay to the Pension Fund in order to allow the early release of pension benefits without actuarial reduction) would need to be included within the calculations.

It was recommended that the Committee authorise all exit packages where the benefits payable to the employee and costs to the Council exceed £100,000. Whilst this would encompass some less senior, lower paid employees than previously covered, it was important that the Council was transparent as to the cost of all exit packages, particularly in light of the current ERVR programme, which was due to close on 31st January 2017.

Having considered the report, the Committee indicated that, when considering packages exceeding £100,000, it would be of benefit to have an understanding of the overall costs of ERVR rounds on the authority in order to provide context of the impact on the Council. On that basis, they requested that when reports are submitted for consideration, they include this information.

RESOLVED that the Audit and Procurement Committee request officers to report all exit packages where the benefits to be paid to the employee and the cost to the Council exceed £100,000 to the Audit and Procurement Committee for approval and that reports include information on the overall costs of ERVR rounds on the authority.

59. **Report on Resources Directorate Proposals**

The Committee considered a report of the Chief Executive, which set out proposals for the Resources Directorate following the agreement to delete the post of Executive Director of Resources.

The Committee noted that a number of options had been considered for managing the deletion of the Executive Director post including the creation of one or two senior Director Posts directly reporting into the Chief Executive and in effect to maintain the status quo for the Resources Directorate.

Each of the scenarios would require the deletion of current posts within the directorate and would unintentionally place other members of staff 'at risk'. Creating additional senior Directors posts was counter to the organisation's aim to reduce management layers and it would maintain senior management costs at the current level, which was unacceptable in the current climate of budget reductions and ongoing ER/VR programme.

It was therefore proposed to leave all the current Resources Directorate job roles as they were at present, transferring the functions currently sat within the Resources Directorate to the remaining Executive Directors of Place and People. This would allow the deletion of 1 Executive Director post (cost saving of £150k) and 2 senior posts (cost saving of circa £200k).

The two remaining Executive Directors would absorb the leadership and strategic corporate duties of the Executive Director Resources. In addition, the two most senior posts (currently in receipt of enhanced payments) of Assistant Director ICT Transformation and Customer Services and Assistant Director Finance and Corporate Services currently reporting into the Executive Director of Resources would absorb the operational line management of the functions within the Directorate including the allocation of 151 Officer and Senior Information Risk Owner (SIRO). These job roles and responsibilities would need to be revised / adjusted in light of the realignment, and would be evaluated to ensure that any changes to scope, size and impact were appropriately recognised and rewarded. Where the evaluations resulted in proposed salary packages exceeding £100,000, the salary packages would be subject to the approval of the Audit and Procurement Committee.

It was acknowledged that due to the significant organisational shift set out in the proposal, reducing from three to two Executive Directors, it would be prudent to carry out an assurance process. An Appointments Panel to be chaired by the Leader of the Council comprising nominated elected members (including Opposition members), the Chief Executive and the Executive Directors, would be convened to meet with the two most senior post holders Assistant Director ICT Transformation and Customer Services and Assistant Director Finance and Corporate Services in the current Resources Directorate and seek confidence that this proposal could be safely implemented at this time.

The report set out the main realignment of post title / line management proposed and it was noted that the appointment of the section 151 Officer must be confirmed by full Council. Officers would prepare a report to the next meeting of Council on 21st February 2017 to confirm this appointment and any changes required as a result of these proposals to be made to the Officer Scheme of delegation within the Constitution.

For consistency, it was also proposed that all Assistant Director posts within the Place Directorate will be renamed as Directors. At this stage, this would be a change to job titles only and not to their terms and conditions.

Appendix 1 of the report showed the proposed movement of the two new Director posts under the Executive Directors of Place and People and it was noted that the direct management responsibility lines from Place Directorate had been omitted from the structure and would mirror those set out for People Director.

RESOLVED that the Audit and Procurement Committee:-

- 1. Confirm the proposal for the realignment of services as set out in the report submitted, subject to the evaluation of the new Director roles and completion of the assurance process referred to in Paragraph 3.2 of the report.**
 - 2. Commission a review and evaluation of the Executive Director roles and all roles that directly report to the new Director posts.**
 - 3. Commission a review of all remaining Hay Graded staff in 2 stages, firstly grades AD2 and above and secondly SM1-3 to take place from March through to December 2017.**
 - 4. Request officers to bring a further report to Audit and Procurement Committee to approve any new salary packages exceeding £100,000 which are recommended following any of the review / evaluations referred to in 1 – 3 above.**
- 60. Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of public business.

(Meeting closed at 10.50 am)

Audit and Procurement Committee

20th February 2017

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:

N/A

Title:

Outstanding Issues

Is this a key decision?

No

Executive summary:

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

Recommendations:

The Committee is recommended to:-

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

List of Appendices included:

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

Other useful background papers:

None

Has it or will it be considered by scrutiny?

N/A

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

No

Will this report go to Council?

No

**Report title:
Outstanding Issues**

1. Context (or background)

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

2. Options considered and recommended proposal

- 2.1 N/A

3. Results of consultation undertaken

- 3.1 N/A

4. Timetable for implementing this decision

- 4.1 N/A

5. Comments from Executive Director of Resources

- 5.1 Financial implications

N/A

- 5.2 Legal implications

N/A

6. Other implications

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

N/A

- 6.2 How is risk being managed?**

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

6.3 What is the impact on the organisation?

N/A

6.4 Equalities / EIA

N/A

6.5 Implications for (or impact on) the environment

N/A

6.6 Implications for partner organisations?

N/A

Report author(s):

Name and job title:

Lara Knight
Governance Services Co-ordinator

Directorate:

Resources

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Enquiries should be directed to the above person.

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

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Appendix 1

Further Report Requested to Future Meeting

	Subject	Minute Reference and Date Originally Considered	Date For Further Consideration	Responsible Officer	Proposed Amendment To Date For Consideration	Reason For Request To Delay Submission Of Report
1.	Information Management Strategy Update A further report on progress with the action plans arising from the Information Commissioner Audit and the In-Form Consult Assessment.	12/16 25 th July 2016	26 th September 2016	Helen Lynch / Joe Sansom	Report was considered on 24 th October 2016	
2.	Internal Audit Annual Report 2015/16 In light of concerns raised regarding the opinion of the Acting Chief Auditor that moderate assurance could be provided on the overall adequacy and effectiveness of the Council's internal control environment, the Executive Director be requested to consider the position and report back to a future meeting	13/16 25 th July 2016 And 21/16 26 th September 2016	To Be Confirmed	Chris West / Karen Tyler		

	Subject	Minute Reference and Date Originally Considered	Date For Further Consideration	Responsible Officer	Proposed Amendment To Date For Consideration	Reason For Request To Delay Submission Of Report
3.	<p>Internal Audit Annual Report 2015/16</p> <p>Officers to investigate an opportunity for employees to make suggestions to help the Council become more efficient and save money, with an update report being submitted to a future meeting of the Committee</p>	<p>13/16 25th July 2016 And 21/16 26th September 2016</p>	To Be Confirmed	Paul Jennings / Karen Tyler / Darren O'Shaughnessy		
4.	<p>Annual Audit Letter 2015/16</p> <p>A progress report from the Executive Director of Resources on the recommendations contained in the action plan.</p>	<p>24/16 26th September 2016</p>	19 th December 2016	Paul Jennings	Report was considered on 19 th December 2016	
5	<p>Annual Audit Letter 2015/16</p> <p>An update report from the External Auditors</p>	<p>24/16 26th September 2016</p>	3 rd April 2017	Paul Jennings / Simon Turner		
* 6.	<p>Information Management Strategy Update</p> <p>Report back of the outcome of the follow up audit by the Information Commissioner</p>	<p>36/16 24th October 2016</p>	20 th February 2017	Helen Lynch / Joe Sansom		

	Subject	Minute Reference and Date Originally Considered	Date For Further Consideration	Responsible Officer	Proposed Amendment To Date For Consideration	Reason For Request To Delay Submission Of Report
7.	Information Management Strategy Update Report back of the outcome of the follow up audit by the Information Commissioner	36/16 24 th October 2016	3 rd April 2017	Helen Lynch / Joe Sansom		

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

Appendix 2

Additional Information Requested Outside of Meeting

	Subject	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed
1.	Unaudited 2015/16 Statement of Accounts	Minute 4/16 13 th June 2016	Invitation be made to Councillor J Mutton, Cabinet Member for Strategic Finance and Resources to attend the July Committee meeting where the Final Statement of Accounts are considered.	Lara Knight	Completed Date Unknown
			Officers to investigate whether there is an alternative way to report reserves in relation to schools.	Paul Jennings	
2.	Annual Governance Statement	Minute 5/16 13 th June 2016	Information be provided to explain why the review of the Council's Code of Corporate Governance was not carried out during 2015/16 and receive assurance that it will be carried out during 2016/17.	Karen Tyler	4 th July 2016
			Having expressed concern regarding the level of assurance in relation to Care Director, the Committee requested that this matter be retained on the Internal Audit Plan for further audit.	Karen Tyler	Included in the 2016/17 Audit Plan and progress update detailed in Quarter 3 report (20 th February 2017)
			Following discussion around Council Tax, the Committee requested that the last Half Year Fraud Report be re-circulated.	Lara Knight	16 th June 2016

	Subject	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed
3.	Work Programme	23/16 26 th September 2016	Committee requested an update on the latest position as regards to the Council's three PFI contracts concerning Caludon Castle School, New Homes for Old and Street Lighting.	Paul Jennings	4 th October 2016
4.	Annual Audit Letter 2015/16	24/16 26 th September 2016	A copy of the publication 'Knowing the Ropes: Audit Committee Effectiveness Review 2015' be circulated to the Committee.	Simon Turner / Liz Knight	27 th September 2016
5.	2016/17 First Quarter Financial Monitoring Report (to June 2016)	25/16 26 th September 2016	The Cabinet be informed of the Committee's concerns in relation to: a) The forecast revenue overspend of £6.4m at Quarter 1 b) The actions set out in by senior management to address the revenue budgetary control issue which indicate that plans to meet savings targets will not be achieved within the current financial year c) The decrease of £23.4m on capital spending compared to the position reported in the February budget setting report.	Paul Jennings	29 th November 2016 (incorporated in the Quarter 2 report submitted to Cabinet)

	Subject	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed
5. Cont	2016/17 First Quarter Financial Monitoring Report (to June 2016)	25/16 26 th September 2016	The financial details relating to the library, the children's centre and youth provision at Jardine Crescent be emailed to Members of the Committee.	Michelle McGinty / Paul Jennings	
6.	Fraud Annual Report 2015/16	26/16 26 th September 2016	Corporate Communications be requested to include an article in Cityvision encouraging Whistleblowing from residents in connection with Council Tax fraud.	Karen Tyler / Darren O'Shaughnessy	Published in December edition of Citivision.
7	City Council Treasury Management Activity	35/16 24 th October 2016	A briefing note be circulated detailing the outstanding project grants held by the Council and the anticipated timescales for the works to be undertaken.	Paul Jennings	12 th December 2016
8.	Local Government Audit Committee Forum	38/16 24 th October 2016	Details of the Local Government Audit Committee Forum to be held in Birmingham on 29 th November 2016 to be circulated to Members, who should confirm whether they wish to attend.	Karen Tyler / Liz Knight	Completed and places booked as requested
9.	Half Yearly Fraud Report	44/16 19 th December 2016	A summary document and a link to the recently published National Fraud Strategy be circulated.	Karen Tyler	

	Subject	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed
10.	2016/17 Second Quarter Financial Monitoring Report (to September 2016)	45/16 19 th December 2016	Further information to be provided in relation to additional primary school places identified within 'Basic Need' and 'Emergency Basic Need'.	Paul Jennings	12 th January 2017
			Committee members to be provided with a list of which officers are working with the West Midlands Combined Authority.	Martin Reeves	
11.	Corporate Risk Register	46/16 19 th December 2016	A training programme be developed on the Corporate Risk Register for Members of the Committee.	David Johnston	
			A date for a training session to be identified.	David Johnston / Lara Knight	
			Report on Cyber Security that was considered by the Committee in February 2016 be forwarded to Councillor Brown.	Lara Knight	21 st December 2016
12.	Freedom of Information Act / Data Protection Act Annual Report	47/16 19 th December 2016	The Committee to be advised about how many of the FOI requests submitted were from journalists.	Helen Lynch	7 th February 2017

	Subject	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed
13.	Consideration of Early Retirement Voluntary Redundancy Application	54/16 19 th December 2016	The Committee to be provided with details of the proposed communications to be released on this matter.	Martin Reeves	20 th December 2016

Audit and Procurement Committee

Work Programme 2016-17

13th June 2016

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

25th 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)

26th 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)

24th 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)

19th 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
Annual Audit Letter 2015/16 - Progress Report on Actions
Procurement Progress Report (Private)

20th February 2017

Grant Certification Report (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
Procurement Progress Report (Private)

3rd April 2017

Annual Audit Plan (Grant Thornton)
Internal Audit Recommendation Tracking Report
Internal Audit Plan 2017-18
Contract Management Review
Procurement Progress Report (Private)

Dates to be confirmed

Opportunity for Employee Suggestions
Executive Directors' Consideration of the Moderate Assurance on the Overall Adequacy and Effectiveness of the Council's Internal Control Environment



Audit and Procurement Committee

20 February 2017

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Cllr George Duggins

Director Approving Submission of the report:

Executive Director, Resources

Ward(s) affected:

All

Title: Information Management Strategy Update

Is this a key decision?

No

Executive Summary:

The Council's Information Management Strategy was approved by Cabinet in March 2016. Information Management is becoming increasingly critical to the way the public sector does business as we integrate services, seek to gain better outcomes with fewer resources and digitalise the way services are delivered. Information is one of our greatest assets and its usage is a major responsibility. We are ambitious to be a Council that is trusted by its citizens and customers to manage and protect their information. The Information Management Strategy will ensure that we exploit information as a strategic asset, using recognised best practice, legislation and technology to minimise requests for information and maximise the opportunities for information intelligence to share future services and evaluate the effectiveness of existing ones.

One of the work streams within the strategy relates to information governance and data protection. In order to understand the level of maturity and assurance in relation to information governance across the organisation, the Council arranged for the Information Commissioner's Office (ICO) to conduct a data protection audit. Information Management specialists (In-Form Consult) were also engaged to conduct a Council wide maturity assessment. These exercises have helped formulate action plans for the Council to improve its information management arrangements.

Updates on these action plans were shared with Audit and Procurement Committee and the Cabinet Member for Policy & Leadership in July 2016 and October 2016, and this report provides a further update on progress to date.

Recommendations:

Audit and Procurement Committee is recommended to:

1. Note the progress to date against the ICO action plan

2. Request that Officers schedule a seminar for members of Audit & Procurement Committee to cover the Information Risk approach in more detail
3. Request that Officers report on the completion of mandatory training to the Committee on an annual basis
4. Make any additional recommendations that the Committee considers appropriate.

List of Appendices included:

None

Other useful background papers:

Report to Audit & Procurement Committee on 25 July 2016

<http://democraticservices.coventry.gov.uk/documents/s30254/Information%20Management%20Strategy%20Update.pdf>

Report to Audit and Procurement Committee on 24th October 2016

<http://democraticservices.coventry.gov.uk/documents/s31433/Information%20Management%20Strategy%20Update.pdf>

Glossary of terms

<http://democraticservices.coventry.gov.uk/documents/b34223/Information%20Management%20Strategy%20Update%20-%20Glossary%20of%20Terms%2024th-Oct-2016%2015.00%20Audit%20and%20Procurement.pdf?T=9>

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 The Council's Information Management Strategy was approved by Cabinet in March 2016. A key workstream of that strategy focuses on information governance and data protection. To understand the Council's maturity in relation to information governance, the Information Commissioner's Office (ICO) undertook an audit of data protection arrangements and industry specialists In-Form Consult (IFC) conducted a maturity assessment across the Council of Information Governance generally.
- 1.2 The ICO audit looked at a snapshot in time, and consulted with Senior Managers and Officers in Revenues and Benefits and Children's Social Care. The audit concluded that the Council has 'very limited assurance that processes and procedures are in place to deliver data protection compliance' and recommended a series of actions for the Council to implement to improve.
- 1.3 The ICO had planned to conduct a follow up audit in March 2017 to review progress against those recommendations. It had been agreed that the follow up audit would take place 21 – 23 March 2017. However, the ICO has indicated that these dates are no longer possible due to staffing changes beyond the control of the ICO's Audit Team. It is anticipated that the re-visit will take place in 2017/18. The ICO will send us details of potential dates in due course.
- 1.4 The separate 'maturity' assessment conducted by IFC considered the whole of the Council, and the wider information management arrangements as well as the aims and objectives of the Information Management Strategy. This maturity assessment was wider in scope than the ICO audit, and considered all aspects of Information Management. IFC assessed the Council's level of maturity as low-medium, which is comparable with other similar local government organisations. This assessment gave a further set of recommendations to complement those from the ICO and the improvement journey from an information governance perspective, but also ensuring that the Council is able to treat its data and information as an asset and get the maximum value from it.
- 1.5 The completion of the actions from the ICO gives the council a platform from which to begin preparations for some of those wider initiatives and preparation for the future, as recommended by IFC. This will include preparations for the move to the new General Data Protection Regulations (GDPR), and linking existing data sets to work towards a 'golden' record for addresses and customers.
- 1.6 The report to Audit and Procurement Committee on 24th October 2016 gave an update on progress against both of these action plans, and this report provides a further update of progress ahead of the ICO's planned follow up audit.

2. Options considered and recommended proposal

- 2.1 The report to Audit and Procurement Committee on 24th October 2016 detailed how out of 77 actions from the ICO recommendations, 46 had been completed; 27 were in progress, and 4 were yet to begin.
- 2.2 The 27 actions which were labelled as 'In Progress' have now all been completed. In completing these actions, some further opportunities have been identified to improve our

data sharing agreements and the Information Governance Team are continuing to work on reviewing existing agreements.

- 2.3 3 of the 4 actions which had not yet begun at the time of the last update have also now been completed and have 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
- 2.4 The information risk approach has been aligned to the management of corporate risks, and in order to share the content in more detail, it is proposed that a seminar is scheduled for members of the Committee.
- 2.5 The final action which had not yet begun at the time of the last update related to the review of the Coventry Information Sharing Protocol. On further review, this action has been superseded by individual Data Sharing Agreements and should a new protocol be required it can be shorter and less specific, but complemented by specific data sharing agreements with partners.
- 2.6 We are also in the process of recruiting a permanent Records Manager. It is anticipated that interviews will take place in early March 2017.
- 2.7 Since the last update in October 2016, further work has been completed to ensure that information assets are logged in our information asset register, with Information Asset Owners (IAOs) identified. The IAOs are responsible for the assets relating to their function, and will be asked to report on a regular basis on any changes to the physical status or risk status of those assets. Training, support and guidance has been prepared for officers taking this role and this will become mandatory.
- 2.8 Responsibilities for all staff have been reinforced within the new online Information Governance Handbook and a revised Data Protection E-Learning course, which must be completed by all employees on an annual basis. Since the launch of the training on 3rd November, 1487 members of staff have completed the course, and a targeted communications plan is in place to ensure that all remaining members of staff also complete the course. In view of the mandatory annual training requirement, it is proposed that completion statistics are reported to the Committee on an annual basis.
- 2.9 The Audit Plan approved by the Committee on 24th October 2016, includes time for the Internal Audit team to assess the Information Governance arrangements within Revenues and Benefits and Children's Services to measure the impact of the changes ahead of the proposed follow-up audit by the ICO. Despite the change to the schedule of the ICO visit, it is proposed that the internal audit continue as planned and that any findings from that exercise be taken forward and implemented.
- 2.10 With all 77 recommendations from the ICO now complete, the Information Management Strategy Group anticipate that a significantly improved level of assurance would be received from the ICO at the point of their follow-up visit. Furthermore this now gives the Council a solid platform on which to build its approach to information management as covered by the Information Management strategy. The strategy sets out the aims to go beyond the requirements of the ICO and to use information as a strategic asset and gain maximum value from its use, whilst remaining confident in the compliance with data protection and information security legislation.

3. Results of consultation undertaken

- 3.1 There is no requirement for the Council to consult on the implementation of the recommendations.

4. Timetable for implementing this decision

- 4.1 The actions have now been implemented but further analysis will be undertaken in line with the original timetable to ensure that the work undertaken to date has had the required impact.
- 4.2 The IFC recommendations will apply on an ongoing basis and many will follow from the ICO recommendations as we look to build on the strong position that those actions should leave us in.

5. Comments from Executive Director, Resources

- 5.1 **Financial implications.** This programme of work is being delivered from existing resources. The implementation of the Information Strategy acts as a key enabler to a number of key Council projects and will be aligned with the savings programme and budget report which underpin much of the work already planned to deliver existing targets in the Medium Term Financial Strategy. Implementing the recommendations from the ICO reduces the risk that the Council will receive a monetary penalty in the event of a breach of the Data Protection Act 1998.
- 5.2 **Legal implications.** The adoption of an over-arching information management strategy represents good governance. The implementation of the actions identified promotes compliance with the Data Protection Act 1998 and will improve safeguards against data breaches.

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)?**

Improved use of data and information will contribute to the Council's overall aims and objectives in the Corporate Plan by underpinning key components of the Council's transformation and efficiency agenda.

- 6.2 How is risk being managed?**

Risk will be managed through gaining a better understanding of the data assets the Council holds and their specific security and risk implications. The formation of the Information Asset Register has given greater visibility of those risks; identifying the asset owners and enabling better management of risk.

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

A more strategic approach to the management and use of information, will lead to improved decision making through benefits including:

- More effective safeguarding of children through improved data sharing with different public agencies

- Efficiency savings from having single data sets of information, less duplication and risk of error.

6.4 Equalities / EIA

The approach set out in the Information Management Strategy does not have any specific impact on the Public Sector Equality Duty. However, management of personal and equality data is included within the scope of the strategy. As a result, the improved management of data will lead to improved understanding of the equality impact of future decisions.

6.5 Implications for (or impact on) the environment

There are no specific implications or impact on the environment.

6.6 Implications for partner organisations?

The Information Management Strategy applies to all data and information that the Council creates, owns, collects and holds in any format. The benefits derived from improved information management and the implementation of actions relating to data sharing will apply to partner organisations.

Report author(s):

Name and job title:

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Directorate: Resources

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Finance: Jane Murphy	Head of Transformation and Major Projects	Resources	07/02/2017	09/02/2017
Legal: Helen Lynch	Legal Services Manager	Resources	07/02/2017	09/02/2017
Members: Councillor George Duggins				
Councillor Sucha Bains				

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www.coventry.gov.uk/councilmeetings

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Action and completion status	Agreed Action	Owner:	progress
A02	The Data Protection Policy, Information Security Management Policy and Records Management policy reviewed on an annual basis. Any changes to be communicated via Beacon.	SIGO	Completed
A03	Ensure the induction checklist is completed within two weeks of employment for new staff (see also b12).	SIGO	Completed
A04	Amend the Service Area induction checklist to include the requirement to read the Records Management Policy and Information Security Policy.	Training Design & Delivery Manager	Completed
A05	Review guidance documentation promoting data protection compliance and review periodically thereafter.	SIGO	Staff IG Handbook completed addition guidance to be considered
A06	Finalise, publish and communicate the toolkit documents	SIGO & Internal Communications Officer	IG Handbook launched
A08	Appoint SIGO and second IGO	Legal services Manager	completed- SIGO - 29/03/16; Second IGO Nov 2015
A12	Set out duties and responsibilities of SIRO and formally reference in relevant policies.	SIGO	Completed
A13	Identify IAOs, set out duty's and responsibilities of IAOs and communicate to IAOs, reference role/responsibly within relevant policies & procedures.	SIGO	Roles incorporated in risk management policy, staff hand book and IG Toolkit after
A14	Recruit Records Manager or the duties are assigned to an appropriate role/roles	Legal services Manager/ Programme	Interim Records Manager in post
A16	Draft Terms of reference for the IMSG for approval by the group.	Legal Services Manager	Completed

A17	Create action plan to ensure key deliverables with Information Management- Bringing it together document are achieved.	SIGO & Programme Manager Transformation	Completed
A18	Draft an Information Risk Policy	SIGO	Complete. Signed off by IMSG on 27th January
A19	Ensure that information asset register is up to date and that is regularly reviewed to identify residual risks which require escalations.	SIGO/ Transformation delivery programme Manager	Information asset register has been developed and placed under ownership of the Records Manager to maintain ongoing.
A20	Create information risk register to capture (IRR) , record and track information related to risks identified via the IAR, security incidents and PIAs.	SIGO/ Head of ICT Strategy	IRR now compiled, and tracking mechanism in place for Asset Owners to update on quarterly basis.
A21	Information Risk register to be considered by SMB.	SIRO	IRR complete and awaiting signoff alongside Information Risk Policy. Approved on 26th January by IMSG and will now go to SMB
A22	IMSG to approve Information Risk Register and review on a quarterly basis.	SIRO	IRR Approved at IMSG on the 27th January 2017
A25	To follow up on data protection audit in 2013/14. To include specific data protection audits within the audit plan 2015/16 & future audit plans.	Chief Internal Auditor	Now scheduled. Included in audit plan approved by Audit committee in October 2016
A26	To include data protection/Information governance control issues within the Annual Governance Statement.	Chief Internal Auditor	Completed
A27	SIGO to conduct periodic spots checks to monitor compliance with information governance policies and results to be reported to ISMG.	SIGO	Being conducted on a continual and ad hoc basis
A28	To include statistics in relation to information security incidents and training completion within annual report.	SIGO	Security incidents and training completion being monitored

A29	IMSG to monitor KPIs re completion statistics, training completion & information security incidents on quarterly basis.	Legal services Manager/ SIGO	completed
A31	a) Communicate the requirement for staff to carry out mandatory PIAs for any new service or change in service which involves the processing of personal data to all senior Managers. b) Amend the responsibilities for Line Managers document within the toolkit to include the requirement for mandatory PIAs.	a) SIRO/ b) Legal services manager	Included in IG handbook and relevant policies
A33	Introduce PIA template based on ICO's Conducting Privacy Impact Assessments Code of Practice.	SIGO	Completed
A34	SIGO to be a signatory to all PIA's and register of PIA's to be maintained.	SIGO	Completed
B01	Include responsibility for ensuring that staff are adequately trained in relation to data protection to the roles and responsibilities of the SIRO.	SIGO	Completed
B02	Oversight of data protection training to be included within the Terms of Reference for the IMSG.	Legal Services Manager	Completed
B03	IMSG to approve content of training and monitor training statistics to ensure that training is being completed.	SIGO	Training being monitored
B04	SIGO to report on training completion statistics to IMSG on a quarterly basis.	SIGO	Monitoring reports from learning and development
B05	SIGO to conduct a training needs analysis for members of the Information Governance Team.	SIGO	Completed and relevant training completed, ongoing or scheduled
B08	Amend DP E-Learning to include a module on Subject Access requests.	SIGO/ Training Design & Delivery Manager	Complete
B09	Review and consolidate the e-learning and classroom based modules to ensure all key data protection learning elements are delivered to all relevant staff.	SIGO/ Training Design & Delivery Manager	In progress

B12	Recommendation partially accepted. 1) Communication to all senior managers that DP E- Learning must be completed by all new employees within 2 weeks of commencing employment. 2) Responsibilities for Line Managers document within toolkit to be amended to include requirement that new starters complete DP E-learning within 2 weeks of commencing employment. 3) Induction Checklist to be amended to include the requirement to complete the DP E-learning within 2 weeks of commencing employment.	1) SIRO Legal Services Manager 3) Training Design & Delivery Manager	2) Completed
B13	IMSG to consider conducting data protection refresher training on an annual basis following amendment to training as above.	IMSG	Agreed
B14	Include requirement to complete mandatory e-learning training and condensed mandatory training within Data Protection Policy.	SIGO	Completed
B16	Develop specific training for IAO's, SARs, handlers and staff involved in data sharing - Also "Recording with care training"	SIGO/ Training Design & Delivery Manager	Complete
B17	As part of training needs analysis at recommendation B6 to arrange for IGOs to attain BCS Certificate in Data Protection.	SIGO	Completed
B18	Information regarding staff who have not completed the DP training to be provided to SMB and cascaded to all managers on a quarterly basis.	SIGO/SIRO	Completed. Dashboard now being developed for CLT
B20	Training completion statistics to be reported quarterly to IMSG.	SIGO	Being reported
B22	Refresh & re-launch Don't Gamble with Data Campaign to launch the 'toolkit.'	SIGO/ Internal Communications officer	IG Handbook completed- launch date 20/10/2106
C01	SIGO to be a signatory on all Data Sharing Agreements and to maintain a register of all DSA's. All DSA's to be reviewed annually. SIGO to report IMSG on DSA Agreements and Reviews on a	SIGO	Process included in the IG Staff handbook and procedure has been developed.
C02	SIGO to conduct periodic spot checks across the council to ensure that systematic data sharing decisions are being recorded on relevant case files.	SIGO	Complete and now ongoing

C05	Amend the DP E-learning training to include basic guidance on data sharing.	SIGO	Complete. Content included in refreshed training
C06	Develop specific training for those with Data Sharing responsibilities with a requirement that such training is completed every 2 years.	SIGO/ Training Design & Delivery Manager	Data Sharing content developed
C07	1) Action: Amend Data Protection policy to include summary of key points in respect of data sharing & one- off disclosures. 2) Action: Draft data sharing policy and Guidance in accordance with ICO Data sharing code of practice.	1) SIGO 2) SIGO	Completed
C09	1) Draft corporate privacy notice to be published on website. 2) Review fair processing notices used throughout the council.	1) SIGO 2) SIGO	Completed
C10	Draft consolidated fair processing notice for website.	Legal Services Manager	Completed
C11	Undertake a review of all DSA's to ensure the incorporate fair processing, consent & exemptions where relevant.	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR
C12	Undertake a review of all DSA's to ensure they cite applicable conditions for fair processing or exemptions.	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR
C13	Review all DSAs to ensure that it is a requirement to record that consent has been obtained/overridden and why.	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR
C15	Review all consent forms to ensure that they explain circumstances in which personal data may be shared without consent and that consent may be withdrawn.	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR
C17	Include within the Data Sharing Policy requirement that PIA completed in relation to all DSAs.	SIGO	Completed
C18	Awareness of Corporate PIA template to be raised through Don't Gamble with Data Campaign & Data sharing policy.	SIGO	Completed

C19	Review CISP to ensure it remains fit for purpose and clarify whether data controllers who are not signatories to it but wish to enter into a DSA are required to become signatories to CISP of confirm adherence to it.	SIGO	Action may have been superseded and should a new protocol be required it can be shorter and less specific, but complemented by specific data sharing agreements with partners
C20	Publish DSA template on intranet.	SIGO	Completed
C21	Review all DSAs to ensure compliance with ICO Data Sharing Code of Practice.	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR
C23	Amend DSA template to incorporate statement of compliance and include in existing DSAs on review.	SIGO	Completed
C24	SIGO to be added as a signatory to all DSAs and to ensure that all signatory sections are completed prior to being logged on central list.	SIGO	Ongoing
C25	DSAs to be reviewed on annual basis/ SIGO to keep record of review dates and dates completed.	SIGO	Review dates are incorporated within the DSA register
C26	SIGO to maintain a register of all DSAs to be reviewed bi-annually by IMSG.	SIGO	Ongoing
C27	Include within Data Sharing Guidance, requirements of Government security classifications. Requirement to use classification to be incorporated into DSAs.	SIGO	Completed
C28	Revise DSA template to provide clarity as to which sections need to be amended to provide specific details.	SIGO	Completed
C30	As part of review of DSAs, ensure current methods of sharing information captured.	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR
C31	As part of review of DSA, ensure they specify relevant job roles/teams at each organisation that will be responsible for	SIGO	All Key DSAs now reviewed but ongoing action now identified to
C33	As part of review of DSAs, ensure that they should specify what steps should be taken to report, investigate and resolve incidents	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR

C34	As part of review of DSAs, ensure the relevant job roles and contact details for incident management leads are included	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR
C36	Ensure that all DSAs record whether data to be shared is factual/opinion and to distinguish between the two.	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR
C37	Amend DSA template and all existing DSAs to ensure that parties inform each other when shared data has been amended or updated.	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR
C38	Amend the DSA template and existing DSAs to ensure they contain specific provisions re ensuring the quality of the data shared	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR
C39	Define and document retention periods within DSA and ensure relevant managers record on data controllers system	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR
C40	Amend DSA template and all existing DSAs to include disposal dates for the shared data	SIGO	All Key DSAs now reviewed but ongoing action now identified to look at any other via the new IAR
C41	Amend DSA template and all existing DSAs to contain specific provisions re organisations providing assurance of disposal to each	SIGO	All Key DSAs now reviewed but ongoing action now identified to
C42	Draft procedure for dealing with one-off requests for disclosure, to be promoted via Beacon, Don't Gamble with Data Campaign	SIGO	Completed
C43	Ensure that procedure for third party requests for information are received in writing	SIGO	Completed
C45	Within Procedure for dealing with third party requests for information, build in requirements for confirming identity of requesters	SIGO	Completed
C47	Create a single corporate log for all one-off requests for disclosure, identity of requestor, exemptions, tracking information	SIGO	Completed

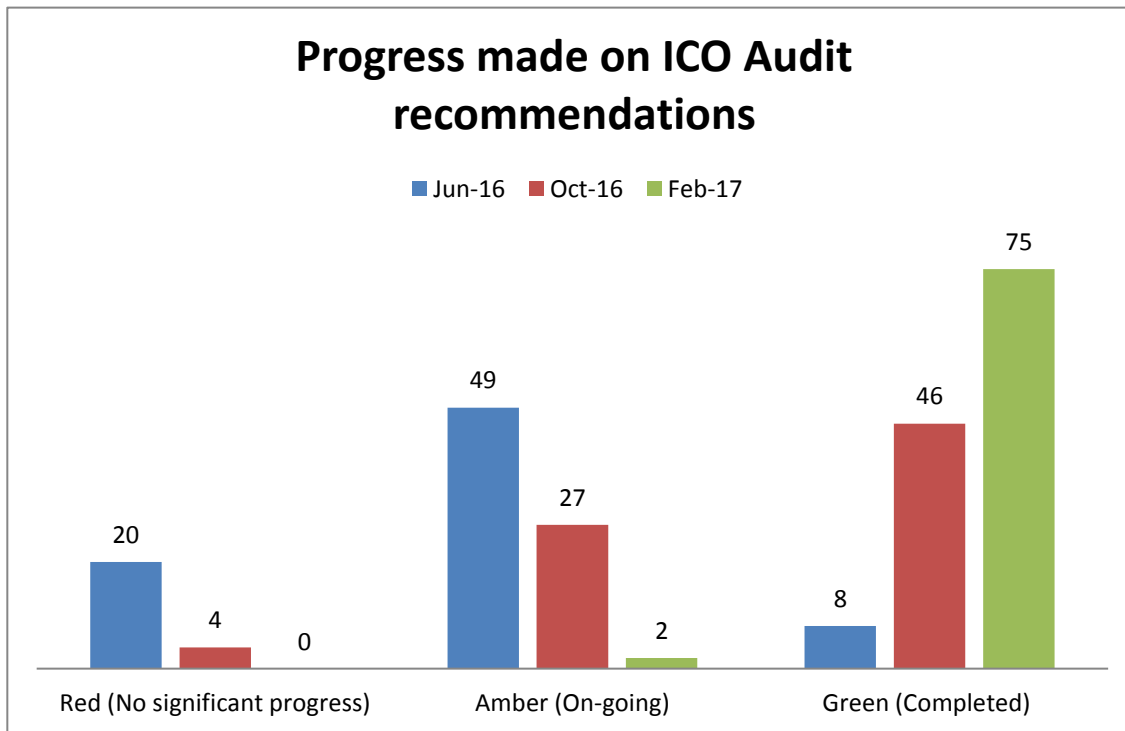
C48 SIGO to report to IMSG on a quarterly basis the number of one-off SIGO requests for disclosure

Completed

C49 SIGO to carry out "spot- checks" on the quality of one-off disclosures to ensure quality assurance. SIGO

Included in work plan and have already checked on CCTV and WA170 requests procedure

	Jun-16	Oct-16	Feb-17
Red (No significant progress)	20	4	0
Amber (On-going)	49	27	2
Green (Completed)	8	46	75



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16 December 2016

Dear Chris

Certification work for Coventry City Council for year ended 31 March 2016

We are required to certify certain claims and returns submitted by Coventry City Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

The Local Audit and Accountability Act 2014 gave the Secretary of State power to transfer Audit Commission responsibilities to other bodies. Public Sector Audit Appointments (PSAA) have taken on the transitional responsibilities for HB COUNT issued by the Audit Commission in February 2015.

We have certified the Housing Benefit subsidy claim for the financial year 2015/16 relating to expenditure of £127 million. Further details of the claim certified is set out in Appendix A.

There are no issues arising from our certification work which we wish to highlight for your attention. We are satisfied that the Council has appropriate arrangements to compile complete, accurate and timely claims/returns for audit certification.

The indicative fee for 2015/16 for the Council is based on the final 2013/14 certification fees, reflecting the amount of work required by the auditor to certify the Housing Benefit subsidy claim that year. The indicative scale fee set by the Audit Commission for the Council for 2015/16 is £13,523 but we are proposing to increase it to £14,546. The reason for this is set out in more detail in Appendix B. This proposed fee increase is subject to approval by PSAA.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Chris West', written over a faint blue circular stamp.

For Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2015/16

Claim or return	Value	Amended?	Amendment (£)	Qualified?	Comments
Housing benefits subsidy claim	£127,050,095	Yes	£69,707	Yes	<p>The housing benefits subsidy claim was qualified because of errors found in:</p> <ul style="list-style-type: none"> - how non-HIRA rent rebates were being calculated, such as an incorrect date being recorded for when the claimants earnings ceased and incorrect rent figures being used. These errors resulted in both under and overpayments to claimants - how rent allowance overpayments were classified on the claim form. <p>The Council has estimated that this should not have a significant impact on the total amount of subsidy due but this will not be confirmed until the Department for Work and Pensions considers the qualifications on the Council's claim and determines the total amount of subsidy to be paid for 2015/16.</p>

Appendix B: Fees for 2015/16 certification work

Claim or return	2013/14 fee (£)	2015/16 indicative fee (£)	2015/16 actual fee (£)	Variance between actual and indicative fee (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	18,031	13,523	14,546	1,023	The errors reported above in respect of non-HIRA rent rebates resulted in additional testing having to be performed. This additional testing was above the level anticipated when the indicative fee was set.



Public report Cabinet Report

Cabinet
Audit and Procurement Committee

21st February 2017
20th February 2017

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 Third Quarter Financial Monitoring Report (to December 2016)

Is this a key decision?

No

Executive summary:

The purpose of this report is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of December 2016.

The headline revenue forecast for 2016/17 is an over spend of £4.8m. This has improved since the Quarter 2 position when it stood at £7.1m. At the same point in 2015/16 there was a projected overspend of £3.3m.

Although the level of overspend has lessened since quarter 2, much of the movement has been the result of windfall income and movements in technical areas. Nevertheless, the pattern of budgetary control variations in previous years would indicate that the position will improve further towards the year-end and officers have been instructed to identify all appropriate ways of minimising the final overspend position.

The underlying expenditure pressures, overwhelmingly within adults and childrens social care, have continued at previous unsustainable levels. Full account has been taken of the underlying budget position moving into 2017/18 within the Budget Setting report being brought to the same meeting of Cabinet as this report.

Capital spending is projected to be £81m for the year, a net decrease of £7.9m on the quarter 2 position. This decrease in the Capital Programme includes £8.3m of expenditure that has been rescheduled into future years.

Recommendations:

Cabinet is recommended to:

1. Note the forecast revenue overspend at Quarter 3.
2. Endorse the strategy set out in section 5.1 for dealing with the budgetary challenges in the current and future years.
3. Approve the revised capital estimated outturn position for the year of £81m incorporating: £0.4m net increase in spending relating to approved/technical changes (Appendix 2) and £8.3m net rescheduling of expenditure into 2017/18 (Appendix 4).
4. Note any comments made by Audit Committee ahead of the meeting of Cabinet.

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, 20th February 2017

Will this report go to Council?

No

Report Title:

2016/17 Third Quarter Financial Monitoring Report (to December 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 third quarterly monitoring report for 2016/17 to the end of December 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 £4.8m, a decrease of £2.3m on the Quarter 2 position of £7.1m. The reported forecast at the same point in 2015/16 was an overspend of £3.3m. Capital spend is projected to be £81m, a decrease of £7.9m on the quarter 2 position.

2. Options considered and recommended proposal

- 2.1 **Revenue Forecast** - The Quarter 2 revenue budget monitoring exercise has identified an overall overspend of £4.8m. Table 1 below provides details of the forecast directorate variances.

Table 1 - Forecast Variations

Directorate	Revised Budget	Forecast Spend After Action/ Use of Reserves	Net Forecast Variation
	£m	£m	£m
Chief Executives	1.1	1.1	0.0
People	166.0	173.8	7.8
Place	33.6	33.9	0.3
Resources	11.4	11.4	0.0
	212.1	220.2	8.1
Contingency & Central Budgets	21.3	18.0	(3.3)
Total	233.4	238.2	4.8

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 £4.7m masks a significant overspend across other areas (£12.5m) including undelivered savings targets and budgetary control pressure.

The net position of £7.8m overspend is largely made up of 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 since quarter 2 largely as a result of a worsening position in Children's Services due to increased demand costs in relation to looked after children and unaccompanied asylum seeking children.

Although the cumulative year on year overspend in Adult Social Care has been contained it has not yet reduced due to the increasing demand with regard to younger adults entering the service. It is anticipated that the emerging plans for further review of the all age disability service will help to address this.

Place

At Quarter 3, Place Directorate expects to have a net reportable deficit of c£0.3m. Whilst managers will continue to try to improve this position, this currently represents gross income pressures of £0.9m, expenditure pressures of £0.7m, offset by numerous overperforming income generating service areas totalling £1.1m.

Expenditure pressures are almost entirely related to difficulties in recruiting to key posts in the Traffic and Transportation service areas, the result of which has been the need to appoint a number of agency staff. These are to a degree offset with salary underspends, but as this is not a sustainable position, managers are currently assessing options to address the situation.

Income pressures continue to exist in areas previously reported. The main deficits relate to trading difficulties in relation to St Mary's Guildhall, Monitoring and Response Service, Schools Cleaning and Repair and Maintenance. All of these services are under review.

Income surpluses are being forecast in various areas. Of the £1.1m, over £0.3m relates to ongoing Bereavement Services and streetwork permits income which will help deliver the MTFs target from 2017/18. Almost £0.4m relates to increased Planning, Building Control and Licensing activity. This will be monitored to determine any ongoing trend. The remainder relates to smaller one off trading and grant incomes across a variety of service areas

Resources

The Resources Directorate has an underspend against salary budgets and turnover target of £0.5m. This is offset by non salary overspend of £0.5m resulting in a net balanced 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, within Revenues & Benefits as a result of increased activity, and in ICT Operations linked to increases in the numbers of phones.

Contingency & Central

The Asset Management Revenue Account is projecting a £2.3m underspend due mostly to reduced capital financing costs arising from lower than planned borrowing in 2015/16, higher than planned investment income resulting from large cash balances and newly declared share dividend income from Birmingham Airport and Coventry and Solihull Waste Disposal Company. Other emerging underspends, including £1m on inflation contingencies are offset in part by previously reported non-achievement of Workforce Strategy budget savings, the knock-on implications of which have been included within the 2017/18 Budget Report.

2.4 Capital Programme

Table 2 below updates the budget to take account of a £0.4m increase in the programme, and a reduction of £7.9m 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 £81m. Appendix 3 provides an analysis by directorate of the movement since quarter 2.

The Resources Available section of Table 2 explains how the Capital Programme will be funded in 2016/17. It shows 95% 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

CAPITAL BUDGET 2016-17 MOVEMENT	£m
Estimated Outturn Quarter 2	88.9
Approved / Technical Changes (see Appendix 2)	0.4
"Net" Rescheduling into future years (see Appendix 4)	(8.3)
Revised Estimated Outturn 2016-17	81.0

RESOURCES AVAILABLE:	£m
Prudential Borrowing (Specific & Gap Funding)	0
Grants and Contributions	76.9
Capital Receipts	2.8
Revenue Contributions	1.0
Leasing	0.3
Total Resources Available	81.0

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 have 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

The medium term outlook for the UK economy is dominated by the negotiations to leave the EU and will be largely dependant on the agreements the government is able to secure with the EU and other countries whilst the global environment is also undergoing a period of significant uncertainty. However, despite this uncertainty, the UK economy is more positive than many commentators expected due to continued strong household spending. Inflation is continuing to rise as a result of the depreciation in Sterling but this is unlikely to cause

any change to interest rates unless high inflation is sustained. As such, interest rates are expected to stay at 0.25% for the foreseeable future and if any rises do occur they are expected to be very small.

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:

PWLB Loan Duration (maturity loan)	Minimum 2016/17 to P9	Maximum 2016/17 to P9	As at the End of P9
5 year	1.15%	2.00%	1.55%
50 year	2.07%	3.28%	2.66%

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 0.69%. This rate of return reflects low risk investments for short to medium durations with UK banks, Money Market Funds, Certificates of Deposits, other Local Authorities, Registered Providers and companies in the form of corporate bonds.

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

	As at 31st December 2015	As at 30th September 2016	As at 31st December 2016

	£m	£m	£m
Banks and Building Societies	63.0	54.4	53.4
Money Market Funds	10.6	18.6	8.7
Local Authorities	0.0	0.0	20.0
Corporate Bonds	8.4	34.9	24.3
Registered Providers	0.0	15.0	15.0
Total	82.0	122.9	121.4

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 31st December 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 31st December 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 13.33% 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 31st December the value is -£66.8m (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 31st December the value is £172.8m compared to £391.3m within the

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

3. Results of consultation undertaken

3.1 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, Resources

5.1 Financial Implications

Revenue

The quarter 2 report described a budgetary control position that was perhaps the most challenging that the Council has ever faced at that point of the year, stemming from the non-achievement of planned budget savings and increases in social care pressures.

This situation remains true at quarter 3 although the level of overspend has lessened with much of the movement being the result of windfall income and movements in technical areas. The pattern of budgetary control variations in previous years would indicate that the position will improve further towards the year-end and officers have 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, have continued at previous unsustainable levels as set out more fully within the quarter 2 report. Further budgetary provision has been made available previously in some areas and the 2017/18 Budget proposals include assumptions about the delivery of some savings. At the same time, there is a large amount of activity being undertaken to deliver existing savings programmes and these will continue to be pursued. The underlying risks within the future Budget position are set out in full in the 2017/18 Budget Report.

Notwithstanding the likelihood of the position improving at the year-end and the need to keep up the pressure to reduce the overspend, it will be important for the incoming Director of Finance and Corporate Services to have the flexibility to manage any potential overspend. The proposed forthcoming Budget Report reverses Pre-Budget proposals to use reserve balances to balance the 2017/18 position. This ensures that there will be uncommitted reserve balances that can be applied to any 2016/17 overspend if the Council is faced with such a situation.

The latest round of Early Retirement and Voluntary Redundancy (ER/VR) is in the process of being implemented and information will become available shortly on the expected volume of individuals who will leave the Council as a result. This should help significantly to reduce employment costs going forward although any impact within 2016/17 will be minimal. Any redundancy and early retirement costs incurred in excess of budget will be funded from reserves as planned.

Capital

Further significant rescheduling in schemes has reduced anticipated spend to £81m. 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 there is unlikely to be any Prudential Borrowing requirements 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 capital receipts will be received above the targeted level although this is subject to a number of transactions that may or may not be completed by year-end. Any capital receipts received add to the overall value of the Council's year-end reserve balances.

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

6.4 Equalities / EIA

No impact.

6.5 Implications for (or impact on) the environment

No impact

6.6 Implications for partner organisations?

No impact.

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

Appendix 1 details directorates forecasted variances.

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	1.1	0.0	0.0	0.0
People	166.0	172.4	(4.7)	12.5	7.8
Place	33.6	33.8	(0.1)	0.4	0.3
Resources	11.4	11.4	(0.5)	0.5	0.0
	212.1	219.0	(5.3)	13.4	8.1
Contingency & Central Budgets	21.3	18.2	0.0	(3.3)	(3.3)
Total	233.4	237.2	(5.3)	10.1	4.8

Reporting Area	Explanation	£m
People	The People Directorate overall is underspending against its salary budgets and turnover target by £4.7m. This is partly as a result of high levels of vacancies in Childrens Social Care, which contributes £3.2m of the underspend. Part of the non-salary overspend is a result of agency staff in Childrens Social Care. During December this figure was down to 46 (compared to 76 at 31st March 2016). Internally provided services in Adult Social Care contributes a further £0.6m towards the overall underspend as a result of planned vacancies and efficiencies.	(4.7)
Resources	The Resources Directorate overall is underspending against its salary budgets and turnover target by £0.5m. This is due to vacancies across HR and Workforce Services and Legal & Democratic Services.	(0.5)
Place	The directorate has a gross saving on salary underspends of over £0.5m which relates to areas which are having difficulties in recruiting to posts, particularly traffic and transportation. There are compensating overspends in the wider directorate forecast position where agency staff are covering some key post vacancies. Also offsetting the underspends are those areas where no vacancies exist and are not therefore achieving any contribution to the turnover target, thus why there is a reduced net underspend on centralised costs of just over £0.1m	(0.1)
Total Non-Controllable Variances		(5.3)

REPORTING AREA	EXPLANATION	£m
PEOPLE DIRECTORATE		
Overspends:		
All Age Disability and Mental Health Community Purchasing	Underlying budget pressures continue to rise in part due to increasing demand for social care for eligible service users. Working age adults tend to receive expensive packages of care for a longer period of time. This increases the cumulative cost of services as younger people tend to receive services longer once they enter the care system. Control mechanisms are in place to ensure expenditure is robustly managed. The increase in spend between quarter 2 and quarter 3 is around £20,000 per week. This is in part due to a number of individually high cost packages of care. In addition retrospective packages of care have increased the cost pressures on both mental health and all age disability services.	3.2
LAC Services	£0.9m of this overspend is due to agency staff, largely offset by underspends on the staffing budget. This includes a combined £439k overspend for Adoption and Special Guardianship Order fees, largely due to increased activity over time and additional legal costs for one SGO case. The position has worsened since quarter 2 as a result of increased expenditure on LAC placements. Some of this is due to the National Transfer Scheme which Coventry has signed up to which means we will take additional UASC. Although there is a grant for these children it does not cover the full cost of supporting children. Since Q2 there has been a net increase of 20 cases.	2.1
Strategy & Commissioning (CLYP)	This budget pays for supported accommodation for care leavers, and vulnerable homeless aged 18-24. The overspend is a result of high levels of activity, and not enough of the the right types of provision. The strategy 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 has been in place since quarter 2 to plot and monitor move on timescales for individual young people. However this has not yet improved the financial position. We have now identified dedicated resource to focus on this to ensure we can reduce the expenditure in this financial year and next.	2.0
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	1.9
Child Protection	Overspend on Agency social workers to fill staffing vacancies and high levels of activity within the child protection teams. The salary underspend is £2.1m as a result of the staffing vacancies. The forecast has reduced at quarter 3 as a result of recruitment to posts and a reduction in the level of agency staff.	1.8
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. The reduction against Older People Operational is as a result of reductions in management that contribute to the delivery of this saving	1.0

Older People Community Purchasing	Underlying budget pressures have reduced since Quarter 2 through in part a reduction in residential placements, although pressures are still high. Management actions have ensured demand on social care is managed in the most cost effective way to reduce overall costs. Control mechanisms have been put in place to ensure expenditure is robustly monitored. Focused efforts to manage approved packages through the panel process have ensured packages of care are robustly scrutinised before being approved.	0.7
All Age Disability and Mental Health Operational	The overspends (agency costs, other pay and overtime) have been partly offset by underspends on centralised salary costs due to a number of vacancies.	0.3
Inclusion & Participation	This overspend mainly relates to transport costs , and are attributable to an increase in volume. All travel assistance policies are being reviewed through the formal consultation process which closes at the end of January 2017. Reduction in expenditure is wholly dependent upon the agreement and implementation of new policies that secure the Council's statutory obligations.	0.3
Internally Provided Services	The 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. The underspend has decreased since quarter 2 as a result of costs associated with re-providing short term tenancies in preparation for the closure of Farmcote Housing with Care Scheme.	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 an underspend on salaries reported as part of the centralised forecast underspend. There is now only one agency staff member filling the LADO post.	0.1
Underspends:		
Planning	Staff vacancies being held in preparation for service review.	(0.1)
Business Performance (SCTEI)	Reduction in activity surrounding LAC transport	(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)
Early Years, Parenting & Childcare	Public Health have supported an additional £0.7m of activity freeing up core budget. Further savings have been achieved through staffing vacancies	(0.7)
Other Variations less than 100k		(0.1)
	Forecast Overspend/(Underspend)	12.5

REPORTING AREA	EXPLANATION	£m
PLACE DIRECTORATE		
Overspends:		
Traffic	Anticipated expenditure on agency cover and budget pressures on UTC maintenance budgets and within Parking Enforcement. This is offset by permit scheme income which is estimated to exceed targets by approximately £100k.	0.3
Environmental Services	This pressure relates primarily to commercialisation targets set for CCTV/Community Safety which have not as yet been achieved. A shortfall of £339k is expected for the current year for this service which is currently under management review.	0.3
Waste & Fleet Services	Primarily additional Domestic Waste Christmas collections costs and one off pressures against the Fleet budget in respect of telematics implementation (Ctrack) and Materials, offset by lower waste disposal and passenger transport costs.	0.2
Transport & Infrastructure	Anticipated expenditure on agency cover and reduced income from capitalised staff	0.2
Cultural & Sport	Primarily a trading deficit and unachieved savings target relating to St Mary's Guildhall	0.1
Underspends:		
Kickstart Project	Increased staff resource funded from capital	(0.1)
Planning & Regulatory Services	Anticipated income on Planning and Licensing related activities higher than budgeted for.	(0.4)
Other Variations less than 100k		(0.2)
	Forecast Overspend/(Underspend)	0.4

REPORTING AREA	EXPLANATION	£m
RESOURCES DIRECTORATE		
Overspends:		
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 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.	0.4
Legal Services	Overspend relates to barrister and locum costs. This is mainly due to an increasing volume of court work (higher volume of cases and cases taking longer) and an increase in barrister costs. Vacancies earlier in the year also increased volume of work being passed to external barristers. This cost is partially offset by an underspend on salaries reported as part of the directorate salaries underspend.	0.2
ICT Operations	Increased costs of mobile phones due to increased volume of phones and higher than expected costs relating to historic contract issues. It is anticipated that these costs relate to current year only and so will not create an on-going pressure.	0.2

Underspends:		
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)
Financial Management	Underspend as a result of early delivery of 17/18 step up in savings target, funded from non salary savings including review of CIPFA apprenticeship programme, and additional income for services provided by the Finance Team.	(0.1)
Other Variations less than 100k		(0.1)
	Forecast Overspend/(Underspend)	0.5

Contingency & Central Budgets		
Underspends:		
Corporate Finance	The Asset Management Revenue Account is projecting a £2.3m underspend due mostly to reduced capital financing costs arising from lower than planned borrowing in 2015/16, higher than planned investment income resulting from large cash balances and newly declared share dividend income from Birmingham Airport and Coventry and Solihull Waste Disposal Company. Other emerging underspends including £1m on inflation contingencies are offset in part by previously reported non-achievement of Workforce Strategy budget savings, the knock-on implications of which have been included within the 2017/18 Pre-Budget Report. The Policy Contingency is expected to underspend assuming no further significant commitments against the Budget this year.	(3.3)
	Forecast Overspend/(Underspend)	(3.3)

Capital Programme: Analysis of Budget/Technical Changes

SCHEME	EXPLANATION	£m
PEOPLE DIRECTORATE		
Condition - Schools	Additional section 106 funds received as an Education contribution.	0.1
SUB TOTAL - People		0.1
PLACE DIRECTORATE		
City Centre South	West Midlands Combined Authority approved £98.8m devolution funding for the development of the City Centre on the 9th December 2016. It is anticipated that £0.3m expenditure will occur this financial year.	0.3
SUB TOTAL - Place Directorate		0.3
TOTAL APPROVED / TECHNICAL CHANGES		0.4

Appendix 3

Capital Programme: Estimated Outturn 2016/17

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

DIRECTORATE	ESTIMATED OUTTURN QTR 2 £m	APPROVED / TECHNICAL CHANGES £m	OVER / UNDER SPEND NOW REPORTED £m	RESCHEDULED EXPENDITURE NOW REPORTED £m	REVISED ESTIMATED OUTTURN 15- 16 £m
PEOPLE	11.8	0.2	(0.0)	(2.5)	9.5
PLACE	72.2	0.2	0.0	(5.0)	67.4
RESOURCES	4.9	0.0	0.0	(0.8)	4.1
TOTAL	88.9	0.4	(0.0)	(8.3)	81.0

Capital Programme: Analysis of Rescheduling

SCHEME	EXPLANATION	£m
PEOPLE DIRECTORATE		
Basic Need	£196k of Basic Need funding has been rescheduled mainly due to there being no further requirement for emergency additional school places in 2016/17 either in mainstream or early years settings.	-0.2
Condition - Schools	Within the condition programme we are reporting some £925k of rescheduling arising from delays arising from 1) s278 Highway works linked to the Government's Priority Schools Building Programme which impacts on two schools and 2) ongoing discussion with the Inspire Multi Academy Trust on the procurement of agreed condition works at Hersall Primary School to enable it to academise and join the Trust. The proposed works were the subject of a Cabinet Report on 29th November 2016 and it is anticipated that subject to agreement being reached the works will now be undertaken in 2017/18.	-0.9
Broad Spectrum School	Due to later start on site than planned as a result of delays in securing planning permission.	-1.0
Broad Park House (Breaks for Disabled)	Broad Park House is again delayed due to the ongoing review of residential short break provision for children and young people with learning and/or physical difficulties	-0.3
Miscellaneous	Net rescheduling	-0.1
SUB TOTAL - People Directorate		(2.5)

PLACE DIRECTORATE		
Whitefriars Housing Estates	Ahead of schedule with planned works, therefore the 2017-18 planned programme can be accelerated.	0.3
Vehicle & Plant Replacement PB	Delayed vehicle purchase due to service reviews within Highways, Streetpride, and Waste services.	-1.5
ITB - Traffic Management	The section 106 scheme around ALDI (Shilton Lane / Lynchgate Road) is currently in design phase, will mean the scheme will not be delivered until 2017-18.	-0.1
GD13 - Dynamic Routing	Technical adjustment to re-align the programme as per the Growth Deal cashflow.	-0.2
Finance Birmingham (Mezzanine Funding)	A proposal to use match Coventry Investment Fund with a scheme run by Finance Birmingham to provide mezzanine finance to Coventry businesses is no longer going ahead, so this is being removed from the Council's capital budget plans.	-1.0
Investment in Sporting Facilities (NEW)	This budget is more difficult to forecast as it relates to reactive repairs to Coventry Sports & Leisure Centre to keep the building open and operational for the remaining lifecycle. There will be a spend of £55k, but the remaining budget will need to carry forward into 2017/18.	-0.2
ESIF	These work orders are Business Grant Programmes and the spend is dependent on the grantees spending and submitting claims. The latest forecasts reflect the most update to date picture of when these businesses will claim their grant.	-0.3

Canley Regeneration	The rescheduling is due to continued public realm improvements around Canley, which will now complete next financial year.	-0.2
Growing Places	These work orders are Business Grant Programmes and the spend is dependent on the grantees spending and submitting claims. The latest forecasts reflect the most update to date picture of when these businesses will claim their grant.	-0.8
Alan Higgs 50m Swimming Pool	The professional design team for the Alan Higgs project has now been appointed and the associated fee proposals were less than originally budgeted for, in addition the programme has also slipped slightly due to the various approvals processes.	-0.2
City Centre Destination Leisure Facility	There is now cost certainty around high risk areas such as the demolition which is coming in under the anticipated tender return (mainly due to a lack of asbestos), the contingency will carry forward into construction element of the project.	-0.3
Refit - Guaranteed energy savings	There is still some uncertainty about how and when this project will progress but won't be in 2016-17	-0.4
Miscellaneous	Net rescheduling	-0.1
SUB TOTAL - Place Directorate		(5.0)

RESOURCES DIRECTORATE		
Strategy Systems Development	As reported at quarter 2, there has been a significant amount of work in looking at revenue spend within ICT to deliver savings targets and planning the work to support the ICT strategy. This has meant re-profiling some of our strategic plans. It has also been possible to deliver some more of the technical work internally rather than rely on external third parties, which means the costs are lower. However, a large part of this re-scheduling is linked to the Cloud Technology programme, this links to decisions around property and locations of data centres which may mean the need to accelerate some of this programme towards the end of this financial year and into the next.	-0.3
Kickstart - Customer Journey	This budget primarily relates to the ICT requirements and spend for the Customer Journey programme but also covers other programmes of work such as Electronic Document and Records Management (EDRMS) and HR & Payroll. The EDRMS project now links closely to the Information Management Strategy and the original approach and focus has changed as organisational priorities and pressures change. The rescheduling still leaves budget this year for the project but there is rescheduling to cover any acceleration of the programme that may be required next financial year in particular around the move to Friargate. There have also been issues with the HR & Pay project which has meant the budget will not be used as quickly as anticipated. This has led to a need to reschedule.	-0.5
SUB TOTAL - Resources Directorate		(0.8)

TOTAL RESCHEDULING	(8.3)
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Appendix 5

Prudential Indicators

Indicator	per Treasury Management Strategy	As at 31st December 2016
Ratio of Financing Costs to Net Revenue Stream (Indicator 1) , illustrating the affordability of costs such as interest charges to the overall City Council bottom line resource (the amount to be met from government grant and local taxpayers).	14.03%	13.33%
Gross Borrowing should not, except in the short term, exceed the estimated Capital Financing Requirement (CFR) at the end of 3 years (Indicator 3) , illustrating that, over the medium term, net borrowing (borrowing less investments) will only be for capital purposes. The CFR is defined as the Council's underlying need to borrow, after taking account of other resources available to fund the capital programme.	Year 3 estimate / limit of £496.7m	£371.9m Gross borrowing within the limit.
Authorised Limit for External Debt (Indicator 6) , representing the "outer" boundary of the local authority's borrowing. Borrowing at the level of the authorised limit might be affordable in the short term, but would not be in the longer term. It is the forecast maximum borrowing need with some headroom for unexpected movements. This is a statutory limit.	£477.3m	£371.9m is less than the authorised limit.
Operational Boundary for External Debt (Indicator 7) , representing an "early" warning system that the Authorised Limit is being approached. It is not in itself a limit, and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.	£437.3m	£371.9m is less than the operational boundary.
Upper Limit on Fixed Rate Interest Rate Exposures (Indicator 10) , highlighting interest rate exposure risk. The purpose of this indicator is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates or borrowing decisions impacting negatively on the Council's overall financial position.	£391.3m	£172.8m
Upper Limit on Variable Rate Interest Rate Exposures (Indicator 10) , as above highlighting interest rate exposure risk.	£78.3mm	-£66.8m
Maturity Structure Limits (Indicator 11) , 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%
Investments Longer than 364 Days (Indicator 12) , highlighting the risk that the authority faces from having investments tied up for this duration.	£30m	£5.4m



Coventry City Council

Public report

Report to

Audit and Procurement Committee

20th February 2017

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:

Quarter Three Internal Audit Progress Report 2016-17

Is this a key decision?

No

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with an update on the internal audit activity for the period April to December 2016, against the Internal Audit Plan for 2016-17.

Recommendations:

Audit and Procurement Committee is recommended to:

1. Note the performance as at quarter three against the Internal Audit Plan for 2016-17.
2. Consider the summary findings of the key audit reviews (attached at Appendix One).

List of Appendices included:

Appendix One - Summary Findings from Key Audit Reports Completed between October and December 2016

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:

Quarter Three Internal Audit Progress Report 2016-17

1. Context (or background)

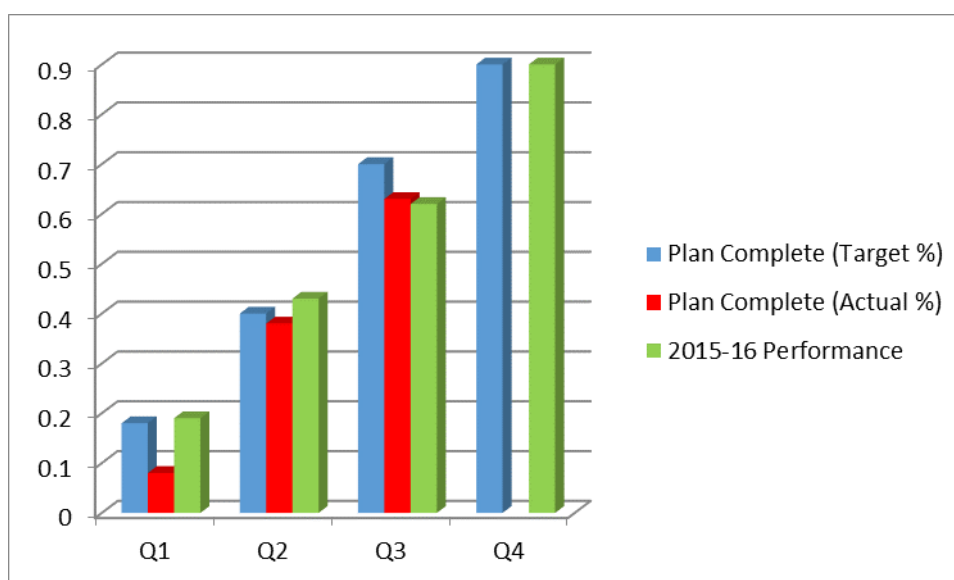
1.1 This report is the second monitoring report for 2016-17, which is presented in order for the Audit and Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'.

2. Options considered and recommended proposal

2.1 Delivering the Audit Plan

The key target facing the Internal Audit Service is to complete 90% of its work plan by the 31st March 2017. The chart below provides analysis of progress against planned work for the period April to December 2016.

Chart One: Progress against delivery of Internal Audit Plan 2016-17



As 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 is to complete 90% of the work plan, the quarterly targets which are set in quarters one, two and three are based on completing 100% of the plan, which reflects that the Service will always strive to achieve this. However, from a practical perspective, achieving 100% is generally unfeasible. The reasons for this are largely down to customers requesting a change in the timing of a review, or the focus of a review being super-ceded by other events. As a result, the formal target is 90%. Consequently, whilst the Service is slightly behind the quarter three target, it remains broadly on track to achieve the formal annual target of 90% by the end of 2016-17.

2.2 Other Key Performance Indicators (KPIs)

The table overleaf shows a summary of the performance of Internal Audit for 2016-17 to date against five KPIs, with comparative figures for the financial year 2015-16. There are two indicators (i.e. draft report to deadline and audit delivered within budget days) where the Service's current performance is currently below expectations. Targeted actions to make improvements in these areas remain on-going. These include team development sessions, weekly progress meetings and an increased focus on time planning within individual audits. Whilst it is management's view that progress is being made, the results of this will take time to embed in a sustained way.

Table One: Internal Audit Key Performance Indicators 2016-17

Performance Measure	Target	Performance Q3 2016-17	Performance 2015-16
Planned Days Delivered (Pro rota against agreed plan)	100%	71%	96%
Productive Time of Team (% of work time spent on audit work)	90%	88%	88%
Draft Report to Deadline (Draft issued in line with date agreed)	80%	74%	74%
Final Report to Deadline (Final issued within 4 weeks of draft)	80%	96%	91%
Audit Delivered within Budget Days	80%	70%	68%

2.3 Audits Completed to Date

2.3.1 Attached at Table Two below is a list of the audits finalised between October and December 2016, along with the level of assurance provided.

Table Two: Finalised audits October to December 2016

Audit Area	Audit Title	Assurance
Council / Audit Priorities	Business Continuity	Moderate
	Direct Payments	None
Financial Systems	Raising Invoices Locally	Significant
	Payroll	Significant
Regularity	Potters Green School	Limited
	Broad Heath School	Moderate

Audit Area	Audit Title	Assurance
	School Direct	Validation
Contingency / Directorate Risks	Bereavement Hub – governance arrangements	Significant
	Management of plant and equipment	Limited
	Energy billing	Limited
	Traffic Regulation Orders	Fact Finding
	Road Marking and Gulley Cleansing Crews	Moderate
	Job Shop	Moderate
Follow Up	Major Incident Reviews	Moderate
	IT Disaster Recovery	Moderate
	Stanton Bridge	n/a

2.3.2 The following audits are currently in progress:

- **Audits at Draft Report Stage** – Accounts Payable
- **Audits On-going** – Governance of employment costs, Network Infrastructure, Service Desk, CareDirector expenditure, Payment Audit, Accounts Receivable, Annual leave, Aldermans Green school, Code of corporate governance, Connecting Communities due diligence

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

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

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

5. Comments from the Executive Director of Resources

5.1 Financial Implications

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

5.2 Legal implications

Reporting on progress in regards to the delivery of the Annual Audit Plan ensures that the Council meets its statutory obligations in respect of maintaining an internal audit function and represents good governance.

6. Other implications

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

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

6.2 How is risk being managed?

In terms of risk management, there are two focuses:

- Internal Audit and Risk Service perspective - The main risks facing the Service are that the planned programme of audits is not completed, and that the quality of audit reviews fails to meet customer expectations. Both these risks are managed through defined processes (i.e. planning and quality assurance) within the Service, with the outcomes included in reports to the Audit and Procurement Committee. Delays in the delivery of individual audits could occur at the request of the customer, which could impact on the delivery of the plan. This risk is managed through on-going communication with customers to agree timing and identify issues at an early stage to allow for remedial action to be taken.
- Wider Council perspective - The key risk is that actions agreed in audit reports to improve the control environment and assist the Council in achieving its objectives are not implemented. To mitigate this risk, a defined process exists within the Service to gain assurance that all actions agreed have been implemented on a timely basis. Such assurance is reflected in reports to the Audit and Procurement Committee. Where progress has not been made, further action is agreed and overseen by the Audit and Procurement Committee to ensure action is taken.

6.3 What is the impact on the organisation?

None

6.4 Equalities / EIA

None

6.5 Implications for (or impact on) the environment

No impact

6.6 Implications for partner organisations?

None

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Resources

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Finance: Paul Jennings	Finance Manager Corporate Finance	Resources	1/2/17	7/2/17
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Appendix One – Summary Findings from Key Audit Reports Completed between October and December 2016

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Energy billing</p> <p>March 2017</p> <p>Head of Energy and Low Carbon</p>	<p>Overall Objective: To ensure that effective and efficient processes are in place to support the payment of energy bills.</p> <p>Opinion: Limited Assurance Summary / Actions Identified:</p> <p>The review highlighted that no reliance is placed on the ICT system based controls which would largely automate the checking process and as a result the Energy Team are in effect operating two payment systems alongside each other. In our view the working practices do not reflect either the Council's corporate approach to paying invoices or our professional view of a risk based approach to control. Consequently, processes are neither fit for purpose or deliver value for money for the Council. Key areas for improvement that have been identified include:</p> <ul style="list-style-type: none"> • Identifying and allocating responsibility to named individuals to provide monthly meter readings for all Council sites. • Utilising the batch validation checks available in Systemlink with further checking only undertaken on an exception basis. • Introducing a central record of bills placed on hold including arrangements for management oversight of the record. • Introducing arrangements to ensure prior notification is provided where a meter is replaced or Council properties are rented out / disposed of. <p>Since the audit, management have provided Internal Audit with a progress report on the specific actions being taken to address the issues raised in line with the agreed timescales and a formal follow up exercise will be undertaken in 2017-18 to provide assurance that arrangements are working effectively.</p>

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>IT Disaster Recovery Follow up</p> <p>September 2017</p> <p>Head of ICT Infrastructure and Operations</p>	<p>Overall Objective: To provide assurance about the risks identified and managed in relation to ICT disaster recovery arrangements within the Council.</p> <p>Opinion: Moderate Assurance Summary / Actions Identified:</p> <p>Although the Council has a “Backup and Media Handling Policy” and some work has been done to define the key applications at the Council, further work is required to develop and implement formal, documented disaster recovery arrangements. Key areas for improvement that have been identified include:</p> <ul style="list-style-type: none"> • Completing a Business Impact Assessment of key ICT systems and applications in use and defining / agreeing their data back-up and recovery requirements. • Creating a formal disaster recovery plan and testing arrangements on at least an annual basis. • Reviewing and updating the Backup and Media Handling Policy to ensure it reflects current practice and any changes to processes. <p>These arrangements form part of the Council’s wider business continuity planning and work to progress the issues highlighted will be carried out in conjunction with the Resilience Team.</p>



Public Report Cabinet Member

Audit and Procurement Committee
Cabinet Member for Policing and Equalities

20 February 2017
9 March 2017

Name of Cabinet Member:
Cabinet Member for Policing and Equalities

Director Approving Submission of the report:
Executive Director of Place

Ward(s) affected:
None

Title:
Annual Compliance Report - Regulatory & Investigatory Powers Act (RIPA)

Is this a key decision?
No

Executive Summary:

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

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

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

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

approach for oversight of the authority's use of Parts I and II of the Act.

Recommendations:

The Audit and Procurement Committee are requested to:

1. Consider and note the Council's use and compliance with RIPA.
2. Forward any comments and/or recommendations to the Cabinet Member for Policing and Equalities.

The Cabinet Member for Policing and Equalities is requested to:

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

List of Appendices included:

N/A.

Other useful background papers:

Nil

Other useful background information:

Nil

Has it been or will it be considered by Scrutiny?

No

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

Yes – Audit and Procurement Committee – 20 February 2017

Will this report go to Council?

No

Report title: **Annual Compliance Report - Regulatory & Investigatory Powers Act (RIPA) 2000**

1. Context (or background)

- 1.1 RIPA governs the acquisition and interception of communications data and the use of covert surveillance by local authorities. The Council can only use powers under RIPA to support its core functions for the purpose of prevention and detection of crime where an offence may be punishable by a custodial sentence of 6 months or more (e.g. offences relating to counterfeit goods which carry a maximum penalty of 10 years in prison) or the offence is related to the underage sale of alcohol and/or tobacco.
- 1.2 Where the above criteria are met, Local Authorities can make an application for the acquisition and disclosure of communications data (such as telephone billing information or subscriber details) or directed surveillance (covert surveillance of individuals in public places); and the use of covert human intelligence sources (“CHIS”) (such as the deployment of undercover officers). The powers are most commonly used by Trading Standards and Environmental Health Officers. However, powers can also be used by other Council services such as Revenues and Benefits and Social Services.
- 1.3 RIPA sets out the procedure that local authorities must follow when applying to use RIPA powers. These include approval by Authorised Officers that the proposed use of the powers is “necessary and proportionate”. All applications must also be approved by the Magistrates Court before RIPA powers can be exercised.
- 1.4 The Council is required to have a Senior Responsible Officer to maintain oversight of the RIPA arrangements, procedures and operations. The Council’s Monitoring Officer performs this function and is responsible for the integrity of the Council’s process for managing the requirements under RIPA.
- 1.5 External oversight is provided by the Office of the Surveillance Commissioners for directed surveillance and the Office of the Interception of Communications Commissioner for acquisition of communications data.
- 1.6 The Assistant Surveillance Commissioner, Sir David Clarke inspected the Council’s RIPA arrangements in respect of directed surveillance on 8 December 2016. He found that the Council’s arrangements are “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 the following 3 recommendations:
- That the Senior Responsible Officer reviews the authorisation process so as to ensure either that original “wet-signed” authorisations and associated forms are produced and securely retained, or that the electronic process is authenticated so as to comply with OSC Procedures and Guidance (The Senior Responsible Officer for RIPA is currently reviewing this process and in the interim “wet-signed” will be kept as a safeguard).

- That special care is taken to ensure that the Authorising Officer is not a person who is, or who may be perceived to be, a person involved in the investigation in relation to which the application is made (The Regulatory Services Manager will now authorise any Trading Standards applications introducing an extra level to the authorisation).
- That Coventry City Council's Policy and Guidance documents be further revised (The policy is currently being revised and will be combined with that for communications data so as to provide one coherent policy).

1.7 The acquisition of communications data is undertaken through the National Antifraud Network (NAFN). They act as the single point of contact for many local authorities and ensure the application is RIPA compliant. It is NAFN that are audited by the commissioners.

1.8 The Investigatory Powers Act 2016 received Royal Assent in November 2016. The Act introduces new powers for the Security Services and the Police to intercept and acquire data. However, the powers available to local authorities will largely remain unchanged. Under the Act, the functions of the Surveillance Commissioner and the Interception of Communications Commissioner will be amalgamated so that in future one Commissioner will have oversight of all of the Council's RIPA activity.

1.9 Details of the applications that the Council has made under RIPA are set out below:

1.9.1 Use of Covert Surveillance or Covert Human Intelligence Sources

For the Period 1 April 2015 – 31 March 2016 – As reported to the OSC in April 2015

No. of Directed Surveillance Applications Rejected	0
No. of Directed Surveillance Applications Granted	2
No. of Authorisations Presented to Magistrates	2
No. of Authorisations Granted by Magistrates	2
No. of Authorisations Rejected by Magistrates	0
No. of Directed Surveillance Operations Remaining Extant	0

For the Period 1 April 2016 – 31 December 2016

No. of Directed Surveillance Applications Rejected	0
No. of Directed Surveillance Applications Granted	3
No. of Authorisations Presented to Magistrates	3
No. of Authorisations Granted by Magistrates	3
No. of Authorisations Rejected by Magistrates	0
No. of Directed Surveillance Operations Remaining Extant	1

- All of the requests covered core functions permitted by the Act and were for the purpose of preventing and detecting crime.
- There were no reported instances of the Council having misused its powers under the Act.

1.9.2 Use of Acquisition & Disclosure of Communications Data

No applications for the disclosure of communications data were made during the period 1 January 2016 – 31 December 2016.

1.10 RIPA Training

It is recommended good practice to provide RIPA training to all relevant officers periodically. Accordingly, one day's training session was delivered on 18 January 2017. Elected members, and Council Officers from core function departments, Legal and those who play a key role in implementing and/or managing CCTV systems attended.

2. Options considered and recommended proposal

- 2.1 The Audit and Procurement Committee is recommended to consider and note the Annual Compliance Report, which sets out how the Council has used its powers during the reporting periods of the individual Commissioners. Following the OSC inspection in December 2016, the policy is being updated to incorporate their recommendations and comments and a further report will be produced to seek approval for the revised policy. In addition, the Committee is recommended to forward any comments or recommendations to the Cabinet Member for Policing and Equalities.
- 2.2 The Cabinet Member for Policing and Equalities is recommended to consider any comments or recommendations from the Audit and Procurement Committee, and approve the report as a formal record of the Council's use and compliance with RIPA.

3. Results of consultation undertaken

3.1 Not applicable

4. Timetable for implementing this decision

4.1 Upon approval of the report, statistical information relating to the authority's use of RIPA will be published to the Council's Internet page in order to support its commitment to the openness and transparency agenda.

5. Comments from Executive Director, Resources

5.1 **Financial implications** – The Council has budget provision to cover the cost of the training, which was delivered by an external trainer who specialises in RIPA legislation. There are no other direct financial implications arising from this report.

5.2 **Legal implications** – As explained at paragraph 1.8 above, the powers of local authorities will remain largely unchanged with the introduction of the Investigatory Powers Act 2016. However, Officers will continue to monitor the operation of RIPA and ensure that any amendments are incorporated into the Council's policy and procedures as appropriate.

Consideration and endorsement by Members ensures that appropriate scrutiny is in place. Consideration of RIPA activity as recommended by the OSC guidance ensures that such activity is subject to appropriate scrutiny and control.

6. Other implications

While the changes in law introduced an additional step into the process, given the Council's low use of its powers under RIPA, it has not resulted in any significant delays for planned operations. Routine patrols, observation at trouble 'hot spots', immediate response to events and overt use of CCTV do not require RIPA authorisation.

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)?

As and when judicial approval is sought to use these powers, it will help support the Council's core aims by preventing and detecting crime associated with enforcement activities such as: investigations relating to counterfeiting and fraudulent trading activity, or underage sales of alcohol or tobacco.

6.2 How is risk being managed?

The requirement for the Council to seek judicial approval for any proposed use of its powers under the Regulation of Investigatory Powers Act 2000, as amended by the Protection of Freedoms Act 2012, reduces the risk of the Council using such powers inappropriately or unlawfully. This will help ensure any evidence gained from such use will be admissible in a court of law.

6.3 What is the impact on the organisation?

There is no additional impact on the Council.

6.4 Equalities / EIA

When submitting a request for authorisation to use RIPA, consideration is given to any impact on equalities.

6.5 Implications for (or impact on) the environment?

There are no implications on the environment.

6.6 Implications for partner organisations?

There are no implications on partner organisations.

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