

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee held at
3.00 pm on Monday, 22 January 2018

Present:

Members: Councillor S Bains (Chair)
 Councillor R Brown
 Councillor T Sawdon
 Councillor H Sweet
 Councillor K Taylor

Employees (by Directorate):

People D Ashmore, M Burn, S Lam
Place P Jennings, L Knight, K Tyler

Apologies: Councillor L Harvard

Public Business

63. Declarations of Interest

There were no declarations of interest.

64. Minutes of Previous Meeting

The minutes of the meeting held on 19th December 2017 were agreed and signed as a true record. There were no matters arising.

65. Exclusion of Press and Public

RESOLVED to exclude the press and public under Section 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 72 below headed ‘Procurement and Commissioning Progress Report’ on the grounds that the report involves the likely disclosure of information defined in Paragraph 3 of Schedule 12A of the Act, as it contains information relating to the financial and business affairs of a particular person (including the authority holding that information) and that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

66. Outstanding Issues

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (Place) that identified issues on which a further report / information had been requested or was outstanding so that Members were aware of them and could manage their progress.

Appendix 1 to the report provided details of an issue where a report back had been requested to a future meeting, along with the anticipated date for further consideration of the matter. Appendix 2 provided details of items where additional information had been requested outside of the formal meeting along with the date when this had been completed.

In considering Appendix 2 of the report, the Committee indicated that they were concerned about the number of outstanding issues that had not been completed and requested an update from officers present on the current position. It was reported that, in respect of item 2 on timescales for the City's 50m swimming pool, an update had been provided as part of the Procurement and Commissioning Progress Report on 24th July 2017 and it was agreed that the report should be updated to reflect this. In relation to item 3 regarding Data Protection training for all Members, the Committee were advised that an update report could be provided at their next meeting on the General Data Protection Regulations that would shortly be coming into effect.

RESOLVED that the Audit and Procurement Committee:-

- 1. Note the outstanding issues report.**
- 2. Note the update provided by officers on Appendix 2 of the report.**
- 3. Request that a report be presented at the next scheduled meeting in relation to the incoming General Data Protection Regulations.**

67. Work Programme 2017/18

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (Place), which set out the Work Programme of scheduled issues for consideration by the Committee for the year 2017/2018.

RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2017/18.

68. Half Yearly Fraud Update 2017- 2018

The Committee considered a report of the Deputy Chief Executive (Place) which provided a summary of the Council's anti-fraud activity during the financial year 2017/18 to date.

The Committee noted that fraud in the public sector has a national focus through the publication of "Fighting Fraud and Corruption Locally – The Local Government Counter Fraud and Corruption Strategy". Whilst the national strategy states that the level of fraud in the public sector is significant, the current trends in fraud activity includes areas which the Council does not have responsibility for, such as social housing, and the levels of identified / reported fraud against the Council are at relatively low levels, in terms of both numbers and values.

The Internal Audit Service was responsible for leading on the Council's response to the risk of fraud. The work of the team focussed on three main areas during 2017/18, namely council tax; National Fraud Initiative; referrals and investigations considered through the Council's Fraud and Corruption Strategy. An element of proactive work was also included in the work of the Service, though it was noted that, due to the focus on the National Fraud Initiative during 2017/18, the ability to undertake this work had been limited. However, it was acknowledged that planned proactive work would be prioritised during 2018/19.

In relation to Council Tax, work had focussed on reviewing Council Tax Exemptions and Discounts. This work had resulted in 80 exemptions being removed as the customer had failed to report a change in circumstances. These had been treated as an error rather than a fraudulent application to obtain an exemption they were not entitled to. Revised bills amounting to £94,000 had been issued of which £30,000 had been repaid to the Council to date. The outstanding balances were being recovered through agreed payment instalment arrangements or the Council's standard recovery arrangements.

In addition, the Council received referrals from both internal and external sources linked to concerns around the payment of Council Tax Support or Council Tax Exemptions / Discounts. In total, 15 referrals had been received. The report indicated that, whilst most of these were passed to the Department of Work and Pensions to investigate under agreed arrangements, 3 concerns had been validated in relation to the payment of Council Tax. This had resulted in revised bills / overpayments of around £16,500 being issued, of which £9,000 had been received to date.

With regards to the National Fraud Initiative (NFI), the exercise was led by the Cabinet Office and took place every two years, matching electronic data within and between public bodies with the aim of detecting fraud and error. The results of the last exercise were released in January 2017 and identified approximately 3,000 high quality matches for the Council to consider. Given the high number of matches, priority had been given to known problem areas and key matches as judged by the Cabinet Office. In summary, around 600 matches had been reviewed and processed and the report provided a breakdown of the areas where errors had been identified, including housing benefit claimants to student loans; Council Tax Support to Council Tax Support; Council Tax Support to DWP deceased; and Residents Parking Permits to deceased. The report also provided details of the action taken.

In addition, whilst the NFI exercise takes place every two years, council tax matches relating to the award of single person discounts were received on an annual basis as they were matched to the new electoral register which was published each December. In 2017-18, the work had focused on those matches relating to council tax bands E and above. In total, 113 matches were reviewed, which resulted in 6 discounts being cancelled. Revised bills / overpayments of around £7,100 were issued and processes were in place to recover the overpayments identified.

From time to time, the Internal Audit Service received referrals or were asked to assist with investigations relating to employment misconduct and other fraud against the Council involving external individuals. During 2017/18, 13 referrals had been received to date, 2 which had led to full investigations. It was noted that there were various reasons for referrals not leading to investigations including, for example where it was a 'one off' situation and there was no information available to indicate who was involved, or where initial fact finding review does not substantiate the concern raised.

In addition to the 2 investigations for 2017/18, a further 3 investigations were carried forward from 2016/17. Of these 5 investigations, four related to fraud / theft and one related to Code of Conduct issues. Investigations were ongoing in relation to 2 of the referrals. 1 investigation saw the officer involved receiving final / verbal warnings; in one case the officer left their post during the disciplinary process. In one case, linked to the award of a Council Tax single person discount, the discount was removed and a revised bill issued amounting to £4,800.

In considering the work undertaken, the Committee were of the view that there should be a press release highlighting the work that is undertaken, particularly data matching through NFI, to identify attempts to commit fraud.

RESOLVED that the Audit and Procurement Committee note the anti-fraud activity undertaken during the first half of the financial year 2017/18 and request that a press release be made in relation to the work undertaken to identify instances of fraud.

69. **Complaints to the Local Government and Social Care Ombudsman 2016/17**

The Committee considered a report of the Deputy Chief Executive (People) which set out the number, trends and outcomes of complaints to the Local Government and Social Care Ombudsman (LGO) relating to the Council during 2016/17.

It was noted that the Cabinet Member for Policy and Leadership had also considered the report at his meeting held on 8th November 2017.

The LGO was the final stage for complaints about councils, all adult social care providers (including care homes and home care agencies) and some other organisations providing local public services. It was a free service that investigated complaints in a fair and independent way and provided a means of redress to individuals for injustice caused by unfair treatment or service failure.

The Council's complaints policy set out how individuals could complain to the Council, as well as how the Council handled compliments, comments and complaints. The Council also informed individuals of their rights to contact the LGO if they were not happy with the Council's decision after they had exhausted the Council's own complaints process.

Every year, the LGO issued an annual letter to every Council, summarising the number and trends of the complaints dealt with in each local authority. The latest letter, issued in July 2017, covered complaints relating to the Council between April 2016 and March 2017 (2016/17).

The report indicated that, nationally, the LGO received 16,863 complaints and enquiries during 2016/17, with the greatest proportion relating to education and children's services (2,983), followed by adult social care (2,555) and planning and development (2,336).

Locally, the LGO recorded 105 complaints and enquiries during 2016/17 relating to Coventry City Council. This was similar to the number recorded in 2015/16, where 109 complaints were received. The 105 complaints were categorised as Adult Care Services (13); Benefits and Tax (11); Corporate and Other Services (10); Education and Children's Services (17); Environment Services, Public Protection and Regulation (17); Highways and Transport (16); Housing (14); and Planning and Development (7).

Of the 105 complaints, 25 were investigated, a 14% increase from 2015, when 22 complaints were investigated. 15 complaints were upheld (60%) compared to a statistical neighbour average of 52% and a national average of 54% of complaints upheld. The LGO recommended a remedy for 9 of the upheld complaints, found that the fault did not cause an injustice in 5 complaints and was satisfied with the Council's remedy in 1 complaint. 6 complaints resulted in some form of financial redress or reimbursement. The Committee noted that the LGO did not issue formal reports of maladministration for any of the 15 complaints upheld.

The report also set out the number of complaints relating to Coventry during 2016/17 by service area and compared this to the complaints received during 2015/16, along with the time it took for the Council to respond to the complaints. Following the investigations, the LGO recommended some changes to the Council's procedures on the upheld complaints in adult social care, children's social care and in the noise team, and these were also set out within the report.

In considering the report, the Committee expressed their concern regarding the length of time taken to get responses to queries / complaints made directly to the Council by both Members and the public, particularly through Coventry Direct. They requested that an interim briefing note be presented at the next scheduled meeting, with a full report submitted in March 2018, on the steps being taken to address this issue.

RESOLVED that the Audit and Procurement Committee:-

- 1. Note the Council's performance in relation to complaints to the LGO.**
- 2. Note the Council complaints process and guidance, updated for 2017 in line with recommendations set out in the annual letter.**
- 3. Were assured that the Council takes appropriate actions in response to complaints investigated and where the Council is found to be at fault.**
- 4. Request that a briefing note be presented to the next scheduled meeting and a full report to the meeting scheduled for March 2018, on the steps taken to improve the response time to complaints from Councillors and Members of the public, particularly through Coventry Direct.**

70. **Contract Management Progress Report**

The Committee considered a report of the Deputy Chief Executive (People), which set out progress to date in relation to contract management along with proposals for future actions.

The Committee noted that over the last 4 years, the Council had delivered over £11.5m procurement savings and had covered all areas of Council expenditure at least once, to ensure that appropriate procurement processes are used and contract put in place. This meant that when contracts were retendered, price savings were far less likely, particularly with inflationary pressures starting to feed into the supply chain. Other tools and techniques would need to be used to deliver further savings. Contract management was one of the techniques that ensured that what was tendered and agreed got delivered and that there were no additional costs incurred as the contract was rolled out. Through contract management, it should actually be possible to drive cost out of the contract through improved methods of service delivery or simply stopping doing things that were not adding any value.

The report indicated that, during the last 12 months, Procurement Services had:

- Developed a contract management framework for the council which had been endorsed by Corporate Leadership Team (CLT)
- Identified officers involved in contract management as part of their duties
- Identified a suitable training provider for contract management and negotiation training
- Started to deliver the training to key contract management, commissioning and procurement staff
- Piloted the contract management framework on the Home Care Support contract.

Two options were considered by the CLT for improving contract management and these were set out in the report. Following a SWOT (strengths, weakness, opportunities and threats) analysis of each option, it was proposed that a Centre Led Action Network (CLAN) be implemented. The Procurement Service would act as the centre supporting contract managers in Directorates with skills, tools and techniques to improve delivery. Although this would take longer to implement than the alternative, it did not require additional resource and developed the required skills within services giving more opportunity for benefits to continue to be realised in the longer term.

Following this work, the Procurement Service had:-

- Identified the officers who were involved in contract management
- Researched the market for appropriate contract management and negotiating training
- Held 2 training courses for 30 staff with courses planned for a further 50+ staff, including a shortened version of the training for CLT

- Commenced a pilot implementation of the contract management framework on the Home Care Support contract in conjunction with Commissioning colleagues, with initial feedback that the pilot had been successful so far.

The Committee were advised that the Procurement Service would continue to roll out the contract management training to identified staff, continue with the framework pilot and then conduct a review of outcomes before deciding on future priorities.

RESOLVED that the Audit and Procurement Committee note the action on contract management to date and agree the recommendations for future action.

71. **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 item of public business.

72. **Procurement and Commissioning Progress Report**

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (People) that provided an update on the procurement and commissioning undertaken by the Council since the last report submitted to the meeting on 18th December 2017 (minute 61/17 referred). Details of the latest positions in relation to individual matters were set out in an Appendix to the report.

RESOLVED that the Audit and Procurement Committee:

1. **Notes the current position in relation to the Commissioning and Procurement Services.**
2. **Agrees that there are no recommendations to be made to either the Cabinet Member for Strategic Finance and Resources, Cabinet or Council on any of the matters reported.**

73. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of private business.

(Meeting closed at 4.25 pm)